

**State of Illinois  
VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
FINANCIAL AUDIT  
For the Year Ended June 30, 2011**

**Performed as Special Assistant Auditors  
for the Office of the Auditor General**

VERMILION COUNTY  
 REGIONAL OFFICE OF EDUCATION #54  
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 FOR THE YEAR ENDED JUNE 30, 2011

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VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54

OFFICIALS

Regional Superintendent (Current, Acting Effective March 15, 2011)	Ms. Cheryl S. Reifsteck
Regional Superintendent (During the audit period, Retired March 15, 2011)	Mr. Michael R. Metzen
Assistant Regional Superintendent (Current, Acting Effective January 1, 2012)	Mr. Mark Janesky
Assistant Regional Superintendent (March 16, 2011, through December 31, 2011)	No Assistant Regional Superintendent
Assistant Regional Superintendent (During the audit period, Acting Effective July 1, 2010, through March 15, 2011)	Ms. Cheryl S. Reifsteck

Office is located at:

200 South College Street, 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.

AUDITOR'S REPORTS

The auditor's 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	3	2
Repeated audit findings	2	1
Prior recommendations implemented or not repeated	0	0

Details of audit findings are presented in a separate 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, these issues may have been included as immaterial findings in the auditors' reports.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS ( <i>GOVERNMENT AUDITING STANDARDS</i> )			
11-01	10a	Inadequate Internal Control Procedures	Material weakness
11-02	10b	Controls Over Financial Statement Preparation	Material weakness
11-03	10d	Inadequate Recording of American Recovery and Reinvestment Act Awards	Material weakness

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 5, 2011. Attending were Cheryl Reifsteck, Regional Superintendent; Shari Hutson, Bookkeeper; and Matt Price and Karen Bojda, CPA, Kemper CPA Group LLP. Responses to the recommendations were provided by Cheryl Reifsteck, Regional Superintendent.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Vermilion County Regional Office of Education #54 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #54's basic financial statements.



## INDEPENDENT AUDITOR'S 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 Regional Office of Education #54 as of and for the year ended June 30, 2011, which collectively comprise the Regional Office of Education #54's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 Regional Office of Education #54, as of June 30, 2011, 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.

The Vermilion County Regional Office of Education #54 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of Vermilion County Regional Office of Education #54's governmental funds' assets or liabilities nor was there any effect to the total amount of any of Vermilion County Regional Office of Education #54's governmental fund balances as of and for the year ended June 30, 2011.



In accordance with *Government Auditing Standards*, we have also issued a report dated January 13, 2012, on our consideration of the 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 an 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 13a through 13e 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 Regional Office of Education #54's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the 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.

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
January 13, 2012



INDEPENDENT AUDITOR'S 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 Regional Office of Education #54 as of and for the year ended June 30, 2011, which collectively comprise the Regional Office of Education #54's basic financial statements and have issued our report thereon dated January 13, 2012. 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

Management of the Regional Office of Education #54 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 Regional Office of Education #54's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Regional Office of Education #54's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 11-01, 11-02, and 11-03 in the accompanying Schedule of Findings and Responses to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 11-03.

We also noted a certain matter which we have reported to management of the Regional Office of Education #54 in a separate letter dated January 13, 2012.

The Regional Office of Education #54's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Regional Office of Education #54's responses, and accordingly, we express no opinion on them.

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 entity, and the Illinois State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
January 13, 2012

VERMILION COUNTY  
 REGIONAL OFFICE OF EDUCATION #54  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE YEAR ENDED JUNE 30, 2011

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
● Noncompliance material to financial statements noted?	Yes

**Federal Awards**

Internal control over major programs:	
● Material weakness(es) identified?	N/A
● Significant deficiency(ies) identified that are not considered to be material weakness(es)?	N/A
Type of auditor's report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	N/A
Identification of <b>major</b> programs:	
<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
N/A	
Dollar threshold used to distinguish between Type A and Type B programs:	N/A
Auditee qualified as a low-risk auditee?	N/A

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2011

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 11-01 – Inadequate Internal Control Procedures (Partial Repeat from Finding 10-01 and 09-01)**

**Criteria/Specific Requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over receipts, disbursements, and reporting to prevent errors and fraud.

**Condition:**

During the audit we noted the following weaknesses in the Regional Office of Education's system of internal controls over financial reporting:

- A. Due to inadequate segregation of duties, one person is responsible for receiving money, depositing funds, recording receipts in the general ledger, receiving unopened invoices and vendor statements, preparing disbursement checks, entering disbursements in the general ledger, and receiving the unopened bank statements.
- B. Prior-year audit adjustments were not posted to the general ledger; therefore, some current-year opening fund balances were not correct.

**Effect:**

Lack of effective internal control procedures could result in unintentional or intentional errors or misappropriation of assets that could be material to the financial statements and that may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

**Cause:**

The Regional Office has not established sufficient internal control procedures.

**Auditor's Recommendation:**

- A. Although the Regional Office has improved segregation of duties for bank reconciliations, the Regional Office should segregate duties so that no one individual has access to all steps of an accounting process.
- B. After closing the prior year's financial statements, the opening fund balances for the current year should be compared to the ending balances on the prior year's financial statements. Any discrepancies should be reviewed and resolved.

**Management's Response:**

The Regional Superintendent agrees with this finding.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2011

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 11-02 – Controls Over Financial Statement Preparation (Repeat from Finding 10-02)**

**Criteria/Specific Requirement:**

The Regional Office of Education #54 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP-based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #54 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, no entries were provided to reconcile the Regional Office of Education #54's grant activity, such as posting grant receivables and deferred revenues.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2011

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 11-02 – Controls Over Financial Statement Preparation (Repeat from Finding 10-02)**

**Auditor’s Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #54 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education’s activities and operations.

**Management’s Response:**

The Regional Office of Education #54 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. The Regional Office of Education #54 will review, approve, and accept responsibility for the audit adjustments, financial statements and related notes provided by the auditors.

The Regional Office of Education #54 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that our employees possess the knowledge required to compile the necessary GAAP-based financial statements.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2011

**SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)**

**Finding No. 11-03 – Inadequate Recording of American Recovery and Reinvestment Act Awards**

**Criteria/Specific Requirement:**

Federal regulations require that American Recovery and Reinvestment Act (ARRA) award recipients maintain records that adequately identify the source and application of Recovery Act funds.

