



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION # 54**  
**VERMILION COUNTY**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2018**

**Release Date: February 14, 2019**

| FINDINGS THIS AUDIT: 1 |                 |                    |                   | AGING SCHEDULE OF REPEATED FINDINGS |            |            |            |
|------------------------|-----------------|--------------------|-------------------|-------------------------------------|------------|------------|------------|
|                        |                 |                    |                   | Repeated Since 2010                 | Category 1 | Category 2 | Category 3 |
| <b>Category 1:</b>     | <u>New</u><br>0 | <u>Repeat</u><br>1 | <u>Total</u><br>1 | 2010                                | 18-1       |            |            |
| <b>Category 2:</b>     | 0               | 0                  | 0                 |                                     |            |            |            |
| <b>Category 3:</b>     | 0               | 0                  | 0                 |                                     |            |            |            |
| <b>TOTAL</b>           | 0               | 1                  | 1                 |                                     |            |            |            |
| FINDINGS LAST AUDIT: 1 |                 |                    |                   |                                     |            |            |            |

**SYNOPSIS**

- **(18-1)** The Regional Office of Education #54 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 # 54**  
**VERMILION COUNTY**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2018**

|  | <b>FY 2018</b> | <b>FY 2017</b> |
|--|----------------|----------------|
| <b>TOTAL REVENUES</b>                    | \$878,549      | \$860,753      |
| Local Sources                            | \$153,313      | \$126,070      |
| % of Total Revenues                      | 17.45%         | 14.65%         |
| State Sources                            | \$608,350      | \$609,774      |
| % of Total Revenues                      | 69.24%         | 70.84%         |
| Federal Sources                          | \$116,886      | \$124,909      |
| % of Total Revenues                      | 13.30%         | 14.51%         |
| <b>TOTAL EXPENDITURES</b>                | \$852,943      | \$818,002      |
| Salaries and Benefits                    | \$338,550      | \$354,430      |
| % of Total Expenditures                  | 39.69%         | 43.33%         |
| Purchased Services                       | \$62,046       | \$42,761       |
| % of Total Expenditures                  | 7.27%          | 5.23%          |
| All Other Expenditures                   | \$452,347      | \$420,811      |
| % of Total Expenditures                  | 53.03%         | 51.44%         |
| <b>TOTAL NET POSITION</b>                | \$285,087      | \$259,481      |
| <b>INVESTMENT IN CAPITAL ASSETS</b>      | \$0            | \$0            |
| Percentages may not add due to rounding. |                |                |

| <b>REGIONAL SUPERINTENDENT</b>   |
|--|
| During Audit Period: Honorable Cheryl Reifsteck<br>Currently: Honorable Cheryl Reifsteck |

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT  
PREPARATION**

**The Regional Office of Education #54 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education No. 54 (ROE) did not have sufficient internal controls over the financial reporting process. The ROE maintained its accounting records on the cash basis of accounting during the fiscal year and posted year-end accrual entries for financial statement purposes. While the ROE maintained controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of the generally accepted accounting principles (GAAP) based 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.

The Regional Office is required to maintain a system of controls over the preparation of financial statements in accordance with GAAP. The ROE'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).

During review of the ROE's financial information prepared by the ROE, auditors noted the ROE's financial information required material adjusting entries in order to present its financial statements in accordance with GAAP.

According to Regional Office management, necessary adjustments to prepare the financial statements in accordance with GAAP were overlooked. (Finding 18-001, pages 10-11)  
**This finding was first reported in 2010.**

The auditors recommended that as part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

**ROE Response:** *ROE No. 54 contracted in the summer of 2018 with an independent CPA firm that currently audits Vermilion County accounts. The expectation was that this accountant would assist bookkeeping staff with the preparations of the financial statements and material adjusting entries. Since these county auditors do not have experience with Regional Offices of Education and our unique needs, the financial statements were not prepared to the extent that was required which resulted in a repeat finding.*

**Prior Year ROE Response:** *The Regional Office of Education #54 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.*

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #54's financial statements as of June 30, 2018 are fairly presented in all material respects.

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

**SIGNED ORIGINAL ON FILE**

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KELLY MITTELSTAEDT  
Audit Manager

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:JMM