



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #53**  
**MASON, TAZEWELL, AND WOODFORD COUNTIES**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2016**

**Release Date: August 22, 2017**

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

**SYNOPSIS**

- **(16-1)** The Regional Office of Education #53 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 #53**  
**MASON, TAZEWELL, AND WOODFORD COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2016**

	<b>FY 2016</b>	<b>FY 2015</b>
<b>TOTAL REVENUES</b>	\$1,500,827	\$1,297,716
Local Sources	\$422,827	\$464,333
% of Total Revenues	28.17%	35.78%
State Sources	\$1,032,970	\$800,815
% of Total Revenues	68.83%	61.71%
Federal Sources	\$45,030	\$32,568
% of Total Revenues	3.00%	2.51%
<b>TOTAL EXPENDITURES</b>	\$430,201	\$1,299,005
Salaries and Benefits	\$220,369	\$835,915
% of Total Expenditures	51.22%	64.35%
Purchased Services	\$175,974	\$191,042
% of Total Expenditures	40.91%	14.71%
All Other Expenditures	\$33,858	\$272,048
% of Total Expenditures	7.87%	20.94%
<b>TOTAL NET POSITION</b>	\$3,199,112 <sup>1</sup>	\$1,864,507
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$8,717	\$16,615
<sup>1</sup> The FY 2016 beginning net position was restated by \$263,979 due to a prior period adjustment related to the merger of Mason county from ROE #38 and Woodford county from ROE #43 into ROE #53.  Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Gail Owen Currently: Honorable Patrick Durley

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

**CONTROLS OVER FINANCIAL STATEMENT  
PREPARATION**

**The Regional Office of Education #53 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #53 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE'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 ROE 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 ROE 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 ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of 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.

Auditors noted the Regional Office 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 2016-001, pages 11a-11b)

The complex requirements of GASB Statements No. 68 and No. 71 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 ROE 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 ROE responded that it has taken steps to properly record its financial transactions and follow GAAP. In regards to the standards related to financial reporting for pensions, the ROE

will review its internal controls and determine what can be done within its resources to mitigate or eliminate this internal control deficiency.

**AUDITORS' OPINION**

Our auditors state the Regional Office of Education #53's financial statements as of June 30, 2016 are fairly presented in all material respects.

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

**SIGNED ORIGINAL ON FILE**

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AMEEN DADA  
Division Director

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

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:JRB