**Condition:**

The Regional Office's receipts and expenditures for the ARRA and non-ARRA Education for Homeless Children and Youth Grants were not accounted for in a way that segregated the ARRA from the non-ARRA award activity as required.

**Effect:**

By not segregating ARRA and non-ARRA transactions, the actual ARRA receipts and expenditures are not easily identifiable and available to review. Additionally, there is a possibility that expenditures could be reported inaccurately to granting agencies.

**Cause:**

The Regional Office did not create separate ARRA and non-ARRA accounts to record the Education for Homeless Children and Youth grant activity.

**Auditor's Recommendation:**

We recommend that the Regional Office create a separate set of accounts to record the ARRA Homeless Education grant activity separately from the non-ARRA Homeless Education grant.

**Management's Response:**

The Regional Superintendent agrees with this finding.



VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2011

**CORRECTIVE ACTION PLAN**

**Finding No. 11-01 – Inadequate Internal Control Procedures (Partial Repeat from Finding 10-01 and 09-01)**

**Condition:**

During the audit we noted the following weaknesses in the Regional Office of Education's system of internal controls over financial reporting:

- A. Due to inadequate segregation of duties, one person is responsible for receiving money, depositing funds, recording receipts in the general ledger, receiving unopened invoices and vendor statements, preparing disbursement checks, entering disbursements in the general ledger, and receiving the unopened bank statements.
- B. Prior-year audit adjustments were not posted to the general ledger; therefore, some current-year opening fund balances were not correct.

**Plan:**

- A. The Regional Office will segregate duties so that no one individual has access to all steps of an accounting process. The Regional Office will employ one more full-time employee (from part-time employee) to insure segregation of duties. The Regional Office has revised office procedures to improve segregation of duties.
- B. After closing the prior year's financial statements, the opening fund balances for the current year will be compared to the ending balances on the prior year's financial statements. Any discrepancies will be reviewed and resolved.

**Anticipated Date of Completion:**

June 30, 2012

**Name of Contact Person:**

Ms. Cheryl Reifsteck, Regional Superintendent

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2011

**Finding No. 11-02 – Controls Over Financial Statement Preparation (Repeat from Finding 10-02)**

**Condition:**

The Regional Office of Education #54 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, no entries were provided to reconcile the Regional Office of Education #54's grant activity, such as posting grant receivables and deferred revenues.

**Plan:**

The Regional Office of Education #54 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. The Regional Office of Education #54 will review, approve, and accept responsibility for the audit adjustments, financial statements and related notes provided by the auditors.

The Regional Office of Education #54 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that our employees possess the knowledge required to compile the necessary GAAP-based financial statements.

**Anticipated Date of Completion:**

Not Applicable

**Name of Contact Person:**

Ms. Cheryl Reifsteck, Regional Superintendent

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2011

**Finding No. 11-03 – Inadequate Recording of American Recovery and Reinvestment Act Awards**

**Condition:**

The Regional Office's receipts and expenditures for the ARRA and non-ARRA Education for Homeless Children and Youth Grants were not accounted for in a way that segregated the ARRA from the non-ARRA award activity as required.

**Plan:**

The Regional Office will create a separate set of accounts to record the ARRA Homeless Education grant activity separately from the non-ARRA Homeless Education grant.

**Anticipated Date of Completion:**

July 1, 2011

**Name of Contact Person:**

Ms. Cheryl Reifsteck, Regional Superintendent

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2011

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
10-01	Inadequate Internal Control Procedures	Partial Repeat
10-02	Controls Over Financial Statement Preparation	Repeat

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**I. USING THIS REPORT**

These financial statements and accompanying statement are presented in a format consistent with the presentation requirements of GASB Statement No. 34, *Basic Financial Statements 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 governmental-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 fund accounting.

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 governmental 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 has not adopted a formal budgetary accounting system for its various funds. There is a formal budget and accounting for expenses relating to the operation and maintenance of the Regional Office operations as they relate to the funding and control of the Vermilion County General Fund and the County Board.

Capital assets for the Regional Office have been capitalized at a \$1,000 entry level. In an effort to standardize the accounting for capital assets the Regional Office had adopted this level. Capital assets are capitalized and reported by Vermilion County for office operations and maintenance of the Regional Office at a level of \$500; thus, the reporting by the County may differ from the Regional Office. At June 30, 2011, the Regional Office of Education #54 had an investment in capital assets of \$6,077 which is the original cost of the assets less the accumulated depreciation.

**VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**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 a "pass-through" basis, there is no control over the amount of funds that come through the Regional 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 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 examination by the Vermilion County Auditor, to the extent allowed by laws regulating such.

**V. 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 #54 as an entire operating entity. The statements go further to provide a detailed look at specific financial activities. The governmental-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 governmental-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 nonmajor funds being combined and presented as a total in one column. In the Regional Office, the General Fund is by far the most significant.

The financial statements also reflect two types of funds. The governmental 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 governmental funds. Most of the Regional Office's programs and services are accounted for in the governmental funds. These include institute services, direct services, education services, and various other services and activities.

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 governmental agencies. Overall, the fiduciary fund is custodial in nature and thus does not involve measurement of results of its operation.

**VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**V. FINANCIAL HIGHLIGHTS (Continued)**

During fiscal year 2011 the Regional Office of Education #54 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 1 to the financial statements. Because of these reclassifications, the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

The following table provides a summary of the Regional Office's net assets for the fiscal years June 30, 2011 and 2010.

