



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

William G. Holland, Auditor General

---

**SUMMARY REPORT DIGEST**

---

**REGIONAL OFFICE OF EDUCATION #55**  
**WHITESIDE COUNTY**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2011**

**Release Date: May 31, 2012**

**Summary of Findings:**

<b>Total this audit:</b>	<b>1</b>
<b>Total last audit:</b>	<b>1</b>
<b>Repeated from last audit:</b>	<b>1</b>

**SYNOPSIS**

- The Regional Office of Education #55 did not have sufficient internal controls over the financial reporting process.

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

**REGIONAL OFFICE OF EDUCATION #55**  
**WHITESIDE COUNTY**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2011**

	<b>FY 2011</b>	<b>FY 2010</b>
<b>TOTAL REVENUES</b>	\$1,412,108	\$1,617,335
Local Sources	\$131,027	\$178,392
% of Total Revenues	9.28%	11.03%
State Sources	\$858,012	\$1,136,701
% of Total Revenues	60.76%	70.28%
Federal Sources	\$423,069	\$302,242
% of Total Revenues	29.96%	18.69%
<b>TOTAL EXPENDITURES</b>	\$1,331,971	\$1,573,499
Salaries and Benefits	\$1,038,464	\$1,226,445
% of Total Expenditures	77.96%	77.94%
Purchased Services	\$174,676	\$275,125
% of Total Expenditures	13.11%	17.48%
All Other Expenditures	\$118,831	\$71,929
% of Total Expenditures	8.92%	4.57%
<b>TOTAL NET ASSETS</b>	\$508,421	\$428,284
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$50,673	\$43,359
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Gary Steinert Currently: Honorable Robert Sondgeroth

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #55 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #55 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

The Regional Office of Education #55 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are 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 and correct financial statement misstatements and disclosure omissions in a timely manner.

Auditors, in their review of the Regional Office's accounting records, noted numerous adjustments that were required to present financial statements in accordance with generally accepted accounting principles. Management's review process did not effectively detect all of the adjustments needed to present the financial statements in accordance with generally accepted accounting principles. (Finding 11-1, pages 10-11) **This finding was first reported in 2009.**

The auditors recommended that, as part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #55 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

The Regional Office of Education #55 responded that it will continue to maintain its accounting records on the cash basis of accounting. The Regional Office noted that, at the present

time, the additional cost of hiring or contracting the services outweighs the benefits. If additional financial resources are made available through the County or State of Illinois, the Regional Office will consider seeking the services of an accountant to review the financial statements and related disclosures for completeness and accuracy. (For previous Regional Office response, see Digest Footnote #1.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #55's financial statements as of June 30, 2011 are fairly presented in all material respects.



---

WILLIAM G. HOLLAND  
Auditor General

WGH:KJM

AUDITORS ASSIGNED: Winkel, Parker & Foster, CPA PC were our special assistant auditors.

### **DIGEST FOOTNOTE**

#### **#1: Controls Over Financial Statement Preparation - Previous Regional Office Response**

In its prior response in 2010, the Regional Office of Education #55 responded that that it will continue to maintain its accounting records on the cash basis of accounting. The Regional Office noted that, at the present time, the additional cost of hiring or contracting the services outweighs the benefits. If additional financial resources are made available through the County or State of Illinois, the Regional Office will consider seeking the services of an accountant to review the financial statements and related disclosures for completeness and accuracy.