

# **Urbana School District No. 116**

Illinois Community College Board  
Adult Education and Family Literacy Grant

Auditor's Report and Financial Statements

June 30, 2016

**Urbana School District No. 116**  
**Illinois Community College Board**  
**Adult Education and Family Literacy Grant**  
**June 30, 2016**

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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, 2016, 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* 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 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, 2016 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.

These financial statements were prepared to conform with Illinois Community College Board requirements. As discussed in Note 1, the financial statements of the Grant are intended to present the financial position and results of operations of the portion of the District that is attributable to the transactions of the Grant. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2016 or the results of its operations for the year then ended in conformity with the basis of accounting described in Note 1. 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 Urbana School District No. 116 Adult Education and Family Literacy Grant's 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 12, 2016 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 12, 2016  
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, 2016**

	State Basic	Performance	Total (Memorandum Only)
<b>Assets</b>			
Cash	\$ _____	\$ _____	\$ _____
<b>Fund Balance</b>			
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, 2016**

	<b>State Basic</b>	<b>Performance</b>	<b>Total (Memorandum Only)</b>
<b>Revenues</b>			
Grant revenue	\$ <u>161,376</u>	\$ <u>116,606</u>	\$ <u>277,982</u>
<b>Expenditures</b>			
Instruction	78,424	1,013	79,437
Social work services	36,683	1,416	38,099
Guidance services	<u>19,189</u>	<u>427</u>	<u>19,616</u>
Instructional and student services	<u>134,296</u>	<u>2,856</u>	<u>137,152</u>
Improvement of instructional services	2,421	—	2,421
General administration	24,063	74,813	98,876
Operation and maintenance of plant services	—	38,937	38,937
Workforce Coordination	—	—	—
Data and information services	<u>596</u>	<u>—</u>	<u>596</u>
Program support	<u>27,080</u>	<u>113,750</u>	<u>140,830</u>
Total expenditures	<u>161,376</u>	<u>116,606</u>	<u>277,982</u>
<b>Excess of Revenues Over Expenditures</b>	—	—	—
<b>Fund Balance, July 1, 2015</b>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund Balance, June 30, 2016</b>	\$ <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**  
**June 30, 2016**

**Note 1: Summary of Significant Accounting Policies**

***Basis of Accounting***

The financial statements present only the activity of Grant and do not purport to, and do not, present the financial position of the District as of June 30, 2016 and the changes in its financial position for the year then ended.

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**  
**June 30, 2016**

***Performance***

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

## Independent Auditor's Report on Compliance with State Requirements for the 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, 2016.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of Urbana School District No. 116 Adult Education and Literacy Grant 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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, 2016.

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 12, 2016  
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, 2016, 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 12, 2016.

**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 or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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 report 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 12, 2016

## **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, 2016**

	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
<b>State Basic:</b>		
Instruction (45% minimum)	\$ 78,424	49%
General Administration (15% maximum)	\$ 24,063	15%