

**STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2004

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2004

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STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA

AGENCY OFFICIALS

Director (March 11, 2003 through present)	Mr. Roy Dolgos
Director (July 1, 2002 through March 11, 2003)	Mr. John O'Neill
Chief Internal Auditor (January 1, 2003 through June 30, 2004)	(position transferred to CMS)
Chief Internal Auditor (July 1, 2002 through December 31, 2002)	Mr. Don Bullerman
Home Administrator (December 1, 2002 through present)	Ms. Connie Duncan
Home Administrator-Anna Health Care Services L.L.C (July 1, 2002 through November 30, 2002)	Mr. Scott Stout
Business Administrator (April 1, 2004 through present)	Ms. Christy Butler
Acting Business Administrator (January 1, 2003 through March 31, 2004)	Mr. John Reeves
Business Administrator (July 1, 2002 through December 31, 2002)	Mr. John Plunk
Adjutant (April 1, 2004 through present)	Ms. Patricia Simms
Acting Adjutant (January 1, 2003 through March 31, 2004)	Mr. John Reeves
Adjutant (July 1, 2002 through December 31, 2002)	Mr. Bill Miller

The Home is located at:

792 North Main Street
Anna, IL 62906



STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS

792 NORTH MAIN STREET ANNA, ILLINOIS 62906
TELEPHONE: 618 833-6302 * FAX: 618 833-3603

ROD R. BLAGOJEVICH
GOVERNOR

CONNIE DUNCAN
ADMINISTRATOR

ROY L. DOLGOS
DIRECTOR

October 21, 2004

Office of the Auditor General
Iles Park Plaza
740 East Ash
Springfield, Illinois
62703-3154

RE: Management Assertion Letter

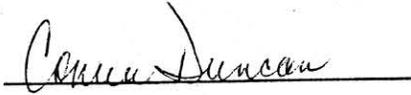
Dear Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the Agency. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2004. Based on this evaluation, we assert that during the year(s) ended June 30, 2003 and June 30, 2004, the Agency has materially complied with the assertions below.

- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

E. The money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Handwritten signature of Connie Duncan in cursive script, positioned above a horizontal line.

Connie Duncan,
Administrator

Handwritten signature of Christy Butler in cursive script, positioned above a horizontal line.

Christy Butler,
Business Administrator

COMPLIANCE REPORT

SUMMARY

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

AUDITORS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

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

There were no findings noted in our testing which are required to be included in the report.

SUMMARY OF FINDINGS

There were no current year findings.

EXIT CONFERENCE

The Home declined a formal exit conference in a letter from Connie Duncan dated November 19, 2004.

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. · SUITE S-900
160 NORTH LASALLE · 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2004. The management of the State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna compliance based on our examination.

- A. The State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna on behalf of the State or held in trust by the State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Home's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Home's compliance with specified requirements.

In our opinion, the State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2004. The results of our procedures did not disclose any instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide issued by the Illinois Office of the Auditor General.

As required by the Audit Guide, an immaterial finding relating to instances of noncompliance excluded from this report has been reported in a separate letter.

Internal Control

The management of the State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the State of Illinois, Department of Veterans' Affairs, Illinois Veterans' Home at Anna's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined 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 internal control over compliance that we consider to be material weaknesses. The results of our procedures did not disclose any matters involving internal control which are required to be reported in accordance with criteria established by the Audit Guide issued by the Illinois Office of the Auditor General.

As required by the Audit Guide, an immaterial finding relating to internal control deficiencies excluded from this report has been reported in a separate letter.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2004 and 2003 Supplementary Information for State Compliance Purposes, except for information on the Service Efforts and Accomplishments and the Annual Cost Statistics on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2002 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.


