

**State of Illinois**  
**REGIONAL OFFICE OF EDUCATION #54**

**FINANCIAL AUDIT**  
**For the year ended June 30, 2008**

**Performed as Special Assistant Auditors**  
**for the Auditor General, State of Illinois**



VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

TABLE OF CONTENTS

	<u>Page(s)</u>
OFFICIALS .....	1
FINANCIAL REPORT SUMMARY .....	2 – 3
FINANCIAL STATEMENT REPORT SUMMARY .....	4
INDEPENDENT AUDITORS’ REPORT .....	5 – 6
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	7 – 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	9 – 12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS .....	13
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	14A – 14E
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government – wide Financial Statements:	
Statement of Net Assets .....	15
Statement of Activities .....	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds .....	20
Statement of Fiduciary Net Assets – Fiduciary Fund .....	21

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**TABLE OF CONTENTS  
(Continued)**

	<u>Page(s)</u>
<b>BASIC FINANCIAL STATEMENTS (Continued):</b>	
Fund Financial Statements (Continued):	
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund .....	22
Notes to the Financial Statements .....	23 – 34
<b>SUPPLEMENTAL INFORMATION:</b>	
Education Fund:	
Combining Schedules:	
Combining Schedule of Accounts – Education Fund .....	35 – 36
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Education Fund Accounts .....	37 – 38
Individual Schedule:	
Budgetary Comparison Schedule – Education Fund Accounts Regional Safe Schools Project #08-3696-00 .....	39
Nonmajor Funds:	
Combining Statements:	
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	41
Fiduciary Fund:	
Combining Statements:	
Statement of Changes in Assets and Liabilities – Agency Fund .....	42
Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund .....	43 – 46

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**OFFICIALS**

Regional Superintendent (current and during the audit period) Mr. Michael Metzen

Assistant Regional Superintendent (current and during the audit period) Ms. Cheryl Reifsteck

Offices are located at:

200 S. College, Suite B  
Danville, IL 61832

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**FINANCIAL REPORT SUMMARY**

The financial audit testing performed in this audit was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**AUDITORS' REPORTS**

The auditors' reports do not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	0	1
Repeated audit findings	0	1
Prior recommendations implemented or not repeated	1	0

Details of findings are presented in a separately tabbed report section.

An additional matter which is less than a significant deficiency or material weakness but more than inconsequential, has been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, this issue may have been included as an immaterial finding in the auditors' reports.

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
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**FINDINGS (GOVERNMENT AUDITING STANDARDS)**

There were no findings for the year ended June 30, 2008.

**FINDINGS (FEDERAL COMPLIANCE)**

There were no findings for the year ended June 30, 2008.

**PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)**

07-01	13	Controls Over Compliance with Laws and Regulations
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**PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)**

There were no prior findings.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**EXIT CONFERENCE**

An informal exit conference was held on September 5, 2008. Attending were Michael Metzen, Regional Superintendent of Schools, Cheryl Reifsteck, Assistant Regional Superintendent of Schools, Janice Hawkins, Bookkeeper and Nathan Earnest, CPA of West & Company, LLC.

## FINANCIAL STATEMENT REPORT

A financial statement audit consists of an audit of an agency's financial statements, including an examination of the underlying books and records, to determine whether those financial statements are fairly presented in accordance with generally accepted accounting principles.

The financial statement report is comprised of the following:

A Summary section providing a brief overview of the financial statement audit.

- An Auditors' Report section containing statements by the auditors on the scope and results of their audit, as required by applicable professional standards.
- A Findings & Recommendations section containing sequentially numbered findings in which the auditors note any instances of nonconformity by the agency with applicable laws, rules, regulations, grant agreements, and other standards governing its conduct that were found by the auditors in the course of their review. All findings are discussed with the agency officials during the post audit process.

Each finding generally contains: a description of the condition found; a recommendation by the auditors for corrective action; a response by the agency either accepting or rejecting the auditors' finding; and a description of the agency's plan for addressing the problem.

- A Financial Statement section generally consisting of:
  - Management's discussion and analysis (MD&A) as required supplementary information;
  - Basic financial statements (entity-wide financial statements, fund financial statements, and notes to the financial statements);
  - Required supplementary information other than MD&A.

Additional financial statements may be presented for agencies with special reporting requirements.

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### Financial Presentation Examined

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### Auditors' Reports

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### Findings and Recommendations

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### Financial Statements

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying basic financial statements of the Vermilion County Regional Office of Education #54 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the agency's basic financial statements.



# WEST & COMPANY, LLC

## MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
KENNETH L. VOGT  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT

## CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

613 BROADWAY AVENUE  
P.O. BOX 945  
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## OFFICES

EDWARDSVILLE  
EFFINGHAM  
GREENVILLE  
MATTOON  
SULLIVAN

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vermilion County Regional Office of Education #54, as of and for the year ended June 30, 2008, which collectively comprise the Vermilion County Regional Office of Education #54's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Vermilion County Regional Office of Education #54's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Vermilion County Regional Office of Education #54, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2009, on our consideration of the Vermilion County Regional Office of Education #54's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 14A through 14E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vermilion County Regional Office of Education #54's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules and Schedule of Disbursements to School District Treasurers and Other Entities have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

