

VERMILION COUNTY REGIONAL
OFFICE OF EDUCATION #54

FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED JUNE 30, 1996
AND
INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

Illinois State Board of Education
100 N. First Street
Springfield, Illinois 62777

We have audited the accompanying general purpose financial statements of the Vermilion County Regional Office of Education #54, as of and for the year ended June 30, 1996. These general purpose financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vermilion County Regional Office of Education #54 as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 17, 1996, on our consideration of Vermilion County Regional Office of Education #54 internal control structure and a report dated September 17, 1996, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and account group financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Vermilion County Regional Office of Education #54. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Boyd, Freese, West & Vogt

September 17, 1996

BOYD, FREESE, WEST & VOGT

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Illinois State Board of Education
100 N. First Street
Springfield, Illinois 62777

We have audited the general purpose financial statements of the Vermilion County Regional Office of Education #54 as of and for the year ended June 30, 1996, and have issued our report thereon dated September 17, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Vermilion County Regional Office of Education #54 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Vermilion County Regional Office of Education #54 for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of management and the Illinois State Board of Education. However, this report is a matter of public record and its distribution is not limited.

Boyd, Freeze, West + Vogt

September 17, 1996

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Illinois State Board of Education
100 N. First Street
Springfield, Illinois 62777

We have audited the general purpose financial statements of the Vermilion County Regional Office of Education #54 as of and for the year ended June 30, 1996, and have issued our report thereon dated September 17, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Vermilion County Regional Office of Education #54 is the responsibility of the Region's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Region's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of noncompliance which we have reported to the Region's management and have disclosed in the Schedule of Findings and Questioned Costs on page 21.

This report is intended for the information of management and the Illinois State Board of Education. However, this report is a matter of public record and its distribution is not limited.

Boyd, Freese, West & Vogt

September 17, 1996

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
June 30, 1996

	<u>Governmental Fund Type Special Revenue</u>	<u>Fiduciary Fund Type Expendable Trust and Agency</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
ASSETS				
Cash	\$101,419	\$32,231	\$ --	\$133,650
Investment	--	31,485	--	31,485
Due from other fund	324	--	--	324
Interest receivable	294	--	--	294
Equipment	--	--	<u>20,700</u>	<u>20,700</u>
Total assets	<u>\$102,037</u>	<u>\$63,716</u>	<u>\$20,700</u>	<u>\$186,453</u>
LIABILITIES				
Accounts payable	\$ 195	\$ --	\$ --	\$ 195
Due to other fund	--	324	--	324
Due to schools and other organizations	--	<u>43,795</u>	--	<u>43,795</u>
Total liabilities	<u>195</u>	<u>44,119</u>	--	<u>44,314</u>
FUND BALANCES AND OTHER CREDITS				
Investment in general fixed assets	--	--	20,700	20,700
Fund balances:				
Unreserved	95,065	--	--	95,065
Reserved	<u>6,777</u>	<u>19,597</u>	--	<u>26,374</u>
Total fund balances	<u>101,842</u>	<u>19,597</u>	<u>20,700</u>	<u>142,139</u>
 Total liabilities, fund balances and other credits	 <u>\$102,037</u>	 <u>\$63,716</u>	 <u>\$20,700</u>	 <u>\$186,453</u>

See notes to financial statements.

See the accompanying independent auditors' report.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
AND EXPENDABLE TRUST FUND
For the year ended June 30, 1996

