

**STATE OF ILLINOIS
BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the year ended June 30, 2015**

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

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**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

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REGIONAL OFFICE OF EDUCATION NO. 3**

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**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

OFFICIALS

Regional Superintendent (current and during the audit period).....Ms. Julie Wollerman
Assistant Regional Superintendent (July 1, 2014 - November 14, 2014) Mr. Mark Drone
Assistant Regional Superintendent (January 2, 2015 - April 15, 2015)Mr. William LaDage
Assistant Regional Superintendent (November 15, 2014 - January 1, 2015
and April 16, 2015 - June 30, 2015)..... Vacant
Assistant Regional Superintendent (July 1, 2015 - current)Ms. Marchelle Kassebaum

Offices are located at:

300 S. 7th Street
Vandalia, IL 62471

207 N. 2nd Street
Greenville, IL 62246

101 N. 4th Street, Room 204
Effingham, IL 62401

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports on compliance and internal controls 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	1	-
Repeated audit findings	-	-
Prior recommendations implemented or not repeated	-	1

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2015-001	12	Controls over Financial Statement Preparation	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2015.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no findings for the year ended June 30, 2014.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2014.

EXIT CONFERENCE

The Bond, Fayette, and Effingham County Regional Office of Education No. 3 opted to not have a formal exit conference during the financial audit for the year ended June 30, 2015. Throughout the audit, numerous meetings were held between auditors and Regional Office officials to discuss matters contained in this audit report.

Responses to the recommendations were provided by Julie Wollerman, Regional Superintendent via email on December 4, 2015.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's basic financial statements.

WEST & COMPANY, LLC

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&
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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's 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.

Auditors' Responsibility

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 from 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 auditors' 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 evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Member of Private Companies Practice Section

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, paragraph E in the notes to the financial statements, the Regional Office of Education No. 3 adopted GASB Statements No. 68 – *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois – Schedule of Employer's Proportionate Share of the Net Pension Liability, and Teachers' Retirement System of the State of Illinois – Schedule of Employer Contributions on pages 17A - 17K and 58 - 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are 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 February 19, 2016 on our consideration of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3'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* in considering Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control over financial reporting and compliance.

West & Company, LLC

Mattoon, Illinois
February 19, 2016

WEST & COMPANY, LLC

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bond, Fayette, and Effingham Counties Regional Office of Education No. 3, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's basic financial statements, and have issued our report thereon dated February 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3'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 entity'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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2015-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's Response to the Finding

The Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

West & Company, LLC

Mattoon, Illinois
February 19, 2016

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's major federal program for the year ended June 30, 2015. The Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3'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 major federal program. However, our audit does not provide a legal determination of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's compliance.

Opinion on Each Major Federal Program

In our opinion, the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Bond, Fayette, and Effingham Counties Regional Office of Education No. 3 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

West & Company, LLC

Mattoon, Illinois
February 19, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I – SUMMARY OF AUDITORS' RESULTS
For the year ended June 30, 2015**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: UNMODIFIED

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

UNMODIFIED

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.196A	McKinney Education for Homeless Children

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes X no

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2015**

Section II - Financial Statement Findings

FINDING NO. 2015-001 - Controls over Financial Statement Preparation

Criteria/Specific Requirement:

The Bond, Fayette, and Effingham Counties Regional Office of Education No. 3 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, require governments to record and present net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

Condition:

The ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis 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.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

Effect:

The ROE's management or its 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.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2015**

Section II - Financial Statement Findings (Continued)

FINDING NO. 2015-001 - Controls over Financial Statement Preparation (Continued)

Cause:

According to the ROE's management, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can fully implement the requirements on its own.

Auditors' Recommendation:

As part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

Management's Response:

The ROE was unable to complete the reports needed for the audit largely due to the timing of the receipt of needed documents from both TRS and IMRF. The timing of the receipt of necessary information to implement the new GASB Statements No. 68 and No. 71 did not allow sufficient time for our office to address the needs of the new requirements.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the year ended June 30, 2015**

Section III - Federal Award Findings

Instances of Noncompliance:

None

Significant Deficiencies:

None

Material Weaknesses:

None

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2015**

Corrective Action Plan

FINDING NO. 2015-001 – Controls over Financial Statement Preparation

Condition:

The ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis 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.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

Plan:

The ROE will seek out additional information on the new GASB Statements as well as trying to receive the needed information from TRS and IMRF in a timely manner in the future. If the information needed is received in a timely manner, we anticipate that we can resolve this finding.