Bruce L. Bullard, CPA
Compliance Audit Director

October 21, 2004

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) - Locally Held Funds
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending
- Analysis of Significant Account Balances
- Analysis of Accounts Receivable

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Annual Cost Statistics (Not Examined)
- Emergency Purchases
- Service Efforts and Accomplishments (Not Examined)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states we have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2003 and the 2004 Supplementary Information for State Compliance Purposes, except for information on the Annual Cost Statistics and Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2002 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-92 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Appropriated Funds					
Fund 001- General Revenue Fund					
Personal Services	\$ 142,500	\$ 39,793	\$ 0	\$ 39,793	\$ 102,707
Employee Retirement					
Contributions Paid by Employer	5,700	0	0	0	5,700
State Contribution to State					
Employees' Retirement System	19,200	4,692	0	4,692	14,508
State Contributions to Social Security	10,900	3,710	0	3,710	7,190
Contractual Services	746,900	746,900	0	746,900	0
Travel	0	0	0	0	0
Commodities	0	0	0	0	0
Printing	0	0	0	0	0
Equipment	0	0	0	0	0
Electronic Data Processing	0	0	0	0	0
Telecommunications	0	0	0	0	0
Operation of Automotive Equipment	0	0	0	0	0
Ordinary & Contingent Expenses	1,400,000	584,242	513,997	1,098,239	301,761
General Revenue Fund Total	<u>\$ 2,325,200</u>	<u>\$ 1,379,337</u>	<u>\$ 513,997</u>	<u>\$ 1,893,334</u>	<u>\$ 431,866</u>

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-92 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Fund 273- Anna Veterans' Home Fund					
Contractual Services	1,993,700	1,980,276	2,638	1,982,914	10,786
Travel	2,100	549	0	549	1,551
Commodities	500	319	0	319	181
Printing	100	25	0	25	75
Equipment	9,600	0	0	0	9,600
Electronic Data Processing	100	35	0	35	65
Telecommunications	10,400	4,901	0	4,901	5,499
Operation of Automotive Equipment	1,800	1,642	0	1,642	158
Refunds	13,000	9,982	2,517	12,499	501
Anna Veterans' Home Fund Total	<u>\$ 2,031,300</u>	<u>\$ 1,997,729</u>	<u>\$ 5,155</u>	<u>\$ 2,002,884</u>	<u>\$ 28,416</u>
Total Appropriated Funds	<u><u>\$ 4,356,500</u></u>	<u><u>\$ 3,377,066</u></u>	<u><u>\$ 519,152</u></u>	<u><u>\$ 3,896,218</u></u>	<u><u>\$ 460,282</u></u>
Non-Appropriated Fund					
Fund 775 - Veterans' Affairs Library Grant Fund					
Library Expenses		\$ 0	\$ 0	\$ 0	
Return Unused Cash		160	0	160	
Veterans' Affairs Library Grant Fund Total		<u>\$ 160</u>	<u>\$ 0</u>	<u>\$ 160</u>	
Grand Total All Funds		<u><u>\$ 3,377,226</u></u>	<u><u>\$ 519,152</u></u>	<u><u>\$ 3,896,378</u></u>	

Note: Appropriations, expenditures, and lapsed balances were obtained from records of the State Comptroller and have been reconciled to Agency records.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538	Appropriations		Lapse Period	Total	
FISCAL YEAR 2003	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Appropriated Funds					
Fund 001- General Revenue Fund					
Personal Services	\$ 181,500	\$ 152,808	\$ 2,181	\$ 154,989	\$ 26,511
Employee Retirement					
Contributions Paid by Employer	7,200	4,574	88	4,662	2,538
State Contribution to State					
Employees' Retirement System	19,200	15,774	226	16,000	3,200
State Contributions to Social Security	13,900	11,437	193	11,630	2,270
Contractual Services	1,431,100	1,431,100	0	1,431,100	0
Travel	100	0	0	0	100
Commodities	100	0	0	0	100
Printing	100	0	0	0	100
Equipment	100	0	0	0	100
Electronic Data Processing	100	0	0	0	100
Telecommunications	100	0	0	0	100
Operation of Automotive Equipment	100	0	0	0	100
Ordinary and Contingent Expenses	0	0	0	0	0
General Revenue Fund Total	<u>\$ 1,653,600</u>	<u>\$ 1,615,693</u>	<u>\$ 2,688</u>	<u>\$ 1,618,381</u>	<u>\$ 35,219</u>

