



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

INTERMEDIATE SERVICE CENTER #1
NORTH COOK

FINANCIAL AUDIT
 For the Year Ended: June 30, 2025

Release Date: May 27, 2026

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

SYNOPSIS

- (25-1) The Intermediate Service Center #1 did not provide completed financial statements in an auditable form by the August 31 deadline.
- (25-2) The Intermediate Service Center #1 did not have adequate internal controls over financial reporting.

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.

INTERMEDIATE SERVICE CENTER #1
NORTH COOK

FINANCIAL AUDIT
For The Year Ended June 30, 2025

	FY 2025	FY 2024
TOTAL REVENUES	\$10,909,283	\$7,337,926
Local Sources	\$2,886,368	\$2,477,065
% of Total Revenues	26.46%	33.76%
State Sources	\$8,022,915	\$4,860,861
% of Total Revenues	73.54%	66.24%
Federal Sources	\$0	\$0
% of Total Revenues	0.00%	0.00%
TOTAL EXPENDITURES	\$9,183,766	\$6,527,869
Salaries and Benefits	\$7,264,679	\$4,876,676
% of Total Expenditures	79.10%	74.71%
Purchased Services	\$1,157,659	\$1,041,259
% of Total Expenditures	12.61%	15.95%
All Other Expenditures	\$761,428	\$609,934
% of Total Expenditures	8.29%	9.34%
TOTAL NET POSITION	\$6,927,054	\$5,270,365
INVESTMENT IN CAPITAL ASSETS	\$1,265,220	\$1,386,806

REGIONAL SUPERINTENDENT

During Audit Period: Honorable Dr. April Jordan

Currently: Honorable Dr. April Jordan

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

DELAY OF AUDIT

The Intermediate Service Center #1 did not provide completed financial statements in an auditable form by the August 31 deadline.

The Intermediate Service Center #1 (ISC) did not provide completed financial statements in an auditable form by the August 31, 2025 deadline. The FY25 completed financial statements were provided to auditors on September 22, 2025.

The ISC is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the executive director of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards. The Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis or Generally Accepted Accounting Principles (GAAP) basis of accounting to prepare the financial statements for audit. The ISC has chosen the GAAP basis of accounting for financial reporting.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order for the annual audit to be completed by an independent auditor selected by the Auditor General.

In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

ISC management indicated they have spent considerable time finding and securing the purchase of a new facility and planning renovations. In addition, staff illness delayed the progress in preparing the needed schedules

for the financial statements. (Finding 25-001, pages 11-12)

The auditors recommended the ISC should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

ROE Response: *With the conversion to cash basis accounting in FY2026, there will be less delays in gathering the information necessary for preparation of the annual financial statements. Effective 7/1/26 North Cook ISC has hired a full-time Chief School Business Official and a full-time Director of Buildings and Operations to replace the part-time business manager to handle our growing fiscal and operational needs. Therefore, meeting the 8/31 deadline should be achieved.*

INADEQUATE CONTROLS OVER FINANCIAL REPORTING

The Intermediate Service Center #1 did not have adequate internal controls over financial reporting.

The Intermediate Service Center #1 (ISC) did not have adequate internal controls over financial reporting. The ISC did not include in the initial draft of the financial statements, an accrual for accumulating unused sick time more likely than not to be used or paid in accordance with GASB 101. The ISC initially only reported compensated absences of \$53,353 related to unused vacation time. When brought to their attention by the auditors, the Intermediate Service Center No. 1 recorded an estimated accrual for unused sick time of \$124,811 resulting in total compensated absences of \$178,164.

The School Code 105 ILCS 5/2-3.17a allows a Regional Office of Education or Educational Service Center to utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare financial statements for audit. The ISC has chosen to utilize the GAAP basis of accounting for financial statement reporting. The ISC is required to maintain a system of controls over the preparation of financial statements in accordance with its selected basis of accounting. The ISC's internal controls over financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare financial statements and include all related disclosures as

required by the Governmental Accounting Standards Board (“GASB”).

GASB Statement No. 101, *Compensated Absences*, provides guidance on recognition and measurement for compensated absences and amending certain required disclosures.

ISC management indicated that they did not believe that GASB 101 would have a material effect on the financial statements since sick time is not paid out and is only used in lieu of normal pay for work. (Finding 25-002, pages 13-14)

The auditors recommended the ISC should implement procedures to strengthen controls over financial reporting, particularly their understanding of new pronouncements that may apply.

ROE Response: *The Intermediate Service Center No. 1 will be converting to cash basis accounting in FY2026. In addition, Intermediate Service Center No. 1 will seek CPA advice interpreting any new GASB pronouncements applicable to cash basis accounting.*

AUDITORS’ OPINION

Our auditors state the Intermediate Service Center #1 financial statements as of June 30, 2025 are fairly presented in all material respects.

This financial audit was conducted by the firm of GW & Associates, PC.

SIGNED ORIGINAL ON FILE

TRICIA WAGNER
Division Director

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:BAO