	<u>Governmental Fund Type Special Revenue</u>	<u>Fiduciary Fund Type Expendable Trust</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Local sources	\$ 24,466	\$28,902	\$ 53,368
State sources	<u>43,776</u>	<u>--</u>	<u>43,776</u>
Total revenues	<u>68,242</u>	<u>28,902</u>	<u>97,144</u>
Expenditures:			
Salaries	--	17,500	17,500
Dues and fees	978	--	978
Professional and technical services	10,528	--	10,528
Transportation services	317	--	317
General supplies	6,283	13,885	20,168
Periodicals	171	--	171
Printing and binding	1,977	--	1,977
Equipment other than transportation	20,700	3,445	24,145
Payments to other governmental entities	27,370	--	27,370
Miscellaneous	<u>1,884</u>	<u>1,403</u>	<u>3,287</u>
Total expenditures	<u>70,208</u>	<u>36,233</u>	<u>106,441</u>
Excess of revenues over (under) expenditures	<u>(1,966)</u>	<u>(7,331)</u>	<u>(9,297)</u>
Other financing sources (uses):			
Operating transfers in	69,501	--	69,501
Operating transfers out	<u>(29,851)</u>	<u>--</u>	<u>(29,851)</u>
Total other financing sources (uses)	<u>39,650</u>	<u>--</u>	<u>39,650</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	37,684	(7,331)	30,353
Fund balance, July 1, 1995	<u>64,158</u>	<u>26,928</u>	<u>91,086</u>
Fund balance, June 30, 1996	<u>\$101,842</u>	<u>\$19,597</u>	<u>\$121,439</u>

See notes to financial statements.

See the accompanying independent auditors' report.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For the year ended June 30, 1996

	<u>Balance June 30, 1995</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1996</u>
ASSETS				
Cash	\$83,779	\$ 49,541,981	\$ 49,613,760	\$12,000
Investment	324	49,573,142	49,541,981	31,485
Due from governmental agency	<u>5,089</u>	<u>49,536,892</u>	<u>49,541,981</u>	<u>--</u>
Total assets	<u>\$89,192</u>	<u>\$148,652,015</u>	<u>\$148,697,722</u>	<u>\$43,485</u>
LIABILITIES				
Due to other fund	\$ 324	\$ 39,650	\$ 39,650	\$ 324
Due to schools and other organizations	<u>88,868</u>	<u>49,568,053</u>	<u>49,613,760</u>	<u>43,161</u>
Total liabilities	<u>\$89,192</u>	<u>\$ 49,607,703</u>	<u>\$ 49,653,410</u>	<u>\$43,485</u>

See notes to financial statements.

See the accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

The Vermilion County Regional Office of Education's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity:

Regional Office of Education #54 was created by Illinois Public Act 76-735, as amended, effective August 11, 1969. The region encompasses Vermilion County.

The regional superintendent of schools is the chief administrative officer of the region and is elected to the position for a four year term. The regional superintendent is responsible for the supervision and control of the school districts.

The superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; insuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and insuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. Further, the superintendent receives an allocation of school funds from the State Board of Education and apportions these funds to the school districts in accordance with the State Board of Education's formula.

The Regional Office of Education derives its oversight power and authority over the school districts from the School Code of Illinois and is responsible for its own fiscal and budgetary matters. The Region exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Region's financial statements. In addition, the Region is not aware of any entity that would exercise oversight as to result in the Region being considered a component unit of the entity.

B. Basis of Presentation - Fund Accounting:

The accounts of the Region are organized on the basis of funds, each of which is considered a separate accounting entity. The Region has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The individual funds account for the government resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions. The following fund types are used by the Region:

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued):

B. Basis of Presentation - Fund Accounting (continued):

Governmental Funds:

General Fund - The Region maintains no General Fund because the expenses of maintaining its office are paid by Vermilion County.

Special Revenue Funds - The Region uses Special Revenue Funds to account for the proceeds of specific revenue sources, other than those accounted for in the Fiduciary Funds, that are legally restricted to expenditures for specific purposes. The Region operated the following seven special revenue funds described below:

Distributive Fund Interest - This fund accounts for the superintendent's retention of interest earned on the Distributive Fund.

Institute Fund - This fund is used to account for fees from examination, registration and certificate renewals. These funds are used to help pay certain administrative expenses incurred to conduct workshops and for general meetings with teachers and other school personnel.

Direct Services Fund - Interest from Distributive Fund Interest is transferred to this fund to be used for various programs that benefit the school districts or the regional office. Examples are grant match and computer consortium.

G.E.D. Fund - This fund is used to account for proceeds earned from individuals who pay fees to participate in the high school equivalency program and the costs incurred in administering the program.