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538 FISCAL YEAR 2003	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Fund 273- Anna Veterans' Home Fund					
Contractual Services	\$ 1,910,400	\$ 1,550,072	\$ 269,761	\$ 1,819,833	\$ 90,567
Travel	4,100	111	0	111	3,989
Commodities	500	0	0	0	500
Printing	300	0	0	0	300
Equipment	10,000	7,610	0	7,610	2,390
Electronic Data Processing	1,400	25	14	39	1,361
Telecommunications	10,400	6,458	2,923	9,381	1,019
Operation of Automotive Equipment	1,800	735	(33)	702	1,098
Refunds	13,000	3,544	6,695	10,239	2,761
	<u>\$ 1,951,900</u>	<u>\$ 1,568,555</u>	<u>\$ 279,360</u>	<u>\$ 1,847,915</u>	<u>\$ 103,985</u>
Anna Veterans' Home Fund Total					
	<u>\$ 3,605,500</u>	<u>\$ 3,184,248</u>	<u>\$ 282,048</u>	<u>\$ 3,466,296</u>	<u>\$ 139,204</u>
Total Appropriated Funds					
Non-Appropriated Fund					
Fund 775 - Veterans' Affairs Library Grant Fund					
Library Expenses		11,530	17,170	28,700	
Veterans' Affairs Library Grant Fund Total		<u>\$ 11,530</u>	<u>\$ 17,170</u>	<u>\$ 28,700</u>	
Grand Total All Funds		<u>\$ 3,195,778</u>	<u>\$ 299,218</u>	<u>\$ 3,494,996</u>	

Note: Appropriations, expenditures, and lapsed balances were obtained from records of the State Comptroller and have been reconciled to Agency records.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-92	P.A. 92-0538	P.A. 92-0008
Fund 001- General Revenue Fund			
Appropriations (Net of Transfers)	\$ 2,325,200	\$ 1,653,600	\$ 1,494,100
<u>Expenditures</u>			
Personal Services	\$ 39,793	\$ 154,989	\$ 175,415
Employee Retirement			
Contributions Paid by Employer	0	4,662	7,017
State Contribution to State			
Employees' Retirement System	4,692	16,000	17,614
State Contributions to Social Security	3,710	11,630	13,175
Contractual Services	746,900	1,431,100	1,235,581
Travel	0	0	0
Commodities	0	0	0
Printing	0	0	0
Equipment	0	0	0
Electronic Data Processing	0	0	0
Telecommunications	0	0	0
Operation of Automotive Equipment	0	0	0
Ordinary and Contingent Expenses	1,098,239	0	0
 Total Expenditures	 \$ 1,893,334	 \$ 1,618,381	 \$ 1,448,802
 Lapsed Balances	 \$ 431,866	 \$ 35,219	 \$ 45,298
Fund 273- Anna Veterans' Home Fund			
Appropriations (Net of Transfers)	\$ 2,031,300	\$ 1,951,900	\$ 1,690,400
<u>Expenditures</u>			
Contractual Services	\$ 1,982,914	\$ 1,819,833	\$ 1,604,777
Travel	549	111	1,099
Commodities	319	0	273
Printing	25	0	0
Equipment	0	7,610	2,315
Electronic Data Processing	35	39	0
Telecommunications	4,901	9,381	6,371
Operation of Automotive Equipment	1,642	702	852
Refunds	12,499	10,239	3,042
 Total Expenditures	 \$ 2,002,884	 \$ 1,847,915	 \$ 1,618,729
 Lapsed Balances	 \$ 28,416	 \$ 103,985	 \$ 71,671

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-92	P.A. 92-0538	P.A. 92-0008
TOTAL APPROPRIATED FUNDS			
<hr/>			
Appropriations (Net of Transfers)	\$ 4,356,500	\$ 3,605,500	\$ 3,184,500
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 3,896,218	\$ 3,466,296	\$ 3,067,531
	<hr/>	<hr/>	<hr/>
Lapsed Balances	\$ 460,282	\$ 139,204	\$ 116,969
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Non-Appropriated Funds			
Fund 775 - Veterans' Affairs Library Grant Fund			
<u>Expenditures</u>			
Library Expenses	\$ 0	\$ 28,700	\$ 30,000
Return Unused Cash	160	0	0
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 160	\$ 28,700	\$ 30,000
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES - ALL FUNDS			
Total Expenditures	\$ 3,896,378	\$ 3,494,996	\$ 3,097,531
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note: The Home did not make any efficiency initiative payments during fiscal year 2004.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
FUND BALANCE (CASH BASIS) - LOCALLY-HELD FUNDS**

