



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #35
LASALLE, MARSHALL AND PUTNAM COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2018

Release Date: May 30, 2019

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>	No Repeat Findings			
Category 1:	0	0	0				
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

- **(18-1)** The Regional Office of Education #35 failed to fully insure and collateralize cash balances.

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 #35
LASALLE, MARSHALL AND PUTNAM COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2018

	FY 2018	FY 2017
TOTAL REVENUES	\$2,515,094	\$2,648,937
Local Sources	\$803,016	\$677,922
% of Total Revenues	31.93%	25.59%
State Sources	\$1,382,841	\$1,318,462
% of Total Revenues	54.98%	49.77%
Federal Sources	\$329,237	\$652,553
% of Total Revenues	13.09%	24.63%
TOTAL EXPENDITURES		
Salaries and Benefits	\$2,228,292	\$2,364,232
% of Total Expenditures	85.49%	84.18%
Purchased Services	\$284,750	\$342,324
% of Total Expenditures	10.92%	12.19%
All Other Expenditures	\$93,484	\$102,074
% of Total Expenditures	3.59%	3.63%
TOTAL NET POSITION		
	\$440,874 ¹	\$1,033,621
INVESTMENT IN CAPITAL ASSETS		
	\$11,294	\$9,163
¹ The FY 2018 beginning net position was restated by (\$501,315) due to a prior period adjustment for new reporting requirements for other postemployment benefits. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Christopher B. Dvorak Currently: Honorable Christopher B. Dvorak

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**FAILURE TO FULLY INSURE AND COLLATERALIZE
CASH BALANCES**

The Regional Office of Education #35 failed to fully insure and collateralize cash balances.

As of June 30, 2018, the Regional Office of Education #35 (ROE) had four cash and investment accounts with bank balances totaling \$928,766 at one financial institution. The Federal Deposit Insurance Corporation (FDIC) covers up to a maximum of \$250,000. The ROE had pledged securities for an additional \$607,107. The ROE did not have depository insurance or collateral for the remaining \$71,659.

The Public Funds Deposit Act (30 ILCS 225/1) gives the ROE the authorization to request financial institutions to pledge collateral for deposits in excess of the federally insured limit. In addition, prudent business practice requires that all cash and investments held by financial institutions for the ROE be adequately covered by depository insurance or collateral.

According to ROE and financial institution officials, as of June 30, 2018, the financial institution considered the ROE included under the umbrella of accounts for LaSalle County, instead of its own separate agency. In addition, the ROE failed to monitor the sufficiency of the pledged securities. (Finding 18-001, pages 11-12)

The auditors recommended the ROE should monitor the bank balances on all accounts and work with the financial institution to provide collateral or enter into an agreement with the financial institution to have the cash balances monitored for adequate collateral periodically and adjusted as necessary.

ROE Response: *The ROE plans to keep in contact with the financial institution regarding the amount of collateralization and pledged securities. In addition, the financial institution has implemented a new collateralization system and procedure, which will automatically raise and lower the amount of pledged securities in relation to the amount of dollars held in the bank account.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #35's financial statements as of June 30, 2018 are fairly presented in all material respects.

This financial audit was conducted by the firm of Sulaski and Webb, CPAs.

SIGNED ORIGINAL ON FILE

KELLY MITTELSTAEDT
Audit Manager

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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