**CONDENSED STATEMENT OF NET ASSETS  
GOVERNMENTAL ACTIVITIES**

	<u>2011</u>	<u>2010</u>	Increase / (Decrease)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$203,668	\$184,243	\$ 19,425
Due from other governments - Local	90	7,130	(7,040)
Due from other governments - State	<u>46,085</u>	<u>-</u>	<u>46,085</u>
Total Current Assets	249,843	191,373	58,470
<b>NONCURRENT ASSETS</b>			
Capital assets, net of depreciation	<u>6,077</u>	<u>7,891</u>	<u>(1,814)</u>
Total Assets	<u>255,920</u>	<u>199,264</u>	<u>56,656</u>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	68,599	59,388	9,211
Due to other governments - Local	46,085	222	45,863
Deferred revenue	<u>17</u>	<u>1,083</u>	<u>(1,066)</u>
Total Liabilities	<u>114,701</u>	<u>60,693</u>	<u>54,008</u>
<b>NET ASSETS</b>			
Invested in capital assets	6,077	7,891	(1,814)
Unrestricted	30,981	80,184	(49,203)
Restricted for educational purposes	<u>104,161</u>	<u>50,496</u>	<u>53,665</u>
Total Net Assets	<u>\$141,219</u>	<u>\$138,571</u>	<u>\$ 2,648</u>



**VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**V. FINANCIAL HIGHLIGHTS (Continued)**

The following table shows the changes in net assets for the fiscal years ended June 30, 2011 and 2010.

**CONDENSED STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES**

	2011	2010	Increase/ (Decrease)
<b>REVENUES</b>			
Program Revenues			
Operating grants and contributions	\$310,280	\$307,090	\$ 3,190
General Revenues			
Local sources	333,413	307,444	25,969
On-behalf payments	294,006	330,858	(36,852)
Interest	1,248	1,382	(134)
Total Revenue	938,947	946,774	(7,827)
<b>EXPENSES</b>			
Instructional services			
Salaries and benefits	-	1,750	(1,750)
Purchased services	329,268	310,258	19,010
Supplies and materials	14,234	16,160	(1,926)
Other objects	250	2,525	(2,275)
Payments to other governments	296,727	283,080	13,647
Depreciation	1,814	1,653	161
Administrative			
On-behalf payments	294,006	330,858	(36,852)
Total Expenses	936,299	946,284	(9,985)
Change in Net Assets	2,648	490	2,158
Net Assets – Beginning	138,571	138,081	490
Net Assets – Ending	\$141,219	\$138,571	\$ 2,648

**VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**V. FINANCIAL HIGHLIGHTS (Concluded)**

Key financial highlights for fiscal year ended June 30, 2011, are as follows:

Net assets of governmental activities increased \$2,648, representing a 2% increase from fiscal year 2010. Overall revenues have decreased 1%, and expenditures decreased 1%. The decrease in revenue is due to less money from state and local sources, which in turn caused the decrease in the amount of expenditures.

The major expenditures for the government funds are purchased services, representing 35% of total expenditures, and payments to other governments, or flow-through expenditures, representing 32%.

The major funding sources for the government funds are local sources, on-behalf payments, and state and federal revenues, representing 36%, 31%, and 33%, respectively.

In conclusion, the Regional 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 Regional Office needs to continue to pursue cooperative efforts with other LEA's 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. However, the financial crisis and slow payment process of the State of Illinois could have a significant impact on the Regional Office in the future.

This financial report is designed to provide the users with a general overview of the finance on the Vermilion County Regional Office of Education #54. It further serves to demonstrate the Regional 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 #54 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, 2011

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 203,668
Due from other governments - Local	90
Due from other governments - State	<u>46,085</u>
Total current assets	<u>249,843</u>
Noncurrent assets:	
Capital assets, net of depreciation	<u>6,077</u>
Total assets	<u>255,920</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	68,599
Due to other governments - Local	46,085
Deferred revenue	<u>17</u>
Total liabilities	<u>114,701</u>
<b>Net assets</b>	
Invested in capital assets	6,077
Restricted for educational purposes	104,161
Unrestricted	<u>30,981</u>
Total net assets	<u><u>\$ 141,219</u></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, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
Governmental activities:			
Instructional services:			
Purchased services	\$ 329,268	\$ 83,494	\$ (245,774)
Supplies and materials	14,234	5,689	(8,545)
Other objects	250	-	(250)
Payments to other governments	296,727	221,097	(75,630)
Depreciation	1,814	-	(1,814)
Administrative:			
On-behalf payments - Local	73,994	-	(73,994)
On-behalf payments - State	220,012	-	(220,012)
<b>Total governmental activities</b>	<b>\$ 936,299</b>	<b>\$ 310,280</b>	<b>(626,019)</b>
General revenues			
			333,413
Local sources			73,994
On-behalf payments - Local			220,012
On-behalf payments - State			1,248
Investment income			628,667
Total general revenues			2,648
Change in net assets			138,571
Net assets - beginning			\$ 141,219
Net assets - ending			141,219

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, 2011

	General Fund	Institute Fund	General Education Development Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 99,597	\$ 69,679	\$ 25,276	\$ -	\$ 9,116	\$ 203,668
Due from other governments - Local	-	-	90	-	-	90
Due from other governments - State	-	-	-	46,085	-	46,085
<b>Total assets</b>	<b>\$ 99,597</b>	<b>\$ 69,679</b>	<b>\$ 25,366</b>	<b>\$ 46,085</b>	<b>\$ 9,116</b>	<b>\$ 249,843</b>
<b>Liabilities</b>						
Accounts payable	\$ 68,599	\$ -	\$ -	\$ -	\$ -	\$ 68,599
Due to other governments - Local	-	-	-	46,085	-	46,085
Deferred revenue	17	-	-	-	-	17
<b>Total liabilities</b>	<b>68,616</b>	<b>-</b>	<b>-</b>	<b>46,085</b>	<b>-</b>	<b>114,701</b>
<b>Fund balances</b>						
Restricted	-	69,679	25,366	-	9,116	104,161
Unassigned	30,981	-	-	-	-	30,981
<b>Total fund balances</b>	<b>30,981</b>	<b>69,679</b>	<b>25,366</b>	<b>-</b>	<b>9,116</b>	<b>135,142</b>
<b>Total liabilities and fund balances</b>	<b>\$ 99,597</b>	<b>\$ 69,679</b>	<b>\$ 25,366</b>	<b>\$ 46,085</b>	<b>\$ 9,116</b>	<b>\$ 249,843</b>

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  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

Total fund balances - governmental funds	\$ 135,142
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.	<u>6,077</u>
Net assets of governmental activities	<u><u>\$ 141,219</u></u>