Bus Driver Training Fund - This fund is used to account for the fee charged for annual training courses. The funds can be used for supplies and training pertaining to this program.

Supervisory Fund - This fund is used to account for the travel and other expenditures necessary to perform the duty of supervising the school districts in the region.

Board of School Trustees Fund - This fund is used to account for the expenses of the Regional Board of School Trustees.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued):

B. Basis of Presentation - Fund Accounting (continued):

Fiduciary Funds:

Agency Funds - Agency Funds are used to account for assets held by the Region in a trustee capacity or as an agent for other governments. The Agency Fund is the Distributive Fund. It accounts for assets held by the Region as an agent for the school districts within its region. This fund is custodial in nature and does not involve the measurement of the results of operations. The financial statements reflect modified accrual basis accounting in which the amounts due to school districts are equal to the assets.

Expendable Trust Fund - This fund is used to account for the resources held by the Region as trustee for Vermilion County's Drug and Alcohol Abuse Prevention Program (DAAPP).

Governmental Funds - Measurement Focus:

All governmental special revenue funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fixed Assets Account Group:

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes. All fixed assets are valued at historical cost and no depreciation is provided for these assets. Donated general fixed assets are stated at estimated market value as of the date of acquisition. Fixed assets purchased by Vermilion County for the Regional Office of Education are included in the County's financial statements. For the year ended June 30, 1996, capital expenditures were \$20,700.

C. Basis of Accounting:

The modified accrual basis of accounting is followed by the Governmental and Fiduciary Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued):

C. Basis of Accounting (continued):

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose of that project before any amounts will be paid, therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Expenditures are generally recognized when the liability is incurred.

D. Budgets:

Budgetary comparisons are not presented for the special revenue funds since budgets were not adopted for these funds.

E. Cash and Investments:

State regulations require that Regional Office of Education #54 deposit funds under its control into accounts insured by the federal government, secured by substantial collateral, or into pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Region to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurers' Investment Pool.

F. Retention of Interest Income:

The regional superintendent has retained interest income earned on distributive funds passed through his office. The regional superintendent has spent this interest income for materials, supplies, and program expenses. Per an agreement dated March 14, 1988, all district superintendents within the Vermilion County region, with approval of their school boards, consented to allow retention of interest earned on such funds by the regional superintendent for uses that are in the best interest of the regional school districts. This agreement was retroactive to the inception of the investment program.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued):

G. Total Memorandum Only:

The "Total Memorandum Only" column represents the total of the line item amounts reported for each fund type. No consolidating or other eliminations were made in arriving at the totals; thus they do not present consolidated information. These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the Region as a whole.

2. Deposits:

The Region is allowed to invest in securities as authorized by the 30 ILCS 235/2 and 235/6.

At June 30, 1996, the carrying amount of the Region's deposits was \$133,650 and the bank balance was \$598,297. The Region's deposits include a certificate of deposit totaling \$7,000. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

Category 1	\$ 131,298
Category 2	466,999
Category 3	_____
	<u>\$ 598,297</u>

Category 1 consists of deposits insured or collateralized with securities held by the Region or the Region's agent in the Region's name.

Category 2 consists of deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Region's name.

Category 3 consists of deposits that are uninsured and uncollateralized.

At June 30, 1996, the Region also had \$31,485 invested with the State of Illinois Public Treasurers' Investment Pool.

3. Pension and Retirement Commitments:

These financial statements relate information pertaining to the funds administered by the regional superintendent. All personnel of the Region's office receive their salaries from other sources. The superintendent and the assistant superintendent receive their salaries directly from the Illinois State Board of Education. The other personnel are employees of Vermilion County. There are no pension disclosures to present. Pension disclosures for the superintendent and assistant superintendent are included in the financial statements of the Illinois State Board of Education. Pension disclosures for other employees are included in the Vermilion County annual financial report.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

NOTES TO FINANCIAL STATEMENTS

4. Bond:

The 105 ILCS 5-13 directs the county board to execute a bond of not less than \$100,000 on the regional superintendent. The county board has secured and maintained such a bond with coverage of \$100,000 on the regional superintendent.