*West + Company, LLC*

April 29, 2009

# WEST & COMPANY, LLC

## MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
KENNETH L. VOGT  
BRIAN E. DANIELL  
JANICE K. ROMACK  
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### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vermilion County Regional Office of Education #54, as of and for the year ended June 30, 2008, which collectively comprise the Vermilion County Regional Office of Education #54's basic financial statements and have issued our report thereon dated April 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Vermilion County Regional Office of Education #54's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Vermilion County Regional Office of Education #54's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Vermilion County Regional Office of Education #54's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Vermilion County Regional Office of Education #54's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters which we have reported to management of the Vermilion County Regional Office of Education #54 in a separate letter dated April 29, 2009.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the organization, Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*West + Company, LLC*

April 29, 2009



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2008

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Section I -- Summary of Auditors' Results

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**Financial statements**

Type of auditors' report issued: UNQUALIFIED

Internal control over financial reporting:

- material weakness(es) identified?        yes   X   no
  
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?        yes   X   none reported
  
- Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

- material weakness(es) identified? N/A        yes        no
  
- Significant deficiency(ies) identified that are not considered to be material material weakness(es)? N/A        yes        none reported

Type of auditors' report issued on compliance for major programs:       N/A      

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? N/A        yes        no

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended June 30, 2008**

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**Section I -- Summary of Auditors' Results (concluded)**

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Identification of major programs:

CFDA Number(s)

Name of federal program or cluster

This section is not applicable.

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as a low-risk auditee? N/A \_\_\_\_\_ yes \_\_\_\_\_ no

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2008**

**Section II—Financial Statement Findings**

No financial statement findings were noted for the year ended June 30, 2008.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended June 30, 2008**

**Section III: Federal Award Findings**

No findings were noted for the year ended June 30, 2008.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**June 30, 2008**

<b><u>Finding number</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
07-01	The Regional Office of Education #54 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all schools visited and dates of visitation.	Not repeated.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June, 30 2008

#### I. USING THIS REPORT

These financial statements and accompanying statement are presented in a format consistent with the presentation requirements of GASB Statements No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments*.

#### II. REPORT COMPONENTS

These financial statements and their accompanying information consist of several parts as follows:

1. Independent auditor's report
2. Basic financial statements including government-wide and fund financial statements
3. Supplemental information including the Management's Discussion and Analysis

#### III. BASIS OF ACCOUNTING

The accounting for the Regional Office of Education #54 (Regional Office) is organized on the basis of funds. These funds are treated by the Regional Office as a separate accounting entity.

Revenues and expenses on the government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when cash is received or paid. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Revenues and expenditures on the government fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Regional Office does not reflect a General Fund. Because all expenses of operating and maintaining the office are paid for by Vermilion County, those costs are reflected in the budgets and reports of the Vermilion County General Fund.

#### IV. BUDGETARY HIGHLIGHTS

The Regional Office has not and is not legally required to adopt a formal budgetary accounting system for its various funds. However, the Regional Office has adopted an internal budget for expenses relating to office operations for funding received from the Vermilion County Board.

## V. CAPITAL ASSETS

Capital assets for the Regional Office have been capitalized at a \$1,000 entry level. This level has been adopted by the Regional Office on their own to standardize the accounting for these assets. Capital asset levels as capitalized and reported by Vermilion County for office operations and maintenance of the Regional Office are set at \$500; thus, the reporting by the County may differ from the Regional Office. Total capital outlay for FY08 was \$1,255.

## IV. OTHER SIGNIFICANT POLICIES

State regulations have strict requirements regarding the deposits and usage of funds that are deposited with the Regional Office. All funds have been deposited and expended in compliance with those regulations.

Because the regional Office operates mainly on “pass-through” basis, there is no control over the amount of funds that come through the office to be disbursed. Further, there is no significant information that could be shown that would reflect changes in the funding that are under the control of the Regional Office.

All expenditures that are made by the Regional Office are made in compliance with the purposes as set forth by the funding bodies.

All expenditures made through the General Fund of the Vermilion County are examined prior to disbursement by the Vermilion County Auditor and approved according to their policies for such expenses. All other records of the Regional Office are open to the examination by the Vermilion County Auditor, to the extent allowed by laws regulating such.

## IV. FINANCIAL HIGHLIGHTS

This report consists of a series of financial statements and notes to those statements. The statements are organized to assist the reader in understanding the Vermilion County Regional Office of Education as an entire operating entity. The statements go further to provide a detailed look at specific financial activities. The government-wide statements, which are the Statement of Net Assets and the Statement of Activities, provide information about the activities of the whole Regional Office.

The fund financial statements provide the next level of activity. For government type funds, the statements tell how services were financed on a short-term basis, as well as what balances remain for future spending. The major funds of the Regional Office are also looked at on an individual basis, with non-major funds being combined and presented as a total in one column. In the Regional Office, the Direct Services Fund is by far the most significant.

The financial statements also reflect two types of funds. The government funds used by the Regional Office are actually special revenue funds used to account for revenue from specific sources. The Regional Office operates several of these special revenue funds under the blanket of the government funds. Most of the Regional Office’s programs and services are accounted for in the government funds. These include institute services, direct services, education services and various other services and activities. In addition, net assets relating to the Teacher Institute Fund are considered restricted for teacher professional development.

Fiduciary funds are accounts that are used solely to account for assets held by the Regional Office as a trustee or an agent for other government agencies. Overall, the fiduciary fund is custodial in nature and thus does not involve measurement of results of its operation.

The following table provides a summary of the Regional Office's net assets for the fiscal years June 30, 2007 and 2008.