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, 2011

	General Fund	Institute Fund	General Education Development Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>						
Local sources	\$ 291,607	\$ 26,640	\$ 13,780	\$ -	\$ 1,386	\$ 333,413
State sources	100,040	-	-	156,468	840	257,348
Federal sources	-	-	-	52,932	-	52,932
On-behalf payments - Local	73,994	-	-	-	-	73,994
On-behalf payments - State	220,012	-	-	-	-	220,012
<b>Total revenues</b>	<b>685,653</b>	<b>26,640</b>	<b>13,780</b>	<b>209,400</b>	<b>2,226</b>	<b>937,699</b>
<b>Expenditures</b>						
<b>Instructional services</b>						
Purchased services	304,863	7,208	7,214	8,340	1,643	329,268
Supplies and materials	5,106	324	4,281	4,373	150	14,234
Other objects	250	-	-	-	-	250
Payments to other governments	100,040	-	-	196,687	-	296,727
On-behalf payments - Local	73,994	-	-	-	-	73,994
On-behalf payments - State	220,012	-	-	-	-	220,012
<b>Total expenditures</b>	<b>704,265</b>	<b>7,532</b>	<b>11,495</b>	<b>209,400</b>	<b>1,793</b>	<b>934,485</b>
<b>Excess (Deficiency) of revenues over expenditures</b>	<b>(18,612)</b>	<b>19,108</b>	<b>2,285</b>	<b>-</b>	<b>433</b>	<b>3,214</b>
<b>Other financing sources</b>						
Investment income	1,165	75	2	-	6	1,248
<b>Total other financing sources</b>	<b>1,165</b>	<b>75</b>	<b>2</b>	<b>-</b>	<b>6</b>	<b>1,248</b>
<b>Net change in fund balances</b>	<b>(17,447)</b>	<b>19,183</b>	<b>2,287</b>	<b>-</b>	<b>439</b>	<b>4,462</b>
<b>Fund balances - beginning of year</b>	<b>48,428</b>	<b>50,496</b>	<b>23,079</b>	<b>-</b>	<b>8,677</b>	<b>130,680</b>
<b>Fund balances - end of year</b>	<b>\$ 30,981</b>	<b>\$ 69,679</b>	<b>\$ 25,366</b>	<b>\$ -</b>	<b>\$ 9,116</b>	<b>\$ 135,142</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, 2011

Net change in fund balances	\$ 4,462
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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.

Depreciation expense	<u>(1,814)</u>
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Change in net assets of governmental activities	<u><u>\$ 2,648</u></u>
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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, 2011

	Private-Purpose Trust Fund DAAPP	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 11,895	\$ 10,231
Due from other governments	-	7,172,700
Total assets	11,895	\$ 7,182,931
<b>Liabilities</b>		
Due to other governments	-	\$ 7,182,931
Total liabilities	-	\$ 7,182,931
<b>Net assets</b>		
Held in trust	\$ 11,895	

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 FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Private-Purpose Trust Fund
	DAAPP
<b>Additions</b>	
Local sources	\$ 29,094
Interest	2
Total additions	29,096
<b>Deductions</b>	
Salaries	17,500
Purchased services	12,657
Supplies and materials	2,474
Total deductions	32,631
Change in net assets	(3,535)
Net assets - beginning of year	15,430
Net assets - end of year	\$ 11,895

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

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #54 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2011, the Regional Office of Education #54 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Regional Office of Education #54 implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated. Although the Regional Office of Education #54's implementation of GASB Statement No. 54 caused some funds to be reclassified, this reclassification had no effect on the reported fund balances in the current year.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through January 13, 2012, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers institutes as well as aiding and encouraging the formation of other teachers' meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent's office; and filing and keeping the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #54's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts within his or her region are properly bonded.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. FINANCIAL REPORTING ENTITY (Concluded)**

The Regional Superintendent is also responsible for apportionment and payment of funds received from the state for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2011, the Regional Office of Education #54 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in the region. Such activities are reported as a single special revenue fund (Education Fund).

**C. SCOPE OF THE REPORTING ENTITY**

The Regional Office of Education #54 reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #54 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #54 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of manifesting of oversight, scope of public service, and special financing relationships and are therefore excluded from the accompanying financial statements because the Regional Office of Education #54 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #54 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #54 being considered a component unit of the entity.

**D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #54's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #54 has no business-type activities that rely on fees and charges for support.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

The Regional Office of Education #54's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present a summary of governmental activities for the Regional Office of Education #54. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #54's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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 are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within grant programs and funds.

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences between fund balances and changes in fund balances presented in these statements and the net assets and changes in net assets presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses, and other long-term obligations, which are recognized when paid.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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 grantor have been met.

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on a specific purpose or project before any amounts will be paid to the Regional Office of Education #54; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #54 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Regional Office of Education #54’s policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

**G. FUND ACCOUNTING**

The Regional Office of Education #54 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #54 uses governmental and fiduciary funds.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #54 has presented all major funds that met the above qualifications.

The Regional Office of Education #54 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #54. It is used to account for the expenditures that benefit all school districts in the region except those required to be accounted for and reported in other funds. General funds include the following:

Direct Services - The Direct Services accounts are used for various programs that benefit the school districts or the regional office, such as the computer consortium and technology hub. Interest from the Distributive Fund is transferred to this program.

Regional Safe School - General State Aid - This program accounts for the general operations of the Regional Safe School.

Major Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to expenditures for specified purposes. Major special revenue funds include the following:



VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

Institute Fund - This fund accounts for teacher certificate registrations, issuance and evaluation fees for processing certificates, and expenses for teachers' 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 on the aforementioned activities.

General Education Development Fund - This fund accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

Education Fund - This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

McKinney-Vento Homeless Children and Youth Program - This program accounts for the proceeds of the McKinney-Vento Homeless Children and Youth Program and the ARRA McKinney-Vento Homeless Children and Youth Program grants. This program is designed to assist in implementing homeless services. The program collaborates with all schools within the region concerning the identification of homeless youth and works with the districts to provide local and State resources to those students.

Regional Safe School Program - The program accounts 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. In addition, this program includes State and federal lunch and breakfast programs.

The Regional Office of Education #54 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Bus Driver Training - This fund accounts for State and local receipts and expenses related to initial and refresher courses of instruction for school bus drivers.