5. Interfund Receivables and Payables:

At June 30, 1996, Interfund receivables and payables were as follows:

<u>Due To</u>	<u>Due From</u>	<u>Balance at June 30, 1996</u>
Distributive Fund Interest	Distributive Fund	<u>\$ 324</u>

6. Schedule of Transfers:

Transfers between funds during the year were as follows:

<u>Transfers In</u>		<u>Transfers Out</u>	
Direct Services	\$29,851	Distributive Interest	\$29,851
Direct Services	11,575	Distributive Fund	11,575
Distributive Interest	<u>28,075</u>	Distributive Fund	<u>28,075</u>
	<u>\$69,501</u>		<u>\$69,501</u>

7. Risk Management - Claims and Judgements:

The Region is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Region is covered by commercial insurance provided by Vermilion County to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

8. Reserved Fund Balances:

The reservation of fund balance in the Direct Services Fund shows an amount restricted for the Regional Office of Education's Schoolwork program.

The reservation of fund balance in the Drug and Alcohol Abuse Prevention Program (DAAPP) Fund shows an amount restricted for the specific uses of the DAAPP.

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VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

June 30, 1996

	Distributive Fund Interest	Institute Fund	Direct Services Fund	G.E.D. Fund	Bus Driver Training Fund	Supervisory Fund	Board of School Trustees Fund	Total
ASSETS								
Cash	\$ --	\$37,752	\$45,453	\$4,421	\$4,962	\$808	\$8,023	\$101,419
Due from other fund	324	--	--	--	--	--	--	324
Interest receivable	--	--	--	--	--	--	294	294
Total assets	\$ 324	\$37,752	\$45,453	\$4,421	\$4,962	\$808	\$8,317	\$102,037
LIABILITIES								
Accounts payable	\$ --	\$ --	\$ --	\$ 195	\$ --	\$ --	\$ --	\$ 195
FUND BALANCES								
Fund balances - unreserved	324	37,752	38,676	4,226	4,962	808	8,317	95,065
Fund balance - reserved	--	--	6,777	--	--	--	--	6,777
Total fund balances	324	37,752	45,453	4,226	4,962	808	8,317	101,842
Total liabilities and fund balances	\$ 324	\$37,752	\$45,453	\$4,421	\$4,962	\$808	\$8,317	\$102,037

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

For the year ended June 30, 1996

	Distributive Fund Interest	Institute Fund	Direct Services Fund	G.E.D. Fund	Bus Driver Training Fund	Supervisory Fund	Board of School Trustees Fund	Total
Revenues:								
Local sources	\$ --	\$ 12,251	\$ 2,036	\$ 9,204	\$ 604	\$ 28	\$ 343	\$ 24,466
State sources	--	112	42,064	--	600	1,000	--	43,776
Total revenues	--	12,363	44,100	9,204	1,204	1,028	343	68,242
Expenditures:								
Dues and fees	--	821	117	--	30	10	--	978
Professional and technical services	--	2,381	2,007	4,515	1,625	--	--	10,528
Transportation services	--	130	--	124	--	63	--	317
General supplies	--	1,054	856	4,177	--	196	--	6,283
Periodicals	--	--	171	--	--	--	--	171
Printing and binding	--	974	1,003	--	--	--	--	1,977
Equipment other than transportation	--	--	20,700	--	--	--	--	20,700
Payments to other governmental entities	--	--	27,370	--	--	--	--	27,370
Miscellaneous	--	150	714	899	64	--	57	1,884
Total expenditures	--	5,510	52,938	9,715	1,719	269	57	70,208
Excess of revenues over (under) expenditures	--	6,853	(8,838)	(511)	(515)	759	286	(1,966)
Other financing sources (uses):								
Operating transfers in	28,075	--	41,426	--	--	--	--	69,501
Operating transfers out	(29,851)	--	--	--	--	--	--	(29,851)
Total other financing sources (uses)	(1,776)	--	41,426	--	--	--	--	39,650
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,776)	6,853	32,588	(511)	(515)	759	286	37,684
Fund balance, July 1, 1995	2,100	30,899	12,865	4,737	5,477	49	8,031	64,158
Fund balance, June 30, 1996	\$ 324	\$ 37,752	\$ 45,453	\$ 4,226	\$ 4,962	\$ 808	\$ 8,317	\$ 101,842