For the Fiscal Years Ended June 30,

<u>Benefits Trust Fund - Anna - 1339</u>	<u>2004</u>	<u>2003</u>
Cash Balance, July 1	\$ 24,844	\$ 18,607
Receipts	18,097	16,076
Disbursements	<u>(18,045)</u>	<u>(9,839)</u>
Cash Balance, June 30	<u>\$ 24,896</u>	<u>\$ 24,844</u>
<u>IVHA - Members' Trust Fund - 1348</u>		
Cash Balance, July 1	\$ 15,061	\$ 16,149
Receipts	171,091	48,220
Disbursements	<u>(158,234)</u>	<u>(49,308)</u>
Cash Balance, June 30*	<u>\$ 27,918</u>	<u>\$ 15,061</u>
<u>IVHA Clearing Account - Fund 1311</u>		
Cash Balance, July 1	\$ 929	\$ 0
Receipts	766,934	723,789
Disbursements	<u>(763,434)</u>	<u>(722,860)</u>
Cash Balance, June 30	<u>\$ 4,429</u>	<u>\$ 929</u>

*Ending balances do not include petty cash on-hand amounts of \$417 in FY04 and \$315 in FY03.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2004

	Total	Land and Land Improvements	Site Improvements	Buildings and Building Improvements	Equipment	Capital Lease Equipment
Balance at July 1, 2002	\$ 6,711,518	\$ 1,527	\$ 1,129,609	\$ 4,984,179	\$ 596,203	-
Additions	58,759	-	10,669	8,609	33,978	5,503
Deletions	(23,240)	-	-	(1,032)	(22,208)	-
Net Transfers	19,495	-	-	29,363	(9,868)	-
Balance at June 30, 2003	<u>\$ 6,766,532</u>	<u>\$ 1,527</u>	<u>\$ 1,140,278</u>	<u>\$ 5,021,119</u>	<u>\$ 598,105</u>	<u>\$ 5,503</u>
Balance at July 1, 2003	\$ 6,766,532	\$ 1,527	\$ 1,140,278	\$ 5,021,119	\$ 598,105	\$ 5,503
Additions	70,824	-	-	-	70,824	-
Deletions	(292)	-	-	-	(292)	-
Net Transfers	(9,695)	-	-	10,537	(20,232)	-
Balance at June 30, 2004	<u>\$ 6,827,369</u>	<u>\$ 1,527</u>	<u>\$ 1,140,278</u>	<u>\$ 5,031,656</u>	<u>\$ 648,405</u>	<u>\$ 5,503</u>

Note: The above schedule has been derived from Home records, which have been reconciled to the C-15 Agency Report of State Property submitted quarterly to the Office of the Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

<u>Anna Veterans' Home Fund - 273</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
VA Per Diem Reimbursements	\$ 1,100,177	\$ 1,023,757	\$ 1,048,856
Meal Tickets	226	0	0
Patient Fees	<u>763,208</u>	<u>722,860</u>	<u>712,176</u>
Total Receipts	<u><u>\$ 1,863,611</u></u>	<u><u>\$ 1,746,617</u></u>	<u><u>\$ 1,761,032</u></u>

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Years Ended June 30,

<u>Anna Veterans' Home Fund - 273</u>	<u>2004</u>	<u>2003</u>
Receipts per Department Records	\$ 1,863,611	\$ 1,746,617
Add: Deposits in Transit, Beginning of Year	54,156	61,206
Less: Deposits in Transit, End of Year	<u>\$ 59,918</u>	<u>\$ 54,156</u>
Deposits Recorded by the Comptroller	<u><u>\$ 1,857,849</u></u>	<u><u>\$ 1,753,667</u></u>

There were no deposits into the General Revenue Fund for FY 02, 03, & 04.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

Significant variances in expenditures were determined to be changes of \$1,000 and at least 20% between fiscal years, and are explained below.

SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2003 AND 2004

GENERAL REVENUE FUND - 001

PERSONAL SERVICES

The decrease in personal service expenditures was due to State employee retirements and payroll being paid from another line upon the State assuming operation of the Home.

EMPLOYEE RETIREMENT CONTRIBUTIONS PAID BY EMPLOYER

The decrease in personal service expenditures was due to State employee retirements and payroll being paid from another line upon the State assuming operation of the Home.

STATE CONTRIBUTION TO STATE EMPLOYEES' RETIREMENT SYSTEM

The decrease in personal service expenditures was due to State employee retirements and payroll being paid from another line upon the State assuming operation of the Home.

