



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #34**  
**LAKE COUNTY**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2019**

**Release Date: December 15, 2021**

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

**SYNOPSIS**

- (19-1) The Regional Office of Education #34 did not provide completed financial statements in an auditable format by the August 31 deadline.

**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 #34**  
**LAKE COUNTY**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2019**

	<b>FY 2019</b>	<b>FY 2018</b>
<b>TOTAL REVENUES</b>	\$8,130,180	\$8,110,808
Local Sources	\$3,291,833	\$3,693,941
% of Total Revenues	40.49%	45.54%
State Sources	\$4,767,708	\$4,259,044
% of Total Revenues	58.64%	52.51%
Federal Sources	\$70,639	\$157,823
% of Total Revenues	0.87%	1.95%
<b>TOTAL EXPENDITURES</b>	\$7,292,962	\$7,551,859
Salaries and Benefits	\$3,068,023	\$3,431,808
% of Total Expenditures	42.07%	45.44%
Purchased Services	\$1,023,230	\$698,332
% of Total Expenditures	14.03%	9.25%
All Other Expenditures	\$3,201,709	\$3,421,719
% of Total Expenditures	43.90%	45.31%
<b>TOTAL NET POSITION</b>	\$4,239,443	\$3,402,225
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$40,116 <sup>1</sup>	\$7,536
<sup>1</sup> Includes debt associated with a capital lease		
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Roycealee Wood
Currently: Dr. Michael Karner

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**DELAY OF AUDIT**

**The Regional Office of Education #34 did not provide completed financial statements in an auditable format by the August 31 deadline.**

The Regional Office of Education #34 (ROE) did not provide completed financial statements in an auditable format in a timely fashion. Fieldwork was originally scheduled for the first quarter of 2020, but the financial records and financial statements were not available for audit until January 2021. A final copy of the financial report was submitted to the auditor on January 25, 2021. Fieldwork was substantially completed in February 2021.

The Regional Office 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 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.

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 15th of the succeeding fiscal year. Financial reports are to be available no later than August 31<sup>st</sup> 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). Additionally, effective 6/25/21 Public Act 102-0025 allows that a Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis, or GAAP basis of accounting to prepare the financial statements for audit.

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

Regional Office management indicated internal personnel issues, COVID-19, moving locations and office turnover caused the office to experience difficulty in providing information by the required timeline. (Finding 19-001, pages 10 – 11)

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. Additionally, ROE management should consider Public Act 102-0025 to determine if changing to cash or modified cash would be allowable or beneficial to the ROE and users of the ROE statements. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31<sup>st</sup> deadline.

**ROE Response:** *The Regional Office of Education #34 agrees with this finding and continues to implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP. Future financial statements will be available to the Auditor General by August 31 deadline.*

#### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #34's financial statements as of June 30, 2019 are fairly presented in all material respects.

This financial audit was conducted by the firm of Lauterbach & Amen, LLP.

**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:JMM