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

COMBINING BALANCE SHEET
 FIDUCIARY FUNDS
 June 30, 1996

	<u>Agency Fund Distributive</u>	<u>Expendable Trust Fund DAAPP</u>	<u>Total</u>
ASSETS			
Cash	\$ 12,000	\$ 20,231	\$ 32,231
Investment	<u>31,485</u>	<u>---</u>	<u>31,485</u>
Total assets	<u>\$ 43,485</u>	<u>\$ 20,231</u>	<u>\$ 63,716</u>
LIABILITIES			
Due to other fund	\$ 324	\$ --	\$ 324
Due to schools and other organizations	<u>43,161</u>	<u>634</u>	<u>43,795</u>
Total liabilities	<u>43,485</u>	<u>634</u>	<u>44,119</u>
FUND BALANCE			
Fund balance - reserved	<u>---</u>	<u>19,597</u>	<u>19,597</u>
Total liabilities and fund balance	<u>\$ 43,485</u>	<u>\$ 20,231</u>	<u>\$ 63,716</u>

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

STATEMENT OF GENERAL FIXED ASSETS

June 30, 1996

General fixed assets:	
Equipment	<u>\$ 20,700</u>
Total general fixed assets	<u>\$ 20,700</u>
Investment in general fixed assets from:	
Donations	<u>\$ 20,700</u>
Total investments in general fixed assets	<u>\$ 20,700</u>

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

SCHEDULE OF GENERAL FIXED ASSETS

(by function)

June 30, 1996

	<u>Equipment</u>	<u>Total</u>
Function:		
Support services		
General administration	\$20,700	\$20,700
Total general fixed assets allocated to function	<u>\$20,700</u>	<u>\$20,700</u>

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 (by function)
 June 30, 1996

	General Fixed Assets <u>July 1, 1995</u>	<u>Additions</u>	<u>Deductions</u>	General Fixed Assets <u>June 30, 1996</u>
Function:				
Support services				
General administration	\$ --	\$20,700	\$ --	\$20,700
Total general fixed assets allocated to function	<u>\$ --</u>	<u>\$20,700</u>	<u>\$ --</u>	<u>\$20,700</u>