**NET ASSETS**

	<b><u>GOVERNMENTAL FUNDS</u></b>	
	<u>2008</u>	<u>2007</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 185,524	\$ 161,316
Investments	7,000	7,000
Interest receivable	48	48
	<u>          </u>	<u>          </u>
Total current assets	192,572	168,364
<b>NONCURRENT ASSETS</b>		
Capital assets, net of depreciation	<u>1,004</u>	<u>-</u>
	<u>          </u>	<u>          </u>
Total assets	<u>193,576</u>	<u>168,364</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	216	2,500
Deferred revenue	<u>75,987</u>	<u>43,410</u>
	<u>          </u>	<u>          </u>
Total liabilities	<u>76,203</u>	<u>45,910</u>
<b>NET ASSETS</b>		
Invested in capital assets	1,004	-
Unrestricted	107,007	106,980
Restricted for teacher professional development	9,362	13,475
Restricted for ROE Schoolworks	<u>-</u>	<u>1,999</u>
	<u>          </u>	<u>          </u>
Total net assets	<u>\$ 117,373</u>	<u>\$ 122,454</u>

The following table shows the changes in net assets for the fiscal years ended June 30, 2007 and 2008.

**CHANGE IN NET ASSETS**

	<u>2008</u>	<u>2007</u>
Revenues:		
Program Revenues:		
Operating grants and contributions	\$ 302,117	\$ 261,031
General Revenues:		
Local sources	54,932	54,412
On-behalf payments	307,931	270,138
Interest	1,456	1,603
TOTAL REVENUES	<u>666,436</u>	<u>587,184</u>
Expenses:		
Instructional services:		
Purchased services	61,147	57,180
Supplies and materials	9,735	9,550
Other objects	1,962	3,601
Payments to other governments	307,722	281,626
Depreciation	251	-
Administrative:		
On-behalf payments	307,931	270,138
TOTAL EXPENSES	<u>688,748</u>	<u>622,095</u>
Deficiency before transfers	(22,312)	(34,911)
Transfers	<u>17,231</u>	<u>18,887</u>
Changes in Net assets	(5,081)	(16,024)
Net Assets-beginning	122,454	138,478
Net Assets-ending	<u>\$ 117,373</u>	<u>\$ 122,454</u>
Total program revenues	\$ 302,117	\$ 261,031
Total general revenues	<u>364,319</u>	<u>326,153</u>
Total revenues	<u>\$ 666,436</u>	<u>\$ 587,184</u>
Total expenses	<u>\$ 688,748</u>	<u>\$ 622,095</u>

Key financial highlights for fiscal year ended June 30, 2008 are as follows:

- Net assets of government funds decreased \$5,081, representing a .4% decrease from FY2007.
- The two major expenditures for the government funds are on-behalf payments, representing 45% of total expenditures and payments to other governments, or flow-through expenditures, representing 45%. Other expenditures are purchased services (9%), supplies and materials (1.4%), and other expenditures (less than 1%).
- The two major funding sources for the government funds are on-behalf payments, and federal and state revenues representing 89%. Other sources are local (8%) and interest (less than 1%), and transfers (3%).
- Overall revenues have increased 12.8% and expenditures increased 10.7%.
- Overall changes in Functions/Programs for governmental activities from FY07 to FY08 are insignificant with the exception of the 14% increase in the amount of On-behalf payments which is reflective of the increase in the foundation level of state funding as related to general state aid payments. Those expenses are equally matched to the revenues that flow through to other Local Educational Agencies (LEA's).
- The remaining \$1,999 fund balance restricted for ROE Schoolwork program was spent in FY2008.

In conclusion, the office continues to rely on state and federal funds for delivering the majority of its services. The flow-through accounts provide revenues to provide services to schools, teachers and administration that they might not otherwise have access to at the local level. The office needs to continue to pursue cooperative efforts with other Local Education Agencies to maximize the programmatic impact with funds available. While this fiscal report is indicative of the current trend, the overall operation of the Regional Office is not greatly affected by decreases at this time.

This financial report is designed to provide the users with a general overview of the finance on the Vermilion County Regional Office of Education. It further serves to demonstrate the Office's accountability for the money it receives and expends. If you have questions about this or need additional financial information, contact the Vermilion County Regional Office of Education at 200 S. College Street, Suite B, Danville, IL 61832.

## **BASIC FINANCIAL STATEMENTS**

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 185,524
Investments	7,000
Interest receivable	<u>48</u>
Total current assets	192,572
Noncurrent assets:	
Capital assets, net of depreciation	<u>1,004</u>
Total assets	<u>193,576</u>
LIABILITIES	
Current liabilities:	
Accounts payable	216
Deferred revenue	<u>75,987</u>
Total liabilities	<u>76,203</u>
NET ASSETS	
Invested in capital assets	1,004
Restricted for teacher professional development	9,362
Unrestricted	<u>107,007</u>
Total net assets	<u>\$ 117,373</u>