Supervisory Fund - This fund accounts for State receipts provided to the Regional Office of Education to pay day-to-day expenses as approved by the Regional Superintendent.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Regional Office of Education #54 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Distributive Fund - This fund distributes monies received from the State to the school districts and other entities.

Board of School Trustees - The fund accounts for the Regional Board of School Trustees' operating accounts.

Private-Purpose Trust Fund - This fund is used to account for the resources held by the Regional Office of Education #54 as a trustee for Vermilion County's Drug and Alcohol Abuse Prevention Program (DAAPP).

Interest on Distributive Fund - The Regional Office of Education #54 has agreements with all districts in the region whereby the Regional Office of Education #54 is allowed to keep the interest on the Distributive Fund for expenditures benefiting all districts.

H. GOVERNMENTAL FUND BALANCES

Fund balance is the difference between assets and liabilities in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance - The portion of a governmental fund's net assets that are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Regional Office of Education #54 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a governmental fund's net assets that are subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development Fund, Bus Driver Training, and Supervisory Fund.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. GOVERNMENTAL FUND BALANCES (Concluded)

Committed Fund Balance - The portion of a governmental fund's net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #54 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's net assets for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #54 has no assigned fund balances.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund account has an unassigned fund balance: Direct Services.

I. NET ASSETS

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets are 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 their use by either (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."

J. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and on hand. The Regional Office of Education #54 considers certificates of deposit with an original maturity date greater than 90 days to be investments; it currently has no deposits classified as investments. All interest income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures, and Changes in Fund Balances.

K. INVENTORY

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

L. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$1,000 or more and estimated useful lives of greater than two years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Office equipment	5-7 years
Computer equipment	3 years

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

M. COMPENSATED ABSENCES AND 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 receive their salaries from other sources. The Superintendent and Assistant Superintendent receive their salaries directly from the Illinois State Board of Education. The other personnel are employees of Vermilion County. There are no compensated absence, pension, or retirement obligations to disclose. Employment- and post-employment-related obligations for the Superintendent and Assistant Superintendent are disclosed in the financial statements of the Illinois State Board of Education. Employment- and post-employment-related obligations for other employees are included in the Vermilion County annual financial report.

N. 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.

O. BUDGET INFORMATION

The Regional Office of Education #54 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been presented for the following programs: McKinney-Vento Homeless Children and Youth Program, ARRA McKinney-Vento Homeless Children and Youth Program, and the Regional Safe Schools Program.

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 - CASH

The Regional Office of Education #54 does not have a formal investment policy. The Regional Office of Education #54 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2011, the carrying amount of the Regional Office of Education #54's government-wide and fiduciary fund deposits were \$203,668 and \$22,126, respectively, and the bank balances were \$224,186 and \$463,994, respectively. The Regional Office of Education #54's fiduciary fund deposits include a \$7,000 certificate of deposit that is reported in the basic financial statements under the caption "Cash and cash equivalents." Of the total bank balances as of June 30, 2011, \$299,498 was secured by federal depository insurance, and \$22,151 was collateralized by securities pledged by the Regional Office of Education #54's financial institutions on behalf of the Regional Office.

B. INVESTMENTS

The Regional Office of Education #54's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2011, the Regional Office of Education #54 had investments with carrying value of \$366,531 in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2011, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one year maturity and no investment shall exceed two years maturity.

CONCENTRATION OF CREDIT RISK

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio with the exception of cash equivalents and U.S. Treasury securities. Further certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

VERMILION COUNTY  
 REGIONAL OFFICE OF EDUCATION #54  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 3 - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #54 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets being depreciated:				
Office equipment	\$ 10,067	\$ -	\$ -	\$ 10,067
Total capital assets being depreciated	<u>10,067</u>	<u>-</u>	<u>-</u>	<u>10,067</u>
Less accumulated depreciation for:				
Office equipment	(2,176)	(1,814)	-	(3,990)
Total accumulated depreciation	<u>(2,176)</u>	<u>(1,814)</u>	<u>-</u>	<u>(3,990)</u>
Governmental activities capital assets, net	<u>\$ 7,891</u>	<u>\$ (1,814)</u>	<u>\$ -</u>	<u>\$ 6,077</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2011, of \$1,814 was charged to governmental activities on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 4 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

As of June 30, 2011, there were no interfund balances due to/from other funds in the governmental fund balance sheet.

VERMILION COUNTY  
 REGIONAL OFFICE OF EDUCATION #54  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 5 - DUE TO/FROM OTHER GOVERNMENTS**

The Regional Office of Education #54's Education and Agency Funds have funds due from/to various other governmental units which consist of the following:

Due from other governments:

Agency Funds	
Illinois State Board of Education	\$ 7,172,652
Local school districts	48
Governmental Funds	
Local school districts	90
Total	<u>\$ 7,172,790</u>

Due to other governments:

Agency Funds	
Local school districts	\$ 7,182,931
Governmental Funds	
Total	<u>\$ 7,182,931</u>

**NOTE 6 - RISK MANAGEMENT**

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; injuries to employees; and natural disasters. The Regional Office of Education #54 is covered by commercial insurance purchased by Vermilion County to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

**NOTE 7 - ON-BEHALF PAYMENTS**

Vermilion County provides the Regional Office of Education #54 with staff and pays certain expenditures on behalf of the Regional Office of Education #54. The expenditures paid by Vermilion County for the year ended June 30, 2011, were as follows:

VERMILION COUNTY  
 REGIONAL OFFICE OF EDUCATION #54  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 7 - ON-BEHALF PAYMENTS (Concluded)

Office salaries and benefits	\$ 55,395
Travel	5,761
Supplies	3,532
Other expenses	9,306
	<u>\$ 73,994</u>

These amounts have been recorded in the accompanying financial statements as local revenue and expenditures.

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #54:

Regional Superintendent	
Salary	\$ 92,818
Benefits (includes state-paid insurance)	13,054
Assistant Regional Superintendent	
Salary	65,094
Benefits (includes state-paid insurance)	12,568
TRS Pension Contribution	36,478
	<u>\$ 220,012</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education.