STATE CONTRIBUTIONS TO SOCIAL SECURITY

The decrease in personal service expenditures was due to State employee retirements and payroll being paid from another line upon the State assuming operation of the Home.

CONTRACTUAL SERVICES

The decrease in contractual service expenditures was due to the State of Illinois assuming operation of the Home from the contractor as a result of a change in legislation as of April 1, 2004.

ORDINARY AND CONTINGENT EXPENSES

The increase in expenditures is due to a legislative change that required the State to assume operation of the Home from the contractor in FY04. The Home received a supplemental appropriation to cover ordinary and contingent expenditures of the Home during the transition.

ANNA HOME FUND – 273

EQUIPMENT

The decrease in equipment expenditures was due to the Home not having any purchases during fiscal year 2004.

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DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2003 AND 2004 (CONTINUED)

ANNA HOME FUND – 273 (CONTINUED)

TELECOMMUNICATIONS

The decrease in telecommunication expenditures was due to the Home's purchase of a fax machine and toner during fiscal year 2003.

REFUNDS

The increase in refund expenditures was due to an increase in the number of residents who died or transferred out of the Home during the year. The portion of the resident's paid monthly maintenance fee is refunded back to the resident or the resident's family upon their death or discharge from the home.

LIBRARY GRANT FUND –775

LIBRARY EXPENSES

No application was made for an FY04 Grant. No library expenses were incurred in FY04.

SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2002 AND 2003

GENERAL REVENUE FUND – 001

EMPLOYEE RETIREMENT CONTRIBUTIONS PAID BY EMPLOYER

The decrease in employee retirement contributions paid by employer expenditures was due to the retirement of two of the three State employees of the Home during FY03.

ANNA HOME FUND – 273

EQUIPMENT

The increase in equipment expenditures was due to the Home purchasing a new steamer, food processor and disposal during fiscal year 2003.

TELECOMMUNICATIONS

The increase in telecommunication expenditures was due to the Home purchasing a new fax machine and toner cartridge during fiscal year 2003.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

**SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2002
AND 2003 (CONTINUED)**

ANNA HOME FUND – 273 (CONTINUED)

REFUNDS

The increase in refund expenditures was due to an increase in the number of residents who died or transferred out of the Home during the year. The portion of the resident's paid monthly maintenance fee is refunded back to the resident or the resident's family upon their death or discharge from the home.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2004

Significant variances in receipts were determined to be changes of at least 20% between fiscal years, and are explained below.

SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2003 AND 2004

ANNA VETERANS' HOME FUND (273)

MEAL TICKETS:

The increase in meal tickets fees was due to the conversion of the Home from contractual operation to State operation. Employees and visitors, therefore, started to pay for meals in FY04.

SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2002 AND 2003

ANNA VETERANS' HOME FUND (273)

There were no significant variances in receipts between fiscal years 2002 and 2003.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30,

FISCAL YEAR 2004

GENERAL REVENUE FUND (001)

ORDINARY AND CONTINGENT EXPENDITURES

Lapse period expenditures were due to payments of billings for the operation of the Home from April through June that were received and paid during the lapse period.

VETERANS' HOME FUND (273)

REFUNDS

Lapse period expenditures were due to the payment of maintenance fees refunded for residents who died or transferred out during June.

FISCAL YEAR 2003

VETERANS' HOME FUND (273)

TELECOMMUNICATIONS

Lapse period expenditures were due to the payments of June telephone billings and for the purchase of a fax machine and toner, which were ordered prior to June 30 but were received and paid for during the lapse period.

REFUNDS

Lapse period expenditures were due to the payments of maintenance fees refunded for residents who died or transferred out from January through June. Payments were not made timely due to personnel changes and difficulty in locating the appropriate recipient of the refund.

VETERANS' AFFAIRS LIBRARY GRANT FUND (775)

LIBRARY EXPENSES

Lapse period expenditures were due to payment of invoices related to the remodeling of the library and the purchase of library equipment and supplies, which were ordered prior to June 30 but were received and paid for during the lapse period.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Two Years Ended June 30, 2004

CASH

The Anna Veterans' Home Fund (273) is a non-shared fund held in the State Treasury. It is classified as a special revenue fund and is restricted to expenditures for specified purposes. It is appropriated by the General Assembly. Cash balances were \$412,494 and \$826,780 at June 30, 2004 and 2003, respectively.