The notes to the financial statements are an integral part of this statement.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2008**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and Contributions	<u>Net (Expense) Revenue and Changes In Net Assets</u>  <u>Governmental Activities</u>
Governmental activities:			
Instructional services:			
Purchased services	\$ 61,147	\$ 1,668	\$ (59,479)
Supplies and materials	9,735	145	(9,590)
Other objects	1,962	27	(1,935)
Capital outlay	-	-	-
Payments to other governments	307,722	300,277	(7,445)
Depreciation	251	-	(251)
Administrative:			
On-behalf payments - Local	90,979	-	(90,979)
On-behalf payments - State	<u>216,952</u>	<u>-</u>	<u>(216,952)</u>
 Total governmental activities	 <u>\$ 688,748</u>	 <u>\$ 302,117</u>	 <u>(386,631)</u>
			General revenues:
			Local sources
			54,932
			On-behalf payments - Local
			90,979
			On-behalf payments - State
			216,952
			Interest
			1,456
			Transfers
			<u>17,231</u>
			Total general revenues
			and transfers
			<u>381,550</u>
			 Change in net assets
			(5,081)
			Net assets - beginning
			<u>122,454</u>
			 Net assets - ending
			<u>\$ 117,373</u>

The notes to the financial statements are an integral part of this statement.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008**

	<u>Institute Fund</u>	<u>General Education Development</u>	<u>Direct Services Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash	\$ 42,612	\$ 19,302	\$ 113,277	\$ -	\$ 10,333	\$ 185,524
Investments	-	-	-	-	7,000	7,000
Interest receivable	-	-	-	-	48	48
<b>Total assets</b>	<u>\$ 42,612</u>	<u>\$ 19,302</u>	<u>\$ 113,277</u>	<u>\$ -</u>	<u>\$ 17,381</u>	<u>\$ 192,572</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 216	\$ -	\$ -	\$ 216
Deferred revenue	<u>33,250</u>	<u>-</u>	<u>42,737</u>	<u>-</u>	<u>-</u>	<u>75,987</u>
<b>Total liabilities</b>	<u>33,250</u>	<u>-</u>	<u>42,953</u>	<u>-</u>	<u>-</u>	<u>76,203</u>
<b>FUND BALANCES</b>						
Fund balances, unreserved	<u>9,362</u>	<u>19,302</u>	<u>70,324</u>	<u>-</u>	<u>17,381</u>	<u>116,369</u>
<b>Total fund balances</b>	<u>9,362</u>	<u>19,302</u>	<u>70,324</u>	<u>-</u>	<u>17,381</u>	<u>116,369</u>
<b>Total liabilities and fund balances</b>	<u>\$ 42,612</u>	<u>\$ 19,302</u>	<u>\$ 113,277</u>	<u>\$ -</u>	<u>\$ 17,381</u>	<u>\$ 192,572</u>

The notes to the financial statements are an integral part of this statement.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS**

**June 30, 2008**

Total fund balances-governmental funds \$ 116,369

Amounts reported for governmental activities in the Statement of Net  
Assets are different because:

Capital assets used in governmental activities are not  
financial resources and therefore, are not reported in the funds. 1,004

Net assets of governmental activities \$ 117,373

The notes to the financial statements are an integral part of this statement.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2008**

	Institute Fund	General Education Development	Direct Services Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>						
Local sources	\$ 17,485	\$ 11,471	\$ 24,963	\$ -	\$ 1,013	\$ 54,932
State sources	-	-	-	273,154	1,840	274,994
Federal sources	-	-	-	27,123	-	27,123
On-behalf payments	-	-	307,931	-	-	307,931
Interest	485	94	780	-	97	1,456
<b>Total revenues</b>	<b>17,970</b>	<b>11,565</b>	<b>333,674</b>	<b>300,277</b>	<b>2,950</b>	<b>666,436</b>
<b>Expenditures:</b>						
<b>Instructional services:</b>						
Purchased services	15,644	7,286	36,013	-	2,204	61,147
Supplies and materials	208	3,872	5,463	-	192	9,735
Other objects	1,241	-	685	-	36	1,962
Payments to other governments	4,990	-	2,455	300,277	-	307,722
On-behalf payments	-	-	307,931	-	-	307,931
Capital outlay	-	-	1,255	-	-	1,255
<b>Total expenditures</b>	<b>22,083</b>	<b>11,158</b>	<b>353,802</b>	<b>300,277</b>	<b>2,432</b>	<b>689,752</b>
Excess (deficiency) of revenues over (under) expenditures	(4,113)	407	(20,128)	-	518	(23,316)
<b>Other financing sources:</b>						
Operating transfers in	-	-	17,231	-	-	17,231
Net other sources and uses of financial resources	-	-	17,231	-	-	17,231
<b>Net change in fund balances</b>	<b>(4,113)</b>	<b>407</b>	<b>(2,897)</b>	<b>-</b>	<b>518</b>	<b>(6,085)</b>
Fund balances, beginning of year	13,475	18,895	73,221	-	16,863	122,454
<b>Fund balances, end of year</b>	<b>\$ 9,362</b>	<b>\$ 19,302</b>	<b>\$ 70,324</b>	<b>\$ -</b>	<b>\$ 17,381</b>	<b>\$ 116,369</b>

The notes to the financial statements are an integral part of this statement.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2008**

Net change in fund balances \$ (6,085)

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 1,255	
Depreciation expense	(251)	1,004

Change in net assets of governmental activities \$ (5,081)

The notes to the financial statements are an integral part of this statement.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2008**

	Expendable Trust Fund <u>DAAPP</u>	Agency Fund <u>Distributive</u>
<b>ASSETS</b>		
Cash	\$ 9,877	\$ -
Due from other government	<u>-</u>	<u>881,508</u>
Total assets	<u><u>\$ 9,877</u></u>	<u><u>\$ 881,508</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 972	\$ -
Due to other governments	<u>-</u>	<u>881,508</u>
Total liabilities	<u>972</u>	<u><u>\$ 881,508</u></u>
<b>NET ASSETS</b>		
Held in trust	<u><u>\$ 8,905</u></u>	