These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

NOTE 8 - SUBSEQUENT EVENT

For fiscal year 2012, the Governor of Illinois vetoed the appropriation line for the Regional Superintendent's and Assistant Regional Superintendent's salaries and benefits, as well as the appropriation line for the Regional Office's general operations grant. The Regional Superintendents' and Assistant Regional Superintendents' salaries were reinstated in November 2011 for one year only, to be paid from State personal property replacement tax funds, but the general operations grant was not reinstated. The Regional Superintendents will make every effort to secure other local funding to support the programs and services the Regional Office provides. The effect of these funding cuts on the Regional Office's long-term ability to continue to provide services at their current level is unknown.



**SUPPLEMENTARY INFORMATION**

VERMILION COUNTY  
 REGIONAL OFFICE OF EDUCATION #54  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2011

	<u>Direct Services</u>	<u>Regional Safe School - General State Aid</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 99,597	\$ -	\$ 99,597
Total assets	<u>\$ 99,597</u>	<u>\$ -</u>	<u>\$ 99,597</u>
<b>Liabilities</b>			
Accounts payable	\$ 68,599	\$ -	\$ 68,599
Deferred revenue	17	-	17
Total liabilities	<u>68,616</u>	<u>-</u>	<u>68,616</u>
<b>Fund balance</b>			
Unassigned	<u>30,981</u>	<u>-</u>	<u>30,981</u>
Total fund balance	<u>30,981</u>	<u>-</u>	<u>30,981</u>
Total liabilities and fund balance	<u>\$ 99,597</u>	<u>\$ -</u>	<u>\$ 99,597</u>

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2011

	Direct Services	Regional Safe School - General State Aid	Total
<b>Revenues</b>			
Local sources	\$ 291,607	\$ -	\$ 291,607
State sources	-	100,040	100,040
On-behalf payments - Local	73,994	-	73,994
On-behalf payments - State	220,012	-	220,012
Total revenues	585,613	100,040	685,653
<b>Expenditures</b>			
Purchased services	304,863	-	304,863
Supplies and materials	5,106	-	5,106
Other objects	250	-	250
Payments to other governments	-	100,040	100,040
On-behalf payments - Local	73,994	-	73,994
On-behalf payments - State	220,012	-	220,012
Total expenditures	604,225	100,040	704,265
Deficiency of revenues over expenditures	(18,612)	-	(18,612)
<b>Other financing sources</b>			
Interest	1,165	-	1,165
Total other financing sources	1,165	-	1,165
Net change in fund balance	(17,447)	-	(17,447)
Fund balance - beginning	48,428	-	48,428
Fund balance - ending	<u>\$ 30,981</u>	<u>\$ -</u>	<u>\$ 30,981</u>

VERMILION COUNTY  
 REGIONAL OFFICE OF EDUCATION #54  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2011

	McKinney-Vento Homeless Children & Youth Program	Regional Safe Schools Program	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Due from other governments - State	\$ -	\$ 46,085	\$ 46,085
Total assets	<u>\$ -</u>	<u>\$ 46,085</u>	<u>\$ 46,085</u>
<b>Liabilities</b>			
Due to other governments - Local	\$ -	\$ 46,085	\$ 46,085
Total liabilities	<u>\$ -</u>	<u>\$ 46,085</u>	<u>\$ 46,085</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, 2011

	McKinney-Vento Homeless Children & Youth Program	Regional Safe Schools Program	Total
Revenues			
State sources	\$ -	\$ 156,468	\$ 156,468
Federal sources	12,713	40,219	52,932
Total revenues	<u>12,713</u>	<u>196,687</u>	<u>209,400</u>
Expenditures			
Purchased services	8,340	-	8,340
Supplies and materials	4,373	-	4,373
Payments to other governments	-	196,687	196,687
Total expenditures	<u>12,713</u>	<u>196,687</u>	<u>209,400</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

VERMILION COUNTY  
 REGIONAL OFFICE OF EDUCATION #54  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 MCKINNEY-VENTO HOMELESS CHILDREN AND YOUTH PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues			
Federal sources	\$ 8,340	\$ 8,719	\$ 8,719
Total revenues	<u>8,340</u>	<u>8,719</u>	<u>8,719</u>
Expenditures			
Purchased services	8,340	8,340	8,340
Supplies and materials	-	379	379
Total expenditures	<u>8,340</u>	<u>8,719</u>	<u>8,719</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Fund balance - beginning			<u>-</u>
Fund balance - ending			<u>\$ -</u>

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ARRA MCKINNEY-VENTO HOMELESS CHILDREN AND YOUTH PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 4,000	\$ 3,994	\$ 3,994
Total revenues	<u>4,000</u>	<u>3,994</u>	<u>3,994</u>
Expenditures			
Supplies and materials	4,000	2,996	3,994
Capital outlay	-	998	-
Total expenditures	<u>4,000</u>	<u>3,994</u>	<u>3,994</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Fund balance - beginning			<u>-</u>
Fund balance - ending			<u>\$ -</u>

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 131,436	\$ 81,445	\$ 156,468
Federal sources	-	-	40,219
Total revenues	<u>131,436</u>	<u>81,445</u>	<u>196,687</u>
Expenditures			
Payments to other governments	<u>131,436</u>	<u>81,445</u>	<u>196,687</u>
Total expenditures	<u>131,436</u>	<u>81,445</u>	<u>196,687</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance - beginning			-
Fund balance - ending			<u>\$ -</u>



VERMILION COUNTY  
 REGIONAL OFFICE OF EDUCATION #54  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

SPECIAL REVENUE FUNDS			
	Bus Driver Training	Supervisory Fund	Total
Assets			
Cash and cash equivalents	\$ 4,498	\$ 4,618	\$ 9,116
Total assets	\$ 4,498	\$ 4,618	\$ 9,116
Fund balances			
Restricted	\$ 4,498	\$ 4,618	\$ 9,116
Total fund balances	\$ 4,498	\$ 4,618	\$ 9,116

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, 2011

	SPECIAL REVENUE FUNDS		
	Bus Driver Training	Supervisory Fund	Total
Revenues			
Local sources	\$ 1,386	\$ -	\$ 1,386
State sources	840	-	840
Total revenues	2,226	-	2,226
Expenditures			
Purchased services	1,286	357	1,643
Supplies and materials	150	-	150
Total expenditures	1,436	357	1,793
Excess (deficiency) of revenues over expenditures	790	(357)	433
Other financing sources			
Interest	-	6	6
Total other financing sources	-	6	6
Net change in fund balances	790	(351)	439
Fund balance - beginning	3,708	4,969	8,677
Fund balance - ending	\$ 4,498	\$ 4,618	\$ 9,116

