



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #41**  
**MADISON COUNTY**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2018**

**Release Date: August 22, 2019**

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

**SYNOPSIS**

- **(18-1)** The Regional Office of Education #41 did not comply with Governmental Accounting Standards Board Statement No. 75 which requires disclosure of postemployment benefits other than pensions.

**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 #41**  
**MADISON COUNTY**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2018**

	<b>FY 2018</b>	<b>FY 2017</b>
<b>TOTAL REVENUES</b>	\$3,791,291	\$3,489,559
Local Sources	\$1,740,679	\$1,659,909
% of Total Revenues	45.91%	47.57%
State Sources	\$1,778,398	\$1,706,810
% of Total Revenues	46.91%	48.91%
Federal Sources	\$272,214	\$122,840
% of Total Revenues	7.18%	3.52%
<b>TOTAL EXPENDITURES</b>	\$3,610,331	\$3,481,856
Salaries and Benefits	\$2,967,197	\$2,904,024
% of Total Expenditures	82.19%	83.40%
Purchased Services	\$403,522	\$422,102
% of Total Expenditures	11.18%	12.12%
All Other Expenditures	\$239,612	\$155,730
% of Total Expenditures	6.64%	4.47%
<b>TOTAL NET POSITION</b>	\$168,474 <sup>1</sup>	\$870,580
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$9,579	\$3,076
<sup>1</sup> The FY 2018 beginning net position was restated by (\$883,066) due to a prior period adjustment for new reporting requirements for other postemployment benefits.  Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Dr. Robert A. Daiber Currently: Honorable Robert W. Werden

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

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

**The Regional Office of Education #41 did not comply with Governmental Accounting Standards Board Statement No. 75 which requires disclosure of postemployment benefits other than pensions.**

The Regional Office of Education #41 (ROE) did not comply with Governmental Accounting Standards Board Statement (GASB) No. 75, which requires an actuarial evaluation to measure the cost of postemployment benefits other than pensions (OPEB) for disclosure in their financial statements and notes.

The ROE #41 participates in a defined benefit plan, the Madison County Health Plan, which provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. This plan is administered by the Madison County government which obtains the actuarial valuation of the postemployment benefits other than pensions. The ROE is included in this actuarial valuation. However, due to the fact that the County has a different fiscal year end (11/30) than the Regional Office (6/30), the most recent valuation obtained for the period ended November 30, 2017, was prepared in accordance with GASB Statement No. 45 rather than GASB Statement No. 75.

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).

*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.

In the absence of an actuarial valuation prepared in accordance with GASB Statement No. 75, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the assets, liabilities, deferred outflows of resources, deferred inflows of resources, and/or expenditures of the ROE as of June 30, 2018.

Regional Office officials indicated the Madison County government is not required to implement GASB Statement No.

75 until its fiscal year ended November 30, 2018. Since the ROE relies on the actuarial report prepared for the Madison County government, the ROE will not have an actuarial report prepared in accordance with GASB Statement No. 75 until its fiscal year ended June 30, 2019. (Finding 18-001, pages 10a – 10b)

The auditors recommended the ROE should discuss with the Madison County government the requirements of GASB Statement No. 75 to ensure the County is having a new actuarial valuation prepared in accordance with GASB Statement No. 75 for its fiscal year ended November 30, 2018. If not, the ROE should consider having its own actuarial valuation performed in accordance with GASB Statement No. 75 for the year ended June 30, 2019.

**ROE Response:** *The Madison County government's actuarial valuation report as of November 30, 2018 was performed in accordance with GASB Statement No. 75.*

#### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #41's financial statements as of June 30, 2018 are fairly presented in all material respects except for the effects of not recognizing or disclosing postemployment benefits other than pensions for the Madison County Health Plan in the Statement of Net Position and the Statement of Activities.

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

**SIGNED ORIGINAL ON FILE**

JEANNE MICHAUD  
Audit Manager

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:JRB