

Urbana School District No. 116

Illinois Community College Board
Adult Education and Family Literacy Grant

Auditor's Report and Financial Statements

June 30, 2014

Urbana School District No. 116
Illinois Community College Board
Adult Education and Family Literacy Grant
June 30, 2014

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Independent Auditor's Report

Board of Education of Urbana School District No. 116 and
Illinois Community College Board

Report on the Financial Statements

We have audited the accompanying financial statements of the Urbana School District No. 116 (District) Adult Education and Family Literacy Grant (Grant), which comprise the balance sheet as of June 30, 2014, and the related statement of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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*. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Urbana School District No. 116 Adult Education and Family Literacy Grant as of June 30, 2014 and the results of its operations for the year then ended on the basis of accounting described in Note 1.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Urbana School District No. 116 Adult Education and Family Literacy Grant's basic financial statements. The Expenditure Amounts and Percentages for ICCB Grant Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2014 on our consideration of the Urbana School District No. 116 Adult Education and Family Literacy Grant's internal control over financial reporting and 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* in considering the Urbana School District No. 116 Adult Education and Family Literacy Grant's internal control over financial reporting and compliance.

Other Matter

Our report is intended solely for the information and use of the Board of Education, management and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Decatur, Illinois
October 16, 2014
Illinois Department of Professional Regulation
License Number 066-003844

Urbana School District No. 116
Illinois Community College Board
Adult Education and Family Literacy Grant
Balance Sheet
June 30, 2014

	State Basic	Public Assistance	Performance	Total (Memorandum Only)
Assets				
Cash	\$ _____	\$ _____	\$ _____	\$ _____
Fund Balance				
Fund Balance – Unassigned	\$ _____	\$ _____	\$ _____	\$ _____

Urbana School District No. 116
Illinois Community College Board
Adult Education and Family Literacy Grant
Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2014

	State Basic	Public Assistance	Performance	Total (Memorandum Only)
Revenues				
Grant revenue	\$ 232,808	\$ 92,177	\$ 143,415	\$ 468,400
Expenditures				
Instruction	153,405	42,624	—	196,029
Social work services	31,180	21,794	—	52,974
Guidance services	<u>28,596</u>	<u>12,349</u>	<u>—</u>	<u>40,945</u>
Instructional and student services	<u>213,181</u>	<u>76,767</u>	<u>—</u>	<u>289,948</u>
Improvement of instructional services	2,802	1,276	—	4,078
General administration	16,284	13,822	94,077	124,183
Operation and maintenance of plant services	—	—	49,338	49,338
Workforce Coordination	541	312	—	853
Data and information services	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Program support	<u>19,627</u>	<u>15,410</u>	<u>143,415</u>	<u>178,452</u>
Total expenditures	<u>232,808</u>	<u>92,177</u>	<u>143,415</u>	<u>468,400</u>
Excess of Revenues Over Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance, July 1, 2013	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance, June 30, 2014	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Urbana School District No. 116
Illinois Community College Board
Adult Education and Family Literacy Grant
Notes to Financial Statements
Year Ended June 30, 2014

Note 1: Summary of Significant Accounting Policies

Basis of Accounting

The Grant's financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Grant considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Balance Reporting

In accordance with Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The grant had no nonspendable, restricted, committed or assigned fund balances.

Unassigned Fund Balances

The unassigned fund balance classification is the residual classification for amounts that have not been restricted, committed, or assigned to specific purposes within the Grant.

Note 2: Nature of Grant Program

State Basic

Grant awarded to Adult Education and Family Literacy providers to establish special classes for the instruction of persons age 21 and over or persons under the age of 21 and not otherwise in attendance in public school for the purpose of providing adults in the community, and others, instruction as may be necessary to increase their qualifications for employment or other means of self-support and their ability to meet their responsibilities as citizens including courses of instruction regularly accepted for graduation from elementary or high schools and for Americanization and General Education Development Review classes. Included in this grant are funds for support services, such as student transportation and child care facilities or provision.

Urbana School District No. 116
Illinois Community College Board
Adult Education and Family Literacy Grant
Notes to Financial Statements
Year Ended June 30, 2014

Public Assistance

Grant awarded to Adult Education and Family Literacy providers to pay for instruction, fees, books, and materials incurred for students who are identified as recipients of public assistance. Priority for services must be given to educationally disadvantaged students with basic literacy skills from beginning literacy through low intermediate ABE/ESL and to recipients of Temporary Assistance for Needy Families (TANF). Persons eligible for services on a priority basis are employed and unemployed TANF clients and persons who have been cancelled from TANF and receive extended medical assistance. Other eligible persons are those who receive TANF Medical Assistance No Grant (MANG)/KidCare Assist, non-assistance food stamps, and noncustodial parents who are referred by the Department of Human Services or by the court system.

Performance

Grant awarded to Adult Education and Family Literacy providers based on performance outcomes.

Independent Auditor's Report on Compliance with State Requirements for Adult Education and Family Literacy Grant

Board of Education of Urbana School District No. 116 and
Illinois Community College Board

Report on Compliance for Adult Education and Family Literacy Grant

We have audited the compliance of the Urbana School District No. 116 (District) Adult Education and Literacy Grant (Grant) with the types of compliance requirements described in the Illinois Community College Board's *Adult Education and Family Literacy Audit Requirements for School Districts* (Guidelines) that are applicable to the Grant for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to the Grant.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of Urbana School District No. 116 based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the Illinois Community College Board's *Adult Education and Family Literacy Audit Requirements for School Districts*. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Grant occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Grant. Our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion on Adult Education and Family Literacy Grant

In our opinion, Urbana School District No. 116 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Grant for the year ended June 30, 2014.

Other Matter

Our report is intended solely for the information and use of the Board of Education, management and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Decatur, Illinois
October 16, 2014
Illinois Department of Professional Regulation
License Number 066-003844

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed
in Accordance with Government Auditing Standards**

Board of Education of Urbana School District No. 116 and
Illinois Community College Board

We have audited, 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, the financial statements of the Urbana School District No. 116 (District) Adult Education and Family Literacy Grant (Grant), which comprise the balance sheet as of June 30, 2014, and the related statement of revenues, expenditures, and changes in fund balances for the year then ended, and the related notes to the financial statements, prepared on the modified accrual basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and have issued our report thereon dated October 16, 2014.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Grant's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Grant's internal control. Accordingly, we do not express an opinion on the effectiveness of the Grant's internal control.

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 Grant's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance

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

Purpose of This Report

The purpose of this communication is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Grant's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Grant's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

BKD, LLP

Decatur, Illinois
October 16, 2014

Supplementary Information

Urbana School District No. 116
Illinois Community College Board
Adult Education and Family Literacy Grant
Expenditure Amounts and Percentages for ICCB Grant Funds
Year Ended June 30, 2014

	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
State Basic:		
Instruction (45% minimum)	\$ 153,405	65.89%
General Administration (15% maximum)	\$ 16,284	6.99%
State Public Assistance:		
Instruction (45% minimum)	\$ 42,624	46.24%
General Administration (15% maximum)	\$ 13,822	15.00%