



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #24**  
**GRUNDY AND KENDALL COUNTIES**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2020**

**Release Date: August 24, 2021**

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<u>New</u> 0	<u>Repeat</u> 1	<u>Total</u> 1	2018			20-1
<b>Category 2:</b>	0	0	0	2017	20-2		
<b>Category 3:</b>	0	1	1				
<b>TOTAL</b>	0	2	2				
<b>FINDINGS LAST AUDIT: 4</b>							

**SYNOPSIS**

- **(20-1)** The Regional Office of Education #24 did not provide completed financial statements in an auditable form by the August 31 deadline.
- **(20-2)** The Regional Office of Education #24 had inadequate census data for Illinois Municipal Retirement Fund employees.

**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.

**REGIONAL OFFICE OF EDUCATION #24**  
**GRUNDY AND KENDALL COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2020**

	<b>FY 2020</b>	<b>FY 2019</b>
<b>TOTAL REVENUES</b>	\$2,822,780	\$2,644,523
Local Sources	\$242,992	\$262,370
% of Total Revenues	8.61%	9.92%
State Sources	\$2,387,264	\$2,234,575
% of Total Revenues	84.57%	84.50%
Federal Sources	\$192,524	\$147,578
% of Total Revenues	6.82%	5.58%
<b>TOTAL EXPENDITURES</b>	\$2,729,285	\$3,085,698
Salaries and Benefits	\$1,894,753	\$1,871,250
% of Total Expenditures	69.42%	60.64%
Purchased Services	\$362,978	\$356,472
% of Total Expenditures	13.30%	11.55%
All Other Expenditures	\$471,554	\$857,976
% of Total Expenditures	17.28%	27.80%
<b>TOTAL NET POSITION</b>	\$868,176	\$774,681
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$171,302	\$180,875
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Christopher Mehochko Currently: Honorable Christopher Mehochko

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**DELAY OF AUDIT**

**The Regional Office of Education #24 did not provide completed financial statements in an auditable form by the August 31 deadline.**

The Regional Office of Education #24 (ROE) did not provide completed financial statements in an auditable form by the August 31 deadline. The preliminary draft was provided to the auditors on March 14, 2021.

The ROE 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 30<sup>th</sup> of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools 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 (GAGAS).

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. Annual financial statements are to be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

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

Regional Office officials indicated they contracted with a local CPA firm to assist them with preparing the financial statements. The ROE submitted the necessary information to the local CPA shortly after the August 31 deadline. The ROE then worked within the local CPA firm's timeline to finalize the financial statements. (Finding 20-001, pages 10 – 11) **This finding was first reported in 2018.**

The auditors recommended the ROE should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

**ROE Response:** *The timeline requirement has been communicated to the appropriate personnel and a process and procedure has already been implemented. The Grundy Kendall ROE has contracted with a new accounting firm to prepare for the FY21 audit.*

#### **INADEQUATE CENSUS DATA FOR ILLINOIS MUNICIPAL RETIREMENT FUND EMPLOYEES**

**The Regional Office of Education #24 had inadequate census data for Illinois Municipal Retirement Fund employees.**

During the audit of the Regional Office of Education #24 (ROE), auditors noted the actuarially determined pension report for the ROE Illinois Municipal Retirement Fund (IMRF) had census data that could not be confirmed as reasonably accurate.

Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. Management of cost-sharing and agent employer plans are also responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework, including completeness and accuracy of census data.

Regional Officials indicated a local special education cooperative (cooperative) and the ROE previously paid IMRF contributions using the same IMRF employer number. This arrangement was agreed upon several years ago by previous governing bodies. Upon the cooperative obtaining its own employer number in June of 2016, IMRF, with cooperation from the ROE, transferred the active employees of the cooperative to the new employer number. However, it cannot be determined at this time if the inactive and retired employees of the cooperative have been properly transferred to the new IMRF employer. (Finding 20-002, page 12) **This finding was first reported in 2017.**

The auditors recommended the ROE should work with IMRF to determine all employees associated with the ROE's IMRF account are actually employees of the ROE.

**ROE Response:** *The Regional Office has, and continues to, work with IMRF regarding this finding.*

**AUDITORS' OPINION**

Our auditors state the Regional Office of Education #24's financial statements are fairly presented in all material respects, except for the effect of not recognizing or disclosing Illinois Municipal Retirement Fund pension activity in the governmental activities as of June 30, 2020.

This financial audit was conducted by the firm of West & Company, LLC.

**SIGNED ORIGINAL ON FILE**

JOE BUTCHER  
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

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