Anticipated Date of Completion:

We anticipate getting the needed information and training before our next audit in August of 2016.

Name of Contact Person:

Ms. Julie Wollerman, Regional Superintendent for Bond, Christian, Effingham, Fayette, and Montgomery Counties

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2015**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
----------------------------------	-------------------------	----------------------------------

There were no findings for the year ended June 30, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

The following is a discussion and analysis of the financial performance of the Regional Office of Education for Bond, Fayette, and Effingham Counties for the fiscal year ended June 30, 2015. This section is a summary of the financial activities of the Regional Office of Education No. 3 based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the financial statements for the Regional Office of Education for Bond, Fayette, and Effingham Counties, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of five parts: Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Financial Statements, required supplementary information, and supplementary information. The Basic Financial Statements include two kinds of statements that present different views of the Regional Office of Education No. 3:

- The first two statements are general financial statements that provide both short-term and long-term information about the Regional Office of Education No. 3's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Regional Office of Education No. 3, reporting the Regional Office of Education No. 3's operations in more detail than the general statements. The fund financial statements concentrate on the Regional Office of Education No. 3's most significant funds with all other non-major funds listed in total in one column.
- Governmental funds statements tell how basic services such as grant-funded programs were financed in the short term as well as what remains for future spending.
- Proprietary funds statements provide information related to services provided to organizations comprising the Bond, Fayette, and Effingham Counties Education Service Region.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Required supplementary information includes the Management's Discussion and Analysis and the Illinois Municipal Retirement Fund and Teachers' Retirement System of the State of Illinois pension schedules that further explain and support the financial statements. Supplementary information provides a comparison of the Regional Office of Education No. 3's budgets for the year and also includes combining nonmajor fund financial statements.

Figure A-1 summarizes the major features of the Regional Office of Education No. 3's financial statements, including the portion of the Regional Office of Education No. 3's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Overview of the Financial Statements (Continued)
Figure A-1

Major Features of the Regional Office of Education No. 3's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Regional Office of Education	The activities of the Regional Office of Education that are not proprietary, such as special revenue and general funds	Activities the Regional Office of Education operates in which expenses related to services are done on a cost-reimbursement basis.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Overview of the Financial Statements (Continued)

Government-Wide Statements

The government-wide statements report information about the Regional Office of Education No. 3 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Regional Office of Education No. 3's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Regional Office of Education No. 3's net position and how they have changed. Net position, the difference between the Regional Office of Education No. 3's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the Regional Office of Education No. 3's financial health or position.

- Increases or decreases in the Regional Office of Education No. 3's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Regional Office of Education No. 3, one needs to consider additional non-financial factors, such as changes in the State Board of Education's policies, as well as changes in federal programs and policies that impact educational services in individual States.

In the government-wide financial statements, the Regional Office of Education No. 3's activities are divided into two categories:

- **Governmental Activities:** Most of the Regional Office of Education No. 3's basic services are included here, such as grant-funded programs, support services, and administration.
- **Business-type activities:** The Regional Office of Education No. 3 charges fees to help cover the costs of certain services and workshops it provides.

Fund Financial Statements

The fund financial statements provide more detailed information about the Regional Office of Education No. 3's funds, focusing on its most significant or "major" funds – not the Regional Office of Education No. 3 as a whole. Funds are accounting devices the Regional Office of Education No. 3 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education No. 3 establishes other funds to control and to manage money for particular purposes or to show that it is properly using certain revenues, such as federal grants.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Overview of the Financial Statements (Continued)

Fund Financial Statements (Concluded)

The Regional Office of Education No. 3 has two kinds of funds:

- **Governmental Funds:** Most of the Regional Office of Education No. 3's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Regional Office of Education No. 3's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements a reconciliation between the governmental fund financial statements and the government-wide financial statements follow the related governmental fund financial statements.
- **Proprietary Funds:** The Regional Office of Education No. 3 charges fees for some services. Proprietary funds are reported in the same way as government-wide statements. The Regional Office of Education No. 3's Enterprise fund, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flow. The Regional Office of Education No. 3 currently has one Enterprise Fund, the Local Workshops Fund.

Government-wide Financial Analysis

Statement of Net Position

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components-the amount due within one year and the amount due in more than one year. The difference between the Regional Office of Education No. 3's assets, deferred outflows of resources, liabilities, and deferred inflows of resources is its net position.

