



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #35**  
**LASALLE COUNTY**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2015**

**Release Date: March 17, 2016**

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	No Repeat Findings			
Category 2:	0	0	0				
Category 3:	0	0	0				
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>1</b>				
FINDINGS LAST AUDIT: 0							

**SYNOPSIS**

- **(15-1)** The Regional Office of Education #35 did not have sufficient internal controls over the financial reporting process.

**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.

{ Revenues and expenditures are summarized on the reverse page. }

**REGIONAL OFFICE OF EDUCATION #35**  
**LASALLE COUNTY**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2015**

	<b>FY 2015</b>	<b>FY 2014</b>
<b>TOTAL REVENUES</b>	\$1,793,672	\$1,617,175
Local Sources	\$354,637	\$646,492
% of Total Revenues	19.77%	39.98%
State Sources	\$1,311,004	\$863,893
% of Total Revenues	73.09%	53.42%
Federal Sources	\$128,031	\$106,790
% of Total Revenues	7.14%	6.60%
<b>TOTAL EXPENDITURES</b>	\$1,773,212	\$1,711,981
Salaries and Benefits	\$1,408,409	\$1,301,406
% of Total Expenditures	79.43%	76.02%
Purchased Services	\$288,596	\$329,296
% of Total Expenditures	16.28%	19.23%
All Other Expenditures	\$76,207	\$81,279
% of Total Expenditures	4.30%	4.75%
<b>TOTAL NET POSITION</b>	\$915,886 <sup>1</sup>	\$822,646
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$0	\$0
<sup>1</sup> The FY 2015 beginning net position was restated by \$72,780 due to a prior period adjustment for new reporting requirements for pensions.  Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Christopher B. Dvorak Currently: Honorable Christopher B. Dvorak

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT  
PREPARATION**

**The Regional Office of Education #35 did not have sufficient internal controls over the financial reporting process.**

The LaSalle County Regional Office of Education #35 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office of Education #35's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

The Regional Office of Education #35 did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The Regional Office maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the Regional Office maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP. (Finding 2015-001, pages 11-12)

According to Regional Office management, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can fully implement the requirements on its own.

The auditors recommended that, as part of its internal control over the preparation of financial statements, the Regional Office of Education #35 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

The Regional Office of Education #35 agreed with the finding. The ROE responded their bookkeeper had made numerous inquiries of the auditors and the auditors worked with the bookkeeper in order for her to more fully understand the intricacies of GASB Statements No. 68 and 71 and their impact on the ROE's financial statements. In addition, the bookkeeper will be provided additional training and support as necessary for applying the requirements of GASB Statements No. 68 and No. 71 in future years.

**AUDITORS' OPINION**

Our auditors state the Regional Office of Education #35's financial statements as of June 30, 2015 are fairly presented in all material respects.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:KJM

AUDITORS ASSIGNED: Borschnack, Pelletier & Co. were our special assistant auditors.