VERMILION COUNTY  
 REGIONAL OFFICE OF EDUCATION #54  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2011

	Distributive Fund	Board of School Trustees	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 10,231	\$ 10,231
Due from other governments	7,172,652	48	7,172,700
Total assets	\$ 7,172,652	\$ 10,279	\$ 7,182,931
<b>Liabilities</b>			
Due to other governments	\$ 7,172,652	\$ 10,279	\$ 7,182,931
Total liabilities	\$ 7,172,652	\$ 10,279	\$ 7,182,931

VERMILION COUNTY  
REGIONAL OFFICE OF EDUCATION #54  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>DISTRIBUTIVE</u>				
Assets				
Due from other governments	\$ 10,248,406	\$ 83,482,396	\$ 86,558,150	\$ 7,172,652
Total assets	<u>\$ 10,248,406</u>	<u>\$ 83,482,396</u>	<u>\$ 86,558,150</u>	<u>\$ 7,172,652</u>
Liabilities				
Due to other governments	\$ 10,248,406	\$ 83,482,396	\$ 86,558,150	\$ 7,172,652
Total liabilities	<u>\$ 10,248,406</u>	<u>\$ 83,482,396</u>	<u>\$ 86,558,150</u>	<u>\$ 7,172,652</u>
<u>BOARD OF SCHOOL TRUSTEES</u>				
Assets				
Cash and cash equivalents	\$ 10,214	\$ 126	\$ 109	\$ 10,231
Due from other governments	48	-	-	48
Total assets	<u>\$ 10,262</u>	<u>\$ 126</u>	<u>\$ 109</u>	<u>\$ 10,279</u>
Liabilities				
Due to other governments	\$ 10,262	\$ 126	\$ 109	\$ 10,279
Total liabilities	<u>\$ 10,262</u>	<u>\$ 126</u>	<u>\$ 109</u>	<u>\$ 10,279</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 10,214	\$ 126	\$ 109	\$ 10,231
Due from other governments	10,248,454	83,482,396	86,558,150	7,172,700
Total assets	<u>\$ 10,258,668</u>	<u>\$ 83,482,522</u>	<u>\$ 86,558,259</u>	<u>\$ 7,182,931</u>
Liabilities				
Due to other governments	\$ 10,258,668	\$ 83,482,522	\$ 86,558,259	\$ 7,182,931
Total liabilities	<u>\$ 10,258,668</u>	<u>\$ 83,482,522</u>	<u>\$ 86,558,259</u>	<u>\$ 7,182,931</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, 2011

	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	Community Unit School District #7 Rossville Illinois
General State Aid	\$ 2,814,038	\$ 6,181,527	\$ 5,337,608	\$ 1,759,078	\$ 1,432,763
Special Education					
Private Facility Tuition	-	-	8,158	5,072	-
Extraordinary	149,762	237,583	219,196	88,754	71,244
Personnel	120,688	285,332	300,885	92,719	35,053
Orphanage - Individual	22,130	105,479	8,741	9,297	1,561
Summer School	-	628	3,569	-	-
Career & Technical Education	-	-	-	-	-
Bilingual Education - TPI	-	-	-	-	-
State Free Lunch & Breakfast	3,202	15,148	11,870	704	2,149
School Breakfast Incentive	-	26	40	-	8
Driver Education	22,836	18,305	14,757	6,826	-
Transporation					
Regular	237,365	350,786	314,969	85,428	130,053
Special Education	102,027	86,971	86,431	11,684	81,451
ROE School Bus Driver Training	-	-	-	-	-
National Board Certification Initiatives	-	1,760	-	-	-
Truants Alternative/Optional Ed.	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-
Early Childhood - Block Grant	-	-	-	-	-
K-6 Reading Improvement	10,570	22,904	21,850	6,220	6,118
ADA Safety & Education Block Grant	3,703	5,291	4,846	2,273	1,712
Orphanage Tuition	-	-	-	-	-
Teacher & Administrators Mentoring Program	-	-	13,222	-	-
National School Lunch Program	104,103	296,602	263,216	34,089	52,912
Special Milk Program	-	-	35	-	-
School Breakfast Program	-	69,726	71,034	-	11,770
Fresh Fruits & Vegetables	-	-	-	-	-
NSLP Equipment Grant	-	-	2,955	-	-
Title I - Low Income	56,903	391,373	398,083	20,997	101,265
Title I - Reading First Part SEA Funds	-	-	-	-	-
Title I - Migrant Education	-	-	-	-	-
Title I - Migrant Incentive	-	-	-	-	-
Title IV - Safe & Drug Free Sch - Formula	-	1,100	1,268	-	1,600
Fed. - Sp. Ed. - Pre-School Flow Through	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. Flow Through	-	-	-	-	-
I.D.E.A. Room and Board	24	7,109	6,930	14,170	1,349
ARRA-Title I Low Income	12,222	60,406	117,614	1,699	41,921
ARRA-IDEA Flow Through	-	-	-	-	-
ARRA-Technology	-	-	-	-	-
ARRA- Education Jobs Funds	256,218	562,828	157,965	158,647	130,453
Title III--Lang Inst Prog-Limited Eng	-	-	-	-	-
Title III Limited English	-	-	-	-	-
Learn & Serve America	-	-	-	8,163	-
Title II - Teacher Quality	23,030	75,701	95,580	13,018	14,907
Technology Enhancing Education - Formula	552	-	574	-	-
Other Federal Programs	-	-	-	-	-
	<u>\$ 3,939,373</u>	<u>\$ 8,776,585</u>	<u>\$ 7,461,396</u>	<u>\$ 2,318,838</u>	<u>\$ 2,118,289</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, 2011