This section will explain the differences between the current and prior year's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and changes in net position. The Regional Office of Education for Bond, Fayette, and Effingham Counties' financial activities include both Governmental and Business-type activities. These are reported as follows.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Government-wide Financial Analysis (Continued)

Statement of Net Position (Continued)

CONDENSED STATEMENT OF NET POSITION

GOVERNMENTAL ACTIVITIES

	<u>2015</u>	<u>2014</u>	<u>Increase / (Decrease)</u>
Current Assets	\$ 738,641	\$ 744,985	(6,344)
Noncurrent capital assets, net	<u>41,175</u>	<u>40,304</u>	871
Total assets	<u>779,816</u>	<u>785,289</u>	(5,473)
Deferred outflows of resources	<u>150,188</u>	<u>-</u>	150,188
Current liabilities	105,763	72,557	33,206
Noncurrent liabilities	<u>442,387</u>	<u>-</u>	442,387
Total liabilities	<u>548,150</u>	<u>72,557</u>	475,593
Deferred inflows of resources	<u>65,595</u>	<u>-</u>	65,595
Net Position:			
Net investment in capital assets	41,175	40,304	871
Restricted for educational purposes	136,043	122,659	13,384
Unrestricted	<u>139,041</u>	<u>549,769</u>	(410,728)
Total Net Position	<u>\$ 316,259</u>	<u>\$ 712,732</u>	(396,473)

The Regional Office of Education No. 3's governmental assets exceeded governmental liabilities (net position) by \$316,259 at the close of the fiscal year. Cash and cash equivalents made up the majority of assets. The majority of the decrease in total net pension, \$396,473, is due to a prior period adjustment of \$351,510 as required by the new GASB 68 requirements. Pension related activity is now recorded as part of net position and on the statement of activities. The deferred outflows of resources, noncurrent liabilities, and deferred inflows of resources shown above are all pension-related balances. The Regional Office of Education No. 3 uses its governmental net position to perform general operations, provide professional services to school districts in the Bond, Fayette, and Effingham Counties Educational Service Region and surrounding areas, and to operate Alternative Education Programs within the region.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Government-wide Financial Analysis (Continued)

Statement of Net Position (Concluded)

BUSINESS-TYPE ACTIVITIES

	<u>2015</u>	<u>2014</u>	<u>Increase / (Decrease)</u>
Current Assets	<u>\$ 269,128</u>	<u>\$ 236,319</u>	32,809
Current Liabilities	<u>-</u>	<u>-</u>	-
Net Position:			
Unrestricted	<u>269,128</u>	<u>236,319</u>	32,809
Total Net Position	<u><u>\$ 269,128</u></u>	<u><u>\$ 236,319</u></u>	32,809

The Regional Office of Education No. 3 uses its business-type net position to provide workshop and training services to school districts in the Bond, Fayette, and Effingham Counties Educational Service Region and surrounding areas.

General Overview and Analysis of Significant Individual Governmental Funds

GENERAL FUND

- The General Fund had a fund balance of \$496,835, which represents a \$52,934 decrease below the previous year. With the State and Federal funding issues we are experiencing in the State of Illinois, the Regional Office continues to monitor and evaluate the revenue and use of expenses for all funds. General State Aid has not been funded at 100% for several years and affects this total. The large decrease in fund balance is due to the needs of the Alternative Schools. With an increase in students at our Alternative Education Program and better attendance by these students, additional items had to be purchased. The Regional Office of Education continues to promote responsible spending in all situations.

EDUCATION FUND

- The Education Fund had a fund balance of \$53,234, which represents a \$2,385 increase above the previous year. Again, the Regional Office continues to monitor and evaluate revenue and expenses when at all possible.
- Title I School Improvement System of Support (SSOS) funding increased from \$18,172 for the year ended June 30, 2014 to \$73,060 for the year ended June 30, 2015. The SSOS grant was increased due to additional subject matter areas being added to the core service areas. Science standards and Family Engagement are now areas to be addressed by training. Additionally, the Regional Office received funds allotted to, and not used by the Regional Office of Education No. 10.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Government-wide Financial Analysis (Continued)

General Overview and Analysis of Significant Individual Government Funds (Continued)

EDUCATION FUND (Continued)

- McKinney-Vento Program (MVP) funding increased from \$268,338 for the year ended June 30, 2014 to \$349,674 for the year ended June 30, 2015. Additional revenue from the MVP grant can be accounted for by the receipt of unexpended funds from the previous year and funding received for additional duties requested by ISBE for the Regional Office to manage.