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES

Distributive Fund

For the year ended June 30, 1996

	Community Unit School District #1 Bismark Illinois	Community Unit School District #2 Westville Illinois	Community Unit School District #4 Georgetown Ridge Farm Illinois	Community Unit School District #5 Catin Illinois	Community Unit School District #7 Rossville Illinois	Community Unit School District #10 Potomac Illinois	Community Unit School District #11 Hoopston Illinois	Community Unit School District #12 Jamaica Illinois	Community Unit School District #61 Armstrong Ellis Illinois	Community Unit School District #76 Oakwood Illinois	Community Unit School District #118 Danville Illinois	Community Unit School District #225 Armstrong Illinois	Private Schools & other	Vermilion Voc. Ed. Delivery System	Danville Area Comm. College	Vermilion Association of Special Ed.	ROE Schoolworks	Vermilion County ROE #54	Total
Bus driver training	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 600	\$ 600
General state aid	1,626,416	3,456,234	4,257,372	1,282,121	996,885	620,133	3,735,072	746,664	178,218	2,468,892	15,522,025	42,742	--	--	--	--	--	--	34,932,774
Reorganization incentives	--	--	--	--	--	--	484,000	--	--	--	--	--	--	--	--	--	--	--	484,000
General state aid interest	897	1,871	2,327	696	556	331	2,027	422	111	1,372	8,582	24	--	--	--	--	--	--	19,216
Special education-private facilities	1,024	--	19,848	--	--	--	--	--	--	--	11,553	--	--	--	--	--	--	--	32,425
-extraordinary	--	19,149	30,049	8,709	3,475	9,623	29,877	4,150	--	5,474	280,591	--	--	--	--	--	--	--	391,097
-personnel	39,382	159,042	169,376	51,463	28,285	10,877	128,647	34,136	8,591	32,214	831,992	7,343	--	--	--	228,907	--	--	1,730,255
-orphan	1,117	7,196	39,483	18,971	7,365	1,685	14,300	12,363	28,281	2,738	132,324	--	--	--	--	--	--	--	265,823
Summer school state aid	988	828	2,197	328	--	584	--	462	--	612	25,036	--	--	--	--	--	--	--	31,035
Vocational education	--	--	--	--	--	--	--	--	--	--	91,345	--	--	264,616	30,000	--	--	--	385,961
Bilingual education	--	--	--	--	--	--	--	--	--	--	9,591	--	--	--	--	--	--	--	9,591
Gifted education	8,625	11,887	15,678	6,631	5,266	2,417	19,330	3,946	1,675	9,817	70,051	699	--	--	--	--	--	--	156,022
Free lunch and breakfast	1,616	6,336	7,214	797	1,921	914	7,395	1,995	540	2,996	56,844	377	1,619	--	--	--	--	--	90,564
Driver education	8,769	12,803	14,924	6,010	4,358	3,231	17,421	6,212	--	10,667	60,750	2,104	--	--	--	--	--	--	147,249
Transportation -regular	162,350	173,696	104,592	26,362	120,951	31,653	138,865	106,617	46,293	183,538	643,963	41,240	--	--	--	--	--	--	1,780,120
-vocational	9,689	14,772	8,631	6,636	15,657	--	13,826	15,625	--	7,275	32,533	13,627	18,875	--	--	--	--	--	157,146
-special education	43,482	40,104	41,613	3,865	13,783	17,242	18,546	15,982	7,217	19,739	176,031	1,662	--	--	--	--	--	--	399,266
Retired Professional Service Corp.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	1,343	--	1,343
School improvement	20,687	29,420	30,468	7,017	14,517	3,313	33,233	5,727	1,716	25,751	97,176	12,929	--	--	--	--	--	--	281,954
Administrators academy	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	10,646	--	10,646
Scientific literacy	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	20,838	--	20,838
Substance abuse prevention	--	--	35,000	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	35,000
Urban education partnership	--	--	--	--	--	--	--	--	--	--	29,820	--	--	--	--	--	--	--	29,820
Dropout/alternative ed	--	--	--	--	--	--	--	--	--	--	225,164	--	--	--	--	--	--	--	225,164
Grants for preschool ed	--	--	--	--	--	--	--	--	--	--	939,801	--	--	--	--	--	--	--	939,801
Reading improvement	15,830	31,342	38,848	10,689	10,669	6,331	37,852	9,705	5,235	24,080	201,328	--	--	--	--	--	--	--	391,909
ROE/ESC Operations	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	166,667	--	166,667
Report cards	429	240	330	580	249	210	834	584	22	615	2,012	147	--	--	--	--	--	--	6,252
Criminal investigations	86	280	193	103	107	15	183	64	--	71	1,710	30	--	--	--	--	--	112	2,954
Supervisory fund	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	1,000	1,000
Tech-Econ challenged school	--	49,350	52,245	--	--	--	--	--	460	--	--	--	--	--	--	--	--	--	102,055
Title VI	4,255	8,631	10,161	2,837	2,780	1,550	9,869	2,584	978	5,948	49,181	514	--	--	--	--	--	--	99,288
Federal school lunch and breakfast program/commodities	37,133	111,679	135,428	20,041	41,398	19,199	130,962	37,210	11,201	65,707	820,007	9,447	44,070	--	--	--	--	--	1,483,482
Federal special milk	--	--	--	--	--	--	1,242	--	275	--	--	--	175	--	--	--	--	--	1,692
Summer food service program	--	--	--	--	--	--	--	--	--	--	--	--	12,412	--	--	--	--	--	12,412
Title I	56,639	192,929	343,313	23,875	46,757	40,822	216,566	42,205	17,774	89,241	1,696,848	--	--	--	--	--	--	--	2,766,969
Migratory program	--	--	--	--	--	--	119,391	--	--	--	--	--	--	--	--	--	--	--	119,391
Drug free schools & communities	4,177	7,852	12,474	2,908	2,251	1,260	9,863	2,701	653	5,867	31,904	392	--	--	--	--	--	--	82,302
J.T.P.A.	--	--	--	--	--	--	--	--	--	--	44,108	--	--	--	2,168	--	--	--	46,276
Special Ed - flowthrough	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	139,330	--	--	139,330
Special Ed - preschool	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	7,056	--	--	7,056
Special Ed - I.D.E.A.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	901,763	--	--	901,763
I.D.E.A. room & board	--	--	--	--	--	--	--	--	--	--	5,902	--	--	--	--	--	--	--	5,902
Title IIC Secondary	--	--	--	--	--	--	--	--	--	--	--	--	--	155,356	--	--	--	--	155,356
Medicaid match	--	19,955	22,324	--	1,606	--	--	2,948	--	3,205	--	--	--	--	--	376,842	--	--	426,880
Title II - Eisenhower	--	4,819	7,049	991	1,679	--	8,451	--	--	3,435	38,911	--	--	--	--	--	--	--	65,335
	<u>\$ 2,043,591</u>	<u>\$ 4,360,415</u>	<u>\$ 5,401,137</u>	<u>\$ 1,481,630</u>	<u>\$ 1,320,515</u>	<u>\$ 771,390</u>	<u>\$ 5,177,752</u>	<u>\$ 1,052,302</u>	<u>\$ 309,240</u>	<u>\$ 2,969,254</u>	<u>\$ 22,137,083</u>	<u>\$ 133,277</u>	<u>\$ 77,151</u>	<u>\$ 419,972</u>	<u>\$ 32,168</u>	<u>\$ 1,653,898</u>	<u>\$ 199,494</u>	<u>\$ 1,712</u>	<u>\$ 49,541,981</u>