	Community Unit School District #10 Potomac Illinois	Community Unit School District #11 Hoopeston Illinois	Community Unit School District #12 Jamaica Illinois	Community Unit School District #61 Armstrong- Ellis Illinois
General State Aid	\$ 927,498	\$ 5,718,311	\$ 1,215,938	\$ 231,652
Special Education				
Private Facility Tuition	-	6,587	-	-
Extraordinary	41,619	249,161	76,454	20,044
Personnel	28,500	279,298	77,674	20,957
Orphanage - Individual	-	3,476	-	7,393
Summer School	-	-	1,082	-
Career & Technical Education	-	-	-	-
Bilingual Education - TPI	-	-	-	-
State Free Lunch & Breakfast	1,440	17,492	2,016	739
School Breakfast Incentive	45	182	-	6
Driver Education	-	22,446	8,257	-
Transporation				
Regular	67,817	310,638	207,732	31,905
Special Education	26,903	45,353	72,068	13,245
ROE School Bus Driver Training	-	-	-	-
National Board Certification Initiatives	-	-	-	-
Truants Alternative/Optional Ed.	-	-	-	-
Regional Safe Schools	-	-	-	-
Early Childhood - Block Grant	-	-	-	-
K-6 Reading Improvement	3,308	23,958	6,353	-
ADA Safety & Education Block Grant	1,013	5,404	1,832	491
Orphanage Tuition	-	-	-	-
Teacher & Administrators Mentoring Program	-	-	-	-
National School Lunch Program	30,049	320,702	77,975	18,098
Special Milk Program	-	511	-	-
School Breakfast Program	13,924	72,167	-	6,953
Fresh Fruits & Vegetables	-	-	-	-
NSLP Equipment Grant	-	-	-	-
Title I - Low Income	54,902	456,247	62,459	62,857
Title I - Reading First Part SEA Funds	-	-	-	-
Title I - Migrant Education	-	164,191	-	-
Title I - Migrant Incentive	-	4,675	-	-
Title IV - Safe & Drug Free Sch - Formula	873	-	-	607
Fed. - Sp. Ed. - Pre-School Flow Through	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. Flow Through	-	-	-	-
I.D.E.A. Room and Board	484	2,949	5,859	552
ARRA-Title I Low Income	8,649	52,653	-	30,939
ARRA-IDEA Flow Through	-	-	-	-
ARRA-Technology	-	-	-	-
ARRA- Education Jobs Funds	14,621	229,526	78,252	-
Title III--Lang Inst Prog-Limited Eng	-	-	-	-
Title III Limited English	-	-	-	-
Learn & Serve America	-	-	-	-
Title II - Teacher Quality	10,881	76,812	16,664	5,162
Technology Enhancing Education - Formula	-	-	-	-
Other Federal Programs	-	-	-	-
	<u>\$ 1,232,526</u>	<u>\$ 8,062,739</u>	<u>\$ 1,910,615</u>	<u>\$ 451,600</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, 2011

	Community Unit School District #76 Oakwood Illinois	Community Unit School District #118 Danville Illinois	Armstrong Twp. High School District #225 Armstrong Illinois	Vermilion County ROE #54	Total
General State Aid	\$ 3,951,145	\$ 27,384,528	\$ 195,476	\$ 100,040	\$ 57,249,602
Special Education					
Private Facility Tuition	6,609	168,656	34,875	-	229,957
Extraordinary	200,984	1,245,798	17,941	-	2,618,540
Personnel	137,301	1,024,481	9,000	-	2,411,888
Orphanage - Individual	12,191	106,468	-	-	276,736
Summer School	-	58,697	-	-	63,976
Career & Technical Education	-	146,540	-	-	146,540
Bilingual Education - TPI	-	42,396	-	-	42,396
State Free Lunch & Breakfast	5,825	99,593	470	1,023	161,671
School Breakfast Incentive	-	555	-	-	862
Driver Education	19,129	68,429	9,065	-	190,050
Transporation					
Regular	466,267	1,180,166	28,198	-	3,411,324
Special Education	91,874	480,469	11,143	-	1,109,619
ROE School Bus Driver Training	-	-	-	840	840
National Board Certification Initiatives	-	3,521	-	-	5,281
Truants Alternative/Optional Ed.	-	142,825	-	-	142,825
Regional Safe Schools	-	-	-	109,360	109,360
Early Childhood - Block Grant	-	1,902,660	-	-	1,902,660
K-6 Reading Improvement	16,242	132,681	-	-	250,204
ADA Safety & Education Block Grant	4,870	25,016	476	-	56,927
Orphanage Tuition	-	300,487	-	-	300,487
Teacher & Administrators Mentoring Program	-	100,000	-	-	113,222
National School Lunch Program	161,784	1,542,530	20,244	20,131	2,942,435
Special Milk Program	-	5,858	-	-	6,404
School Breakfast Program	-	476,247	-	8,189	730,010
Fresh Fruits & Vegetables	-	5,329	-	3,166	8,495
NSLP Equipment Grant	-	25,988	-	-	28,943
Title I - Low Income	176,415	3,298,350	-	-	5,079,851
Title I - Reading First Part SEA Funds	-	-	-	3,017	3,017
Title I - Migrant Education	-	-	-	-	164,191
Title I - Migrant Incentive	-	-	-	-	4,675
Title IV - Safe & Drug Free Sch - Formula	554	6,175	-	-	12,177
Fed. - Sp. Ed. - Pre-School Flow Through	-	48,100	-	-	48,100
Fed. - Sp. Ed. - I.D.E.A. Flow Through	-	1,065,328	-	-	1,065,328
I.D.E.A. Room and Board	7,097	43,831	54,615	-	144,969
ARRA-Title I Low Income	39,152	637,641	1,714	-	1,004,610
ARRA-IDEA Flow Through	-	691,769	-	-	691,769
ARRA-Technology	69,641	-	-	-	69,641
ARRA- Education Jobs Funds	228,553	725,607	-	5,938	2,548,608
Title III--Lang Inst Prog-Limited Eng	-	11,113	-	-	11,113
Title III Limited English	-	24,044	-	-	24,044
Learn & Serve America	-	-	-	-	8,163
Title II - Teacher Quality	71,089	593,353	4,546	-	1,000,743
Technology Enhancing Education - Formula	-	8,809	-	-	9,935
Other Federal Programs	-	155,962	-	-	155,962
	<u>\$ 5,666,722</u>	<u>\$ 43,980,000</u>	<u>\$ 387,763</u>	<u>\$ 251,704</u>	<u>\$ 86,558,150</u>