The notes to the financial statements are an integral part of this statement.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND

For the year ended June 30, 2008

	Expendable Trust Fund <u>DAAPP</u>
ADDITIONS	
Local sources	\$ 32,449
Interest	<u>61</u>
Total additions	<u>32,510</u>
DEDUCTIONS	
Salaries	17,500
Purchased services	6,286
Supplies and materials	<u>9,477</u>
Total deductions	<u>33,263</u>
Change in net assets	(753)
Net assets - beginning of year	<u>9,658</u>
Net assets - end of year	<u><u>\$ 8,905</u></u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education #54's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

**A. Reporting Entity**

The 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; and 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 #54 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 Regional Office of Education #54 exercises no oversight responsibility or 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 Regional Office of Education #54's financial statements. In addition, the Regional Office of Education #54 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #54 being considered a component unit of the entity.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

NOTES TO THE FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

NOTES TO THE FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (continued)

The Regional Office of Education reports the following major governmental funds:

**General Fund** – The Regional Office of Education #54 maintains no General Fund because the expenses of maintaining its office are paid by Vermilion County.

**Teacher Institute Fund** – The Teacher Institute Fund accounts for teacher registration fees. These funds are used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any of the expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only in the aforementioned activities.

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

**General Education Development 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.

**Education** – This fund is used to account for State, local and federal grant monies received for, and payment of, administering numerous grant awards for education which include:

**General State Aid** – This fund is used to account for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Regional Safe School.

**State Lunch** – This fund is used to account for State monies received to provide free lunches and breakfasts to eligible needy children enrolled in the Regional Safe School Program.

**School Breakfast Incentive** – To account for State monies received to provide free breakfasts to eligible needy children enrolled in the Regional Safe School Program.

**Regional Safe Schools** – This fund is used to account for the Regional Safe Schools grant monies. The program concentrates on the education of students who have been expelled from the school districts served by the Regional Office of Education #54.

**National School Lunch Program** – This fund is used to account for the monies received from federal funds for reimbursement for meals served through the school lunch program at the regular price as well as reimbursement of free and reduced-price meals for students enrolled in the Regional Safe Schools Program.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

NOTES TO THE FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (continued)

**Education** (continued)

**School Breakfast Program** – To account for federal monies received to provide breakfast meals meeting federal requirements to all children in attendance at the Regional Safe School Program.

The Regional Office of Education reports the following nonmajor funds:

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than those accounted for in the Fiduciary Funds, that are restricted to expenditures for specific purposes. Included among these funds are:

**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.

Additionally, the Regional Office of Education reports the following fiduciary funds:

**Agency Funds** – Agency Funds are used to account for assets held by the Regional Office of Education #54 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 Regional Office of Education #54 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 Regional Office of Education #54 as trustee for Vermilion County's Drug and Alcohol Abuse Prevention Program (DAAPP).

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

NOTES TO THE FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. **Assets, Liabilities, and Net Assets or Equity**

1. **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. The Regional Office of Education #54 considers certificates of deposit with an original maturity date greater than 90 days to be investments.

Statutes authorize the Regional Office of Education #54 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 Funds Money Market Fund.

2. **Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

3. **Capital Assets**

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

NOTES TO THE FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. **Assets, Liabilities, and Net Assets or Equity** (continued)

3. **Capital Assets** (continued)

Capital assets are depreciated using straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office Equipment	5-7
Computer Equipment	3

In the fund financial statements, fixed assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

The majority of capital assets used by the Regional Office of Education #54 have been purchased by Vermilion County. These capital assets are property of Vermilion County and included in Vermilion County's financial statements.

4. **Equity Classifications**

**Government-wide Statements**

Equity is classified as net assets and displayed in three components:

**Invested in capital assets** – consists of capital assets, net of accumulated depreciation.

**Restricted net assets** – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net assets** – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. At June 30, 2008, there were no reservations of fund balance.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

NOTES TO THE FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

E. **New Accounting Pronouncements**

The Regional Office of Education #54 has implemented Governmental Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, effective for the fiscal year beginning July 1, 2007. This Statement had no effect on the Regional Office of Education #54's net assets or changes in net assets.

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

A. **Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$1,004 difference are as follows:

Capital outlay	\$ 1,255
Depreciation expense	<u>(251)</u>
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,004</u>

3. **BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Office of Education #54 did not adopt and was not legally required to adopt annual budgets for all funds under its control. Some annual budgets prepared were not based upon the same operating period; therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. A budget versus actual statement has been presented for the Regional Safe Schools grant.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

NOTES TO THE FINANCIAL STATEMENTS

4. **USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. **DEPOSITS AND INVESTMENTS**

A. **Deposits**

At June 30, 2008, the carrying amounts of the Regional Office of Education #54's deposits for the governmental activities and fiduciary funds were \$192,524 and \$9,877, respectively. The bank balance for the governmental activities and fiduciary funds were \$154,534 and \$3,328,782, respectively. The Regional Office of Education #54's deposits include a \$7,000 certificate of deposit which is reflected in the basic financial statements under the caption investments. All of the bank balances were secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #54's name, and were, therefore, not exposed to custodial credit risk.

B. **Investments**

The Regional Office of Education #54 does not have a formal investments policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. At June 30, 2008, the Regional Office of Education #54 had no investments in the Illinois Funds Money Market Fund.