NON-MAJOR SPECIAL REVENUE FUNDS

- The Non-Major Special Revenue Fund had a fund balance of \$82,809 which represents a \$10,999 increase above the previous year overall.
 - The Institute Fund is administered by the Regional Office of Education No. 3 and had a fund balance of \$48,785, which represents a \$10,927 increase above the previous year.
 - The General Education Development Fund had a fund balance of \$19,245 which represents a \$1,308 decrease below the previous year. The Regional Office of Education no longer administers the GED test. We are responsible for issuing official transcripts and diplomas if requested by the individuals after passing the test.
 - The ROE School Bus Driver Training Fund had a fund balance of \$14,779, which represents a \$2,404 increase above the previous year. The Regional Office also administers the Annual Bus Driver Instructor training for the Illinois State Board of Education, which runs through this fund.
 - The Supervisory Fund had a fund balance of \$0, which represents a \$1,024 decrease below the previous year. The expenses related to this fund increase or decrease depending on the needs on the Regional Office. The line item to support the Supervisory Fund was cut from the Illinois State Budget in FY10.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Government-wide Financial Analysis (Continued)

Statement of Activities

The Statement of Activities accounts for all of the current year revenues and expenses regardless of when cash is received or paid.

STATEMENT OF ACTIVITIES

GOVERNMENTAL ACTIVITIES

	<u>2015</u>	<u>2014</u>	<u>Increase / (Decrease)</u>
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 1,294,344	\$ 1,155,667	138,677
General revenues:			
Local sources	308,705	360,858	(52,153)
On-behalf payments	431,580	426,586	4,994
Interest	927	613	314
Gain on disposition of capital assets	<u>-</u>	<u>12,000</u>	(12,000)
Total revenues	<u>2,035,556</u>	<u>1,955,724</u>	79,832
Expenses:			
Instructional Services:			
Salaries and benefits	969,429	966,326	3,103
Purchased services	319,112	343,747	(24,635)
Supplies and materials	49,666	45,426	4,240
Payments to other governments	211,385	139,887	71,498
Depreciation	15,621	9,537	6,084
Pension expense	83,726	-	83,726
Administrative:			
On-behalf payments	<u>431,580</u>	<u>426,586</u>	4,994
Total expenses	<u>2,080,519</u>	<u>1,931,509</u>	149,010
Transfers	<u>-</u>	<u>78</u>	(78)
Change in Net Position	(44,963)	24,293	(69,256)
Net position - beginning, restated	<u>361,222</u>	<u>688,439</u>	(327,217)
Net position - ending	<u>\$ 316,259</u>	<u>\$ 712,732</u>	(396,473)

Revenues from governmental activities were \$2,035,556 and expenses were \$2,080,519. The amount shown as pension expense for the year ended June 30, 2015 was included in the salaries and benefits line item for the year ended June 30, 2014.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Government-wide Financial Analysis (Concluded)

Statement of Activities (Concluded)

STATEMENT OF ACTIVITIES

BUSINESS-TYPE ACTIVITIES

	<u>2015</u>	<u>2014</u>	Increase / (Decrease)
Revenues:			
Program Revenues:			
Charges for services	\$ 45,170	\$ 42,961	2,209
Total revenues	<u>45,170</u>	<u>42,961</u>	2,209
Expenses:			
Salaries and benefits	-	5,263	(5,263)
Purchased services	12,361	25,718	(13,357)
Supplies and materials	-	1,179	(1,179)
Total expenses	<u>12,361</u>	<u>32,160</u>	(19,799)
Transfers	-	(78)	78
Change in net position	32,809	10,723	22,086
Net position - beginning	<u>236,319</u>	<u>225,596</u>	10,723
Net position - ending	<u><u>\$ 269,128</u></u>	<u><u>\$ 236,319</u></u>	32,809

Revenues from business-type activities were \$45,170 and expenses were \$12,361. The Regional Office of Education No. 3's business-type activities include workshops that involve charges for service. Expenses include salaries and purchases of goods and supplies to support these activities.

The Regional Office of Education No. 3's governmental activities reported a change in net position of \$44,963 below last year's restated ending net position balance of \$361,222. The Regional Office of Education No. 3's business-type activities reported a change in net position of \$32,809 above last year's ending fund balance of \$236,319. There was no significant capital asset activity during the fiscal year.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Financial Analysis of the Regional Office of Education No. 3's Funds

Governmental Fund Highlights

- The Regional Office of Education No. 3's Governmental Funds fluctuate from year to year based on State and Federal funds available to the Regional Office. Responsibilities continue to increase for the Regