



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #50
ST. CLAIR COUNTY

FINANCIAL AUDIT (In Accordance with the
 Uniform Guidance)
 For the Year Ended: June 30, 2022

Release Date: July 25, 2023

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>				
Category 1:	0	0	0	No Repeat Findings			
Category 2:	1	0	1				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 0							

SYNOPSIS

- (22-1) The Regional Office of Education #50 had inadequate controls over financial statement preparation.

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 #50
ST. CLAIR COUNTY

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For The Year Ended June 30, 2022

	FY 2022	FY 2021
TOTAL REVENUES	\$3,552,549	\$3,707,438
Local Sources	\$1,325,034	\$1,323,814
% of Total Revenues	37.30%	35.71%
State Sources	\$1,398,252	\$1,568,372
% of Total Revenues	39.36%	42.30%
Federal Sources	\$829,263	\$815,252
% of Total Revenues	23.34%	21.99%
TOTAL EXPENDITURES	\$2,241,458	\$2,829,769
Salaries and Benefits	\$1,375,219	\$1,985,948
% of Total Expenditures	61.35%	70.18%
Purchased Services	\$576,870	\$736,827
% of Total Expenditures	25.74%	26.04%
All Other Expenditures	\$289,369	\$106,994
% of Total Expenditures	12.91%	3.78%
TOTAL NET POSITION	\$(418,278)	\$(1,729,369)
INVESTMENT IN CAPITAL ASSETS	\$41,455	\$42,859
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Dr. Mark Eichenlaub Currently: Dr. Mark Eichenlaub

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

**The Regional Office of Education
#50 had inadequate controls over
financial statement preparation.**

The Regional Office of Education #50 (ROE) had inadequate controls over financial statement preparation. Leases were properly identified by the ROE and the accounting firm that was hired to assist in the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. However, calculations of the lease liability and related asset were not discounted by an interest rate and included an on-behalf subsidy amount that was paid by St. Clair County, overstating the liability and lease asset. Additionally, lease payments at the fund level were not reclassified from purchased services accounts to principal and interest accounts in each subfund.

Beginning with the fiscal year ended June 30, 2022, the ROE was to implement GASB Statement No. 87. The pronouncement required the ROE to report a lease liability and a related intangible right-to-use asset. The lease liability is to be discounted at the interest rate that is stated in the lease agreement or, in the absence of such an interest rate, the incremental borrowing rate of the ROE at its banking institution. Previously, activity related to these agreements were considered to be operating leases and financial statement activity only consisted of annual expenditures with no balance sheet impact.

Regional Office officials indicated the ROE had hired an accounting firm to assist with the implementation of GASB Statement No. 87. However, the accounting firm did not take into account a discount rate or County subsidy in valuing the beginning lease liability and asset balances. ROE management did not detect the error made by the accounting firm. (Finding 22-001, pages 14 – 15)

The auditors recommended the ROE research GASB pronouncements as they are issued to ensure that implementation assistance provided by a third party is calculated appropriately prior to inclusion into the financial statements. Regional Office management should determine if changing to the cash basis or modified cash basis would be allowable or beneficial to the ROE's users of its financial statements.

ROE Response: *The ROE understands the finding. The ROE will continue to work with the third party accountant to ensure the accuracy of calculations. The ROE will also work*

with a third party accountant to ensure lease payments are classified into the correct accounts.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #40's financial statements as of June 30, 2022 are fairly presented in all material respects.

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

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

FJM:JRB