



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #45
MONROE AND RANDOLPH COUNTIES

**FINANCIAL AUDIT (In accordance with the Single
Audit Act and OMB Circular A-133)
For the Year Ended: June 30, 2011
Release Date: February 28, 2012**

Summary of Findings:
Total this audit: 1
Total last audit: 0
Repeated from last audit: 0

SYNOPSIS

- The Regional Office of Education #45 did not have adequate monitoring of collateral on deposits.

{Revenues and expenditures are summarized on the reverse page.}

REGIONAL OFFICE OF EDUCATION #45
MONROE AND RANDOLPH COUNTIES

FINANCIAL AUDIT
(In accordance with the Single Audit Act and OMB Circular A-133)
For The Year Ended June 30, 2011

	FY 2011	FY 2010
TOTAL REVENUES	\$2,235,085	\$1,706,376
Local Sources	\$529,486	\$410,516
% of Total Revenues	23.69%	24.06%
State Sources	\$793,877	\$789,131
% of Total Revenues	35.52%	46.25%
Federal Sources	\$911,722	\$506,729
% of Total Revenues	40.79%	29.70%
TOTAL EXPENDITURES	\$2,202,086	\$1,676,489
Salaries and Benefits	\$1,159,966	\$1,122,063
% of Total Expenditures	52.68%	66.93%
Purchased Services	\$460,403	\$331,779
% of Total Expenditures	20.91%	19.79%
All Other Expenditures	\$581,717	\$222,647
% of Total Expenditures	26.42%	13.28%
TOTAL NET ASSETS	\$844,468	\$811,469
INVESTMENT IN CAPITAL ASSETS	\$56,288	\$67,918
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Marc Kiehna Currently: Honorable Marc Kiehna

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE MONITORING OF COLLATERAL ON
DEPOSITS**

**The Regional Office of Education
#45 did not have adequate
monitoring of collateral on deposits.**

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #45's name. 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.

As of June 30, 2011, cash account balances with one bank totaled \$425,601. The Federal Deposit Insurance Corporation (FDIC) covers up to a maximum of \$250,000. Additional collateral totaling \$61,404 was received as of June 30, 2011. The Regional Office of Education #45 had made a formal arrangement with the bank to automatically provide additional collateral for balances exceeding the FDIC coverage; however, additional collateral was not provided by the bank for the balance of \$114,197. Failure to secure full collateral on cash balances may result in monetary losses to the Regional Office of Education #45.

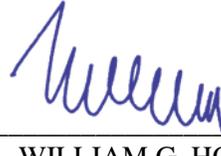
According to Regional Office of Education #45 officials, the required additional collateral for the ROE's deposits was due to the bank insufficiently monitoring account balances when assigning collateral. (Finding 11-01, page 12)

The auditors recommended that the Regional Office of Education #45 should monitor collateral held for its bank accounts. The Regional Office of Education #45 should also establish controls for confirming amounts pledged by the bank on a regular basis, especially when cash balances exceed the FDIC level.

The Regional Office of Education #45 responded that it agrees with the finding. The ROE noted that management will meet with bank personnel to review the agreement about additional collateral for the Regional Office of Education and to request a regular statement showing the amounts that have been pledged. The Regional Office of Education #45 also noted that staff will more closely monitor collateral pledged on bank account balances.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #45's financial statements as of June 30, 2011 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:JRB

AUDITORS ASSIGNED: Kemper CPA Group, LLP were our special assistant auditors.