6. **DUE FROM/TO OTHER GOVERNMENTS**

The Regional Office of Education #54's Agency Fund has funds due from the following governmental entity:

Due From Other Governments:	
Illinois State Board of Education	<u>\$ 881,508</u>

The Regional Office of Education #54's Agency Fund has funds due to the following governmental entities:

Due To Other Governments:	
Local School Districts	<u>\$ 881,508</u>

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Office equipment	\$ -	\$ 1,255	\$ -	\$ 1,255
Total capital assets being depreciated	<u>-</u>	<u>1,255</u>	<u>-</u>	<u>1,255</u>
Less accumulated depreciation for:				
Office equipment	<u>-</u>	<u>(251)</u>	<u>-</u>	<u>(251)</u>
Total accumulated depreciation	<u>-</u>	<u>(251)</u>	<u>-</u>	<u>(251)</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 1,004</u>	<u>\$ -</u>	<u>\$ 1,004</u>

Depreciation expense was charged to functions/programs of Regional Office of Education #54 as follows:

Governmental activities:	
Instructional services:	
Depreciation	<u>\$ 251</u>

**8. PENSION AND RETIREMENT COMMITMENTS**

These financial statements relate information pertaining to the funds administered by the Regional Superintendent. All personnel of the Regional Office of Education #54'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 Vermillion 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 Vermillion County annual financial report.

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

NOTES TO THE FINANCIAL STATEMENTS

9. SCHEDULE OF TRANSFERS

Transfers From Other Funds (Transfers In)	Transfers To Other Funds (Transfers Out)
Major Governmental Fund:	Agency Fund:
Direct Services <u>\$ 17,231</u>	Distributive Fund <u>\$ 17,231</u>

The transfers represent the amount of interest earned on the Distributive Fund checking account that was transferred to the Direct Services Fund during the fiscal year ended June 30, 2008.

10. 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.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**NOTES TO THE FINANCIAL STATEMENTS**

**11. ON-BEHALF PAYMENTS**

The Regional Office of Education #54 has received on-behalf payments from the following governmental entities:

Vermilion County:

Office salaries and benefits	\$ 78,001
Purchased services	9,874
Supplies	3,104
	<hr/>
	90,979

State of Illinois:

Regional Superintendent	
Salary	101,219
Benefits	
(includes state paid insurance)	11,700
Assistant Regional Superintendent	
Salary	89,211
Benefits	
(includes state paid insurance)	14,822
	<hr/>
	216,952
	<hr/>
	\$ 307,931

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. Supplemental payments for previous years were paid to previous Regional Superintendent and Assistant Regional Superintendents in the current year.

The on-behalf payments are reflected as revenues and expenditures of the Direct Services Fund.

**12. BOND**

The 105 ILCS 5/3-2 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.

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**NOTES TO THE FINANCIAL STATEMENTS**

**13. RISK MANAGEMENT – CLAIMS AND JUDGEMENT**

The Regional Office of Education #54 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 Regional Office of Education #54 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.

**14. CONTINGENCIES**

The Regional Office of Education #54 has received funding from federal and state grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #54 believes any adjustments that may arise will be insignificant to Regional Office of Education #54 operations.

**SUPPLEMENTAL INFORMATION**

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2008**

	<u>General State Aid</u>	<u>State Lunch</u>	<u>School Breakfast Incentive</u>	<u>Regional Safe Schools</u>
Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND (continued)  
June 30, 2008**

	National School Lunch Program	School Breakfast Program	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Assets	\$ -	\$ -	\$ -
Liabilities	\$ -	\$ -	\$ -
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2008**

	<u>General State Aid</u>	<u>State Lunch</u>	<u>School Breakfast Incentive</u>	<u>Regional Safe Schools</u>
Revenues:				
State sources	\$ 127,696	\$ 1,203	\$ 235	\$ 144,020
Federal sources	-	-	-	-
Total revenues	<u>127,696</u>	<u>1,203</u>	<u>235</u>	<u>144,020</u>
Expenditures:				
Payments to other governments	<u>127,696</u>	<u>1,203</u>	<u>235</u>	<u>144,020</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

**EDUCATION FUND ACCOUNTS (continued)**

**For the year ended June 30, 2008**

	National School Lunch Program	School Breakfast Program	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
State sources	\$ -	\$ -	\$ 273,154
Federal sources	<u>17,953</u>	<u>9,170</u>	<u>27,123</u>
Total revenues	<u>17,953</u>	<u>9,170</u>	<u>300,277</u>
Expenditures:			
Payments to other governments	<u>17,953</u>	<u>9,170</u>	<u>300,277</u>
Excess of revenues over expenditures	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 REGIONAL SAFE SCHOOLS - PROJECT #08-3696-00  
 For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
State sources	<u>\$ 144,020</u>	<u>\$ 144,020</u>	<u>\$ 144,020</u>	<u>\$ -</u>
Total revenues	<u>144,020</u>	<u>144,020</u>	<u>144,020</u>	<u>-</u>
Expenditures:				
Payments to other governments	<u>144,020</u>	<u>144,020</u>	<u>144,020</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2008**

	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Board of School Trustees</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 3,113	\$ 3,975	\$ 3,245	\$ 10,333
Investments	-	-	7,000	7,000
Interest receivable	-	-	48	48
	<u>3,113</u>	<u>3,975</u>	<u>10,293</u>	<u>17,381</u>
Total assets	<u>\$ 3,113</u>	<u>\$ 3,975</u>	<u>\$ 10,293</u>	<u>\$ 17,381</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>	\$ -	\$ -	\$ -	\$ -
 <b>FUND BALANCES</b>				
Unreserved	<u>3,113</u>	<u>3,975</u>	<u>10,293</u>	<u>17,381</u>
Total liabilities and fund balances	<u>\$ 3,113</u>	<u>\$ 3,975</u>	<u>\$ 10,293</u>	<u>\$ 17,381</u>