The Home is also the custodian of three locally held funds: the Benefits Trust Fund-Anna (Fund 1339), the IVHA Members' Trust Fund (Fund 1348) and the IVHA Clearing Account (Fund 1311). The Benefits Trust Fund-Anna is classified as a special revenue fund and is restricted to expenditures for the benefit, entertainment and recreation of the residents. The IVHA Members' Trust Fund is classified as an agency fund and is a depository for the residents' funds, which is used to account for the receipts and disbursements of the residents. The IVHA Clearing Account is considered a sub-account of the Anna Veterans' Home Fund (273). The Benefits Trust Fund-Anna and the IVHA Members' Trust Fund are held at the Anna National Bank and the IVHA Clearing Account is held at the Anna State Bank. All locally held funds are insured by the FDIC.

Cash balances for the Benefits Trust Fund-Anna were \$24,896 and \$24,844 at June 30, 2004 and 2003, respectively. Cash balances for the IVHA Members' Trust Fund were \$27,918 and \$15,061 at June 30, 2004 and 2003, respectively. The increase in ending balance for FY04 is due to residents carrying higher balances in their accounts. The activity of the Anna Clearing Account is collapsed into the Anna Home Fund (273) for annual financial reporting to the Comptroller. Cash balances for the IVHA Clearing Account were \$4,429 and \$929 at June 30, 2004 and 2003, respectively. The increase in ending balance in FY04 is due to timing of deposits made into the Anna Home Fund (273).

PROPERTY

A comparative schedule of State Property is shown in the Financial Related Information Section of this report. There were no significant variances noted in this schedule.

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ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30,

ANALYSIS OF ACCOUNTS RECEIVABLE

Accounts receivable of the Anna Veterans' Home Fund (273) consisted of the following at June 30,

	<u>2004</u>	<u>2003</u>
Due from the U.S. Department of Veterans'		
Affairs - per diem reimbursement	\$183,278	\$176,491
Maintenance fees due from members	10,169	11,247
Total	<u>\$193,447</u>	<u>\$187,738</u>

The following is an aging of the accounts receivable due to Fund 273 at June 30,

	<u>2004</u>	<u>2003</u>
Not past due	\$189,770	\$187,738
31-90 days past due	1,540	0
91+ days past due	2,137	0
Total	<u>\$193,447</u>	<u>\$187,738</u>

The Home uses the Comptroller's offset system and private collection services to collect old receivable balances if necessary.

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ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF OPERATIONS

AGENCY FUNCTIONS AND PLANNING PROGRAM

Agency Functions

The Illinois Veterans' Home at Anna (Home) was opened in August 1994 and it currently operates under the authority of the Department of Veterans' Affairs Act (20 ILCS 2805 et seq.) The Home was established to provide care as described below for the Southern Illinois veteran population. The Home is a mixed care facility composed of independent apartment units with a maximum occupancy of twelve eligible veterans, their spouses, widows or widowers (depending on bed availability), and a fifty bed intermediate and skilled care component for eligible veterans.

The Home was privatized until April 1, 2004. The administrative responsibilities at the Home were contracted out to the Tutera Group, Inc., which is a privately owned nursing home care provider, until March 31, 2004. The contract with Tutera Group, Inc. was to be in effect through June 30, 2005. However, under an amendment to 20 ILCS 2805, the State of Illinois assumed operations of the Home beginning April 1, 2004. Prior to State operation, the Home employed three State employees. As of June 30, 2004, the Home had 62 employees.

The Home is subject to several regulatory agencies, including the U. S. Department of Veterans' Affairs, Illinois Department of Veterans' Affairs and Illinois Department of Public Health. Funding is provided by "member" maintenance charges based on the resident's ability to pay, the U. S. Department of Veterans' Affairs per diem patient care reimbursements and appropriations from the State of Illinois.

According to the Department of Veterans' Affairs (Department), commitment to the care of the aging veteran is and shall continue to be the primary focus of the Department. Program offerings for the Anna Veterans' Home consist of health care, social activities, recreation, and support services.

The Home made numerous expenditures from the Benefit Fund to directly benefit the residents. Those expenditures included a flat screen television, war memorabilia display cabinet, kitchenette cart and a special stand for the transfer lift.

Agency Planning

During 2004, the Home developed multiple long-range goals to be completed in subsequent years.

