



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, 2020

Release Date: February 24, 2021

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

- (20-1) 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.

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

FINANCIAL AUDIT
For The Year Ended June 30, 2020

	FY 2020	FY 2019
TOTAL REVENUES	\$2,560,788	\$2,086,131
Local Sources	\$825,363	\$825,545
% of Total Revenues	32.23%	39.57%
State Sources	\$1,615,700	\$1,112,065
% of Total Revenues	63.09%	53.31%
Federal Sources	\$119,725	\$148,521
% of Total Revenues	4.68%	7.12%
TOTAL EXPENDITURES	\$2,459,939	\$1,919,889
Salaries and Benefits	\$2,163,479	\$1,563,864
% of Total Expenditures	87.95%	81.46%
Purchased Services	\$184,913	\$255,783
% of Total Expenditures	7.52%	13.32%
All Other Expenditures	\$111,547	\$100,242
% of Total Expenditures	4.53%	5.22%
TOTAL NET POSITION	\$707,965	\$607,116
INVESTMENT IN CAPITAL ASSETS	\$5,377	\$8,336
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, 2020, the Regional Office of Education #35 (ROE) had four cash and investment accounts with bank balances totaling \$1,351,444 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 \$1,024,126. The ROE did not have depository insurance or collateral for the remaining \$77,318.

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.

Regional Office officials indicated the financial institution determines the amount of pledged securities that will be needed at month end for each entity during the third week of that month. In addition, the ROE failed to monitor the sufficiency of the pledged securities. (Finding 20-001, pages 11 – 12)

The auditors recommended the ROE should monitor the bank balances on all accounts and work with the financial institution to either provide adequate collateral or move to an insured cash sweep account to ensure adequate coverage.

ROE Response: *The ROE plans to keep in contact with the financial institution regarding the amount of collateralization and pledged securities. In addition to the collateralization system and procedures set in place in 2018, the ROE has implemented a sweep account. The bank will perform a daily analysis and sweep balances over \$250,000 into the sweep account. This will ensure that collateralization will always be at the appropriate levels.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #35's financial statements as of June 30, 2020 are fairly presented in all material respects.

This financial audit was conducted by the firm of MCK CPAs & Advisors.

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:BAO