



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #30
ALEXANDER, JACKSON, PERRY, PULASKI, AND UNION COUNTIES

FINANCIAL AUDIT
 For the Year Ended: June 30, 2019

Release Date: October 13, 2021

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS			
	Repeated Since	Category 1	Category 2	Category 3
Category 1:	<u>New</u> 0	<u>Repeat</u> 1	<u>Total</u> 1	2018 19-1
Category 2:	0	0	0	
Category 3:	0	0	0	
TOTAL	0	1	1	
FINDINGS LAST AUDIT: 2				

SYNOPSIS

- (19-1) The Regional Office of Education #30 did not properly recognize and disclose postemployment benefits other than pensions as required by Governmental Accounting Standards Board Statement No. 75.

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/or **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with federal and/or State laws and regulations.

REGIONAL OFFICE OF EDUCATION #30
ALEXANDER, JACKSON, PERRY, PULASKI, AND UNION COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2019

	FY 2019	FY 2018
TOTAL REVENUES	\$1,933,925	\$2,352,112
Local Sources	\$453,381	\$486,988
% of Total Revenues	23.44%	20.70%
State Sources	\$1,110,002	\$1,163,904
% of Total Revenues	57.40%	49.48%
Federal Sources	\$370,542	\$701,220
% of Total Revenues	19.16%	29.81%
TOTAL EXPENDITURES	\$1,784,929	\$2,190,791
Salaries and Benefits	\$1,195,448	\$1,437,089
% of Total Expenditures	66.97%	65.60%
Purchased Services	\$227,350	\$201,346
% of Total Expenditures	12.74%	9.19%
All Other Expenditures	\$362,131	\$552,356
% of Total Expenditures	20.29%	25.21%
TOTAL NET POSITION	(\$240,916)	(\$389,912)
INVESTMENT IN CAPITAL ASSETS	\$64,754	\$67,764
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Cheryl Graff
Currently: Honorable Cheryl Graff

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**DEPARTURE FROM U.S. GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES**

The Regional Office of Education #30 did not properly recognize and disclose postemployment benefits other than pensions as required by Governmental Accounting Standards Board Statement No. 75.

The Regional Office of Education #30 (ROE) did not properly recognize and disclose postemployment benefits other than pensions (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement No. 75 in its financial statements or notes.

The ROE participates in a defined benefit plan, the Jackson County Health Insurance Plan, which provides OPEB to its employees in exchange for employee services rendered. This plan is administered by the Jackson County government which obtains the actuarial valuation of the OPEB. The ROE is included in this actuarial valuation; however, the ROE has not been segregated from the rest of the Jackson County government in the actuarial valuation. As such, the assets, liabilities, deferred outflows of resources, deferred inflows of resources, and/or expenditures of the Jackson County Health Insurance plan related to the ROE, as required by GASB Statement No. 75, could not be determined.

The Illinois Administrative Code (74 Ill. Adm. 420.320 (c) (1) and (2)) requires that each Regional Office of Education maintain the accounting records necessary to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Additionally, effective June 25, 2021 PA 102-0025 allows that a Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis, or GAAP basis of accounting to prepare the financial statements for audit.

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), requires that employers recognize and disclose OPEB expense. Net OPEB obligations, if any, should be reported as liabilities (or assets if overfunded) in the financial statements. For financial reporting purposes, an actuarial valuation, prepared in accordance with GASB Statement No. 75, is required to measure and disclose the annual OPEB cost. In certain circumstances, an alternative measurement method can be applied instead of obtaining an actuarial valuation.

Regional Office management indicated their actuarial valuation information was not segregated from the rest of the Jackson County government in the actuarial plan that was obtained for the Jackson County Health Insurance Plan as of November 30, 2018. (Finding 2019-001, pages 11a – 11b)

The auditors recommended the ROE should convey the requirements of GASB Statement No. 75 to the Jackson

County government and work to obtain the information needed to comply. Additionally, Regional Office management should consider PA 102-0025 to determine if changing to the cash basis or modified cash basis would be allowable or beneficial to the ROE and users of its financial statements.

ROE Response: *The Regional Office agrees with the finding and corrective actions are being implemented.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #30's financial statements as of June 30, 2019 are fairly stated in all material respects, except for the effects of not recognizing or disclosing postemployment benefits other than pensions for the Jackson County Health Insurance Plan in the Statement of Net Position and Statement of Activities.

This financial audit was conducted by the firm of Kemper CPA Group LLP.

SIGNED ORIGINAL ON FILE

JOE BUTCHER
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

FJM:JMM