



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #3
BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY
COUNTIES

FINANCIAL AUDIT (In Accordance with the
 Uniform Guidance)
 For the Year Ended: June 30, 2023

Release Date : April 3, 2024

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:	1	0	1				
Category 2:	0	0	0				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(23-1)** The Regional Office of Education #3 misreported an administrative fee.

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.

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For The Year Ended June 30, 2023

	FY 2023	FY 2022
TOTAL REVENUES	\$4,098,371	\$4,310,001
Local Sources	\$715,128	\$609,929
% of Total Revenues	17.45%	14.15%
State Sources	\$2,547,352	\$3,024,786
% of Total Revenues	62.16%	70.18%
Federal Sources	\$835,891	\$675,286
% of Total Revenues	20.40%	15.67%
TOTAL EXPENDITURES	\$3,822,250	\$4,429,547
Salaries and Benefits	\$2,339,041	\$3,116,849
% of Total Expenditures	61.20%	70.36%
Purchased Services	\$815,432	\$712,621
% of Total Expenditures	21.33%	16.09%
All Other Expenditures	\$667,777	\$600,077
% of Total Expenditures	17.47%	13.55%
TOTAL NET POSITION	\$2,521,501	\$2,245,380
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Julie Wollerman
Currently: Honorable Julie Wollerman

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

MISREPORTING OF AN ADMINISTRATIVE FEE

**The Regional Office of Education #3
misreported an administrative fee.**

During review of the Regional Office of Education #3's (ROE) financial information, it was noted that the 1% administrative fee retained by the ROE was accounted for and reported in the same custodial fund as the taxes that were to be distributed to the school districts. Custodial funds account for amounts collected and distributed on behalf of another government or organization. Since the fee is revenue for the ROE itself, rather than held for a separate entity, it should have been reported in one of the funds that accounts for the ROE's revenue, such as the General Fund.

In June 2022, the Illinois Department of Revenue (IDOR) issued Informational Bulletin 2022-31:

Effective July 1, 2022, Public Act 102-1062 provides that one percent (1%) of the County School Facility Occupation Tax collected shall be distributed to the Regional Superintendents of Schools to cover the costs of administering and enforcing the provisions of the County School Facility Occupation Tax. To implement this legislation, IDOR will retain its portion of the administrative fee, then distribute the remaining balance to the Regional Superintendents of Schools. The Regional Superintendents of Schools will then retain their portion before distributing the remainder to the school districts receiving the revenue.

Regional Office management indicated they did not realize that the activity from the 1% administrative fee from the County School Facility Occupation Tax retained by the ROE should not be recorded in the custodial fund, with the related tax. (Finding 2023-001, page 13)

The auditors recommended when the ROE receives new funding, such as an administrative fee, it should evaluate the source and allowed use of such funds to determine how to properly report the funding in the financial statements.

ROE Response: *The ROE will record the local receipts and related disbursements of the 1% administrative fee from the County School Facility Occupation Tax retained by the ROE in the General Fund in the future.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #3's financial statements as of June 30, 2023 are fairly presented in all material respects.

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

FJM:JRB