Vermilion ROE #54
Schedule of Findings and Questioned Costs
and Auditee Corrective Action Plan
Year ended June 30, 1996

INSTRUCTIONS ATTACHED

1. Is this a new finding? yes no
If a repeat, in what year was this originally reported? 1995

2. General Federal Compliance State Compliance
 Specific Federal Compliance State Internal Control
 Federal Internal Control

3. Program Name & CFDA Number
N/A

4. Project Number
N/A

5. Finding (include condition, criteria, cause and effect)

The region paid for substitute teachers' background investigations from the Institute Fund. This fund is a restricted fund and there is no statutory authority which allows for this type of expenditure.

Cause: the payments were made before staff was made aware the payments shouldn't be made from the Institute Fund. After December 27, 1995, there were no additional background investigations paid from this fund.

6. Recommendation

We recommend that the Region continue paying for background investigations from the Direct Services Fund and reimburse the Institute Fund for the payments made during the year ended June 30, 1996.

7. Questioned Costs
\$54.00

8. Corrective Action Plan

Reimbursement has been made to the Institute Fund for \$54.00 and all future background investigations will be paid from the Direct Services Fund.

9. Auditor's Comments

The above corrective action plan is adequate.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

SCHEDULE OF PRIOR YEAR'S FINDINGS AND DISPOSITIONS

June 30, 1996

Finding 1:

The Region had no statutory authority in using GED Funds for scholarships at Danville Community College.

Disposition: The Region ceased disbursements from the GED Fund for scholarships until January 1, 1996, at which time disbursements of this type were allowable costs.

Finding 2:

The Region failed to publish in its region's local newspapers the annual Institute Fund's financial report as required by state statutes.

Disposition: The financial reports for fiscal years 1994-1995 and 1995-1996 have been published as required by state statutes.

Finding 3:

The Region paid for substitute teacher background investigations from the Institute Fund. There is no statutory authority which allows for this type of expenditure.

Disposition: This is a repeat finding for the period ending June 30, 1996.

Finding 4:

The Region's detailed fixed asset records did not have historical costs listed for every asset.

Disposition: Cost information was provided by the Illinois State Board of Education for new equipment received from them. The Region determined and assigned costs to all remaining assets.