



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #39**  
**MACON/PIATT COUNTIES**

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

**Release Date: July 14, 2016**

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>	1	0	1				
<b>Category 2:</b>	0	0	0				
<b>Category 3:</b>	0	0	0				
<b>TOTAL</b>	1	0	1				
<b>FINDINGS LAST AUDIT: 0</b>							

**SYNOPSIS**

- **(15-1)** The Regional Office of Education #39 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 #39**  
**MACON AND PIATT COUNTIES**

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

	<b>FY 2015</b>	<b>FY 2014</b>
<b>TOTAL REVENUES</b>	\$5,432,459	\$4,941,887
Local Sources	\$1,652,374	\$1,424,947
% of Total Revenues	30.42%	28.83%
State Sources	\$3,690,876	\$3,402,836
% of Total Revenues	67.94%	68.86%
Federal Sources	\$89,209	\$114,104
% of Total Revenues	1.64%	2.31%
<b>TOTAL EXPENDITURES</b>	\$5,149,046	\$5,091,215
Salaries and Benefits	\$3,789,726	\$4,141,099
% of Total Expenditures	73.60%	81.34%
Purchased Services	\$1,223,689	\$823,244
% of Total Expenditures	23.77%	16.17%
All Other Expenditures	\$135,631	\$126,872
% of Total Expenditures	2.63%	2.49%
<b>TOTAL NET POSITION</b>	\$(233,709) <sup>1</sup>	\$2,711,106
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$19,371	\$29,340
<sup>1</sup> The FY 2015 beginning net position was restated by (\$3,228,228) 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 Matthew Snyder Currently: Honorable Matthew Snyder

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **CONTROLS OVER FINANCIAL STATEMENT PREPARATION**

**The Regional Office of Education #39 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #39 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'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 #39 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 a cash-basis of 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 basis 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 that 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.

According to the ROE's 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. (Finding 2015-001, pages 11a-11b)

The auditors recommended as part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure 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 #39 responded that GASB Statements No. 68 and No. 71 were new for all ROE's this year with no understanding of how to prepare the financial statements for this statement. They accepted this finding and will be working with their current auditors to learn how to prepare the financial statements for next year.

**AUDITORS' OPINION**

Our auditors state the Regional Office of Education #39'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:JRB

AUDITORS ASSIGNED: Kemper CPA Group LLP were our special assistant auditors.