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

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

**For the year ended June 30, 2008**

	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Board of School Trustees</u>	<u>Total</u>
Revenues:				
Local sources	\$ 1,013	\$ -	\$ -	\$ 1,013
State sources	840	1,000	-	1,840
Interest	-	37	60	97
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,853	1,037	60	2,950
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Purchased services	1,945	259	-	2,204
Supplies and materials	75	117	-	192
Other objects	-	-	36	36
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,020	376	36	2,432
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(167)	661	24	518
Fund balance, beginning of year	3,280	3,314	10,269	16,863
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 3,113</u>	<u>\$ 3,975</u>	<u>\$ 10,293</u>	<u>\$ 17,381</u>

**VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND**

**For the year ended June 30, 2008**

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Distributive Fund:				
Assets				
Investments	\$ -	\$ 79,070,710	\$ 79,070,710	\$ -
Due from other government	-	79,070,710	78,189,202	881,508
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ -</u>	<u>\$ 158,141,420</u>	<u>\$ 157,259,912</u>	<u>\$ 881,508</u>
Liabilities				
Due to other fund	\$ -	\$ 17,231	\$ 17,231	\$ -
Due to other governments	-	79,070,710	78,189,202	881,508
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ -</u>	<u>\$ 79,087,941</u>	<u>\$ 78,206,433</u>	<u>\$ 881,508</u>

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
DISTRIBUTIVE FUND

For the year ended June 30, 2008

	Community Unit School District #1 Bismarck Illinois	Community Unit School District #2 Westville Illinois	Community Unit School District #4 Georgetown Ridge Farm Illinois	Community Unit School District #5 Catlin Illinois
Bus driver training	\$ -	\$ -	\$ -	\$ -
General state aid	2,953,371	5,635,981	5,337,324	1,882,621
Fast growth grants	-	-	-	-
Special education				
-private facilities	-	-	-	-
-extraordinary	88,559	136,679	131,249	49,806
-personnel	81,590	176,556	164,018	67,036
-orphanage	15,867	42,519	-	5,947
-summer	-	441	551	-
Vocational education	-	-	-	-
Bilingual ED TPI/TBE	-	-	-	-
Free lunch and breakfast	2,487	10,663	8,030	1,019
School breakfast incentive	-	558	47	-
Transportation				
-regular	145,713	276,548	186,166	58,091
-special education	66,156	60,210	71,404	5,598
Truant alternative/optional ed.	-	-	-	-
Early Childhood	-	-	-	-
Reading improvement	23,089	50,981	-	13,874
Supervisory fund	-	-	-	-
ADA safety/ed block grant	30,839	42,062	40,046	17,731
Federal school lunch and breakfast program/commodities	91,231	208,080	200,408	36,128
Federal special milk	-	-	-	-
School breakfast program	-	50,832	17,045	-
Title I - low income	28,740	392,689	324,204	19,764
Title I - migrant program	-	-	-	-
Title I - migrant incentive	-	-	-	-
Title I - school reform	-	-	3,000	-
Drug free schools & communities	1,996	6,411	6,716	1,124
Special Ed - flow through	-	-	-	-
I.D.E.A. - flow through	-	-	-	-
I.D.E.A. - room/board	-	4,589	-	-
Title II - teacher quality	24,574	77,505	106,434	13,441
Technology - literacy challenge	-	4,066	3,802	182
Driver's education	13,961	9,378	11,754	6,362
Summer bridges	-	-	-	-
Regional safe schools	-	-	-	-
Title V - innovative programs	1,087	2,197	2,136	629
Orphanage tuition	-	-	-	-
Art/foreign language education	-	-	-	-
Class size reduction	-	-	-	-
National board certification initiatives	-	3,000	-	-
	<u>\$ 3,569,260</u>	<u>\$ 7,191,945</u>	<u>\$ 6,614,334</u>	<u>\$ 2,179,353</u>

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND (continued)  
 For the year ended June 30, 2008