The Home's top long-range issues and goals were to:

- Continue construction to correct several area of deterioration including repairing water damaged wall and ceilings;
- Build a garage at the ambulance entrance to the building to provide shelter in inclement weather. Plans were approved, but pending fiscal release of dollars;

STATE OF ILLINOIS
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ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF OPERATIONS

- Develop plans to replace guttering and seal coat the exterior of the building for weatherproofing and add snow guards;
- Develop plans to expand the dining room to alleviate overcrowding and better accommodate residents in wheelchairs;
- Develop plans to expand parking area and resurface current parking lot;
- Develop plans to expand ventilation system for both shower rooms and the resident smoking lounge;
- Explore the addition of 25 skilled beds for increasing need;
- Evaluate creating small apartment for Veterans' Housing on grounds.

The Home's top short-range issues and goals were to:

- Provide a smooth transition from private to State operation;
- Hire, train, and evaluate all new and open positions during the transition to state operation;
- Continue to provide quality care to residents.

The goals of the Home are set by the Department with input from the Home Administrator, interested veterans' groups, and information from the other Veterans' Homes. The Home Administrator monitors the achievement of these goals.

Auditor's Assessment

The Department appears to have maintained an adequate planning program to meet its defined goals and objectives for the Home during the current examination period.

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ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF OPERATIONS

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Home records, presents the average number of State of Illinois full-time equivalent employees, by function, for the two fiscal years ended June 30,

<u>Function</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Administration	3	2	3
Healthcare	9	0	0
Dietary	2	0	0
Housekeeping	2	0	0
Total Average Full-Time Employees *	<u>16</u>	<u>2</u>	<u>3</u>

* The administrative responsibilities of the Home were contracted out to a privately owned nursing home care provider until March 31, 2004. Beginning April 2004 the State of Illinois assumed operations of the Home.

ANNUAL COST STATISTICS (NOT EXAMINED)

RATIO OF EMPLOYEES TO RESIDENTS

The following comparative data was prepared from the Department of Veterans' Affairs - Central Office records for the fiscal years ended June 30,

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Certified capacity of Home	62	62	62
Daily average number of residents:			
Skilled Care	50	50	49
Domiciliary	12	9	11
Average number of State employees*	16	2	3
Ratio of employees to residents**	N/A	N/A	.86 to 1

* The Home was run by a private firm through March 31, 2004.

** Ratio of employees to residents for fiscal year 2002 was based on the number of private firm employees. The ratio of employees to residents was not available for fiscal years 2003 and 2004.

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ANALYSIS OF OPERATIONS

COSTS PER RESIDENT

The following costs of resident care were prepared from the Department's Central Office records for the fiscal years ended June 30,

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Average healthcare spending per resident per year	\$ 26,496	\$ 26,305	\$ 20,169
Average cost per resident per meal (excludes labor costs)	\$ 1.45	\$ 1.39	*
Average annual cost of meals per resident (excludes labor costs)	\$ 1,587	\$ 1,518	*
Average annual cost of care per resident:			
Skilled Care	\$ 55,006	\$ 55,006	\$ 62,554
Domiciliary	\$ 22,010	\$ 22,010	\$ 23,853

Healthcare spending costs include costs for contractual medical services, pharmaceutical services, and medical supplies.

* This information is unavailable.

INJURY STATISTICS

The following comparison was prepared from the Department's Central Office records for the fiscal years ended June 30,

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Number of resident injuries	104	78	126

EMERGENCY PURCHASES

The Department reported the following emergency purchases to the Office of the Auditor General during FY03 and FY04.

DESCRIPTION OF EMERGENCY PURCHASE	ESTIMATED COST	ACTUAL COST
Food for Residents in the Anna Veterans' Home	\$ 30,000	\$ 27,084
Pharmaceuticals for Residents in the Anna Veterans' Home	<u>75,000</u>	<u>72,869</u>
TOTAL	<u>\$ 105,000</u>	<u>\$ 99,953</u>

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ILLINOIS VETERANS' HOME AT ANNA
ANALYSIS OF OPERATIONS

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Nursing Care			
Number of Admissions	22	24	17
Number of Deaths	19	13	7
Number of Discharges	3	1	2
Veteran Days of Care Furnished	17,947	17,667	17,797
Domiciliary Care			
Number of Admissions	6	7	5
Number of Deaths	0	0	0
Number of Discharges	5	3	3
Veteran Days of Care Furnished	2,821	2,098	1,720