	Community Unit School District #7 Rossville Illinois	Community Unit School District #10 Potomac Illinois	Community Unit School District #11 Hoopeston Illinois	Community Unit School District #12 Jamaica Illinois
Bus driver training	\$ -	\$ -	\$ -	\$ -
General state aid	1,443,264	1,015,895	5,154,681	1,468,803
Fast growth grants	-	-	-	-
Special education				
-private facilities	-	-	57,916	-
-extraordinary	44,416	26,349	144,994	46,393
-personnel	22,864	22,790	168,289	56,735
-orphanage	-	-	4,360	2,268
-summer	-	-	-	-
Vocational education	-	-	-	-
Bilingual ED TPI/TBE	-	-	-	-
Free lunch and breakfast	2,101	1,290	11,431	1,710
School breakfast incentive	43	130	813	-
Transportation				
-regular	92,606	41,840	200,925	124,366
-special education	50,106	13,437	58,798	46,225
Truant alternative/optional ed.	-	-	-	-
Early Childhood	-	-	-	-
Reading improvement	12,908	8,535	48,956	13,750
Supervisory fund	-	-	-	-
ADA safety/ed block grant	14,086	8,910	43,336	15,700
Federal school lunch and breakfast program/commodities	47,056	25,174	238,870	57,396
Federal special milk	-	73	1,695	-
School breakfast program	12,054	11,430	53,860	-
Title I - low income	90,914	57,524	283,048	70,686
Title I - migrant program	-	-	114,586	-
Title I - migrant incentive	-	-	3,300	-
Title I - school reform	-	-	-	-
Drug free schools & communities	663	1,480	5,559	1,528
Special Ed - flow through	-	-	-	-
I.D.E.A. - flow through	-	-	-	-
I.D.E.A. - room/board	-	-	89,594	1,484
Title II - teacher quality	15,308	11,006	80,156	15,724
Technology - literacy challenge	-	1,089	3,192	621
Driver's education	-	-	17,575	5,104
Summer bridges	-	-	-	-
Regional safe schools	-	-	-	-
Title V - innovative programs	11,563	449	2,136	1,250
Orphanage tuition	-	-	-	-
Art/foreign language education	-	-	-	-
Class size reduction	-	-	-	-
National board certification initiatives	-	-	-	-
	<u>\$ 1,859,952</u>	<u>\$ 1,247,401</u>	<u>\$ 6,788,070</u>	<u>\$ 1,929,743</u>

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND (continued)  
 For the year ended June 30, 2008

	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
Bus driver training	\$ -	\$ -	\$ -	\$ -
General state aid	280,579	3,822,163	25,973,946	259,426
Fast growth grants	-	-	-	8,870
Special education				
-private facilities	-	-	63,659	-
-extraordinary	11,342	110,946	771,749	11,525
-personnel	12,549	82,357	657,217	6,475
-orphanage	6,925	15,876	35,354	1,289
-summer	-	1,715	15,253	-
Vocational education	-	-	126,669	-
Bilingual ED TPI/TBE	-	-	15,073	-
Free lunch and breakfast	537	3,246	84,922	468
School breakfast incentive	73	-	-	-
Transportation				
-regular	36,527	217,771	822,489	38,037
-special education	18,106	69,021	281,079	18,952
Truant alternative/optional ed.	-	-	159,054	-
Early Childhood	-	-	2,723,451	-
Reading improvement	7,253	37,480	288,271	-
Supervisory fund	-	-	-	-
ADA safety/ed block grant	3,990	36,994	210,297	4,141
Federal school lunch and breakfast program/commodities	16,104	113,562	1,427,036	18,988
Federal special milk	-	-	8,265	-
School breakfast program	5,214	-	443,634	-
Title I - low income	37,535	162,393	2,959,216	11,216
Title I - migrant program	-	-	-	-
Title I - migrant incentive	-	-	-	-
Title I - school reform	-	-	-	-
Drug free schools & communities	490	3,728	51,624	-
Special Ed - flow through	-	-	56,543	-
I.D.E.A. - flow through	-	-	1,727,765	-
I.D.E.A. - room/board	-	-	3,679	-
Title II - teacher quality	2,991	37,909	621,884	3,874
Technology - literacy challenge	-	1,638	26,128	-
Driver's education	-	11,754	47,415	9,392
Summer bridges	-	-	491,246	-
Regional safe schools	-	-	-	-
Title V - innovative programs	-	1,642	14,527	-
Orphanage tuition	-	-	207,022	-
Art/foreign language education	-	-	30,786	-
Class size reduction	-	-	589,192	-
National board certification initiatives	-	-	9,519	-
	<u>\$ 440,215</u>	<u>\$ 4,730,195</u>	<u>\$ 40,943,964</u>	<u>\$ 392,653</u>

VERMILION COUNTY REGIONAL OFFICE OF EDUCATION #54

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND (continued)  
 For the year ended June 30, 2008

	Vermilion County ROE #54	Total
Bus driver training	\$ 840	\$ 840
General state aid	127,696	55,355,750
Fast growth grants	-	8,870
Special education		
-private facilities	-	121,575
-extraordinary	-	1,574,007
-personnel	-	1,518,476
-orphanage	-	130,405
-summer	-	17,960
Vocational education	-	126,669
Bilingual ED TPI/TBE	-	15,073
Free lunch and breakfast	1,203	129,107
School breakfast incentive	235	1,899
Transportation		
-regular	-	2,241,079
-special education	-	759,092
Truant alternative/optional ed.	-	159,054
Early Childhood	-	2,723,451
Reading improvement	-	505,097
Supervisory fund	1,000	1,000
ADA safety/ed block grant	-	468,132
Federal school lunch and breakfast program/commodities	17,953	2,497,986
Federal special milk	-	10,033
School breakfast program	9,170	603,239
Title I - low income	-	4,437,929
Title I - migrant program	-	114,586
Title I - migrant incentive	-	3,300
Title I - school reform	-	3,000
Drug free schools & communities	-	81,319
Special Ed - flow through	-	56,543
I.D.E.A. - flow through	-	1,727,765
I.D.E.A. - room/board	-	99,346
Title II - teacher quality	-	1,010,806
Technology - literacy challenge	-	40,718
Driver's education	-	132,695
Summer bridges	-	491,246
Regional safe schools	144,020	144,020
Title V - innovative programs	-	37,616
Orphanage tuition	-	207,022
Art/foreign language education	-	30,786
Class size reduction	-	589,192
National board certification initiatives	-	12,519
	<u>\$ 302,117</u>	<u>\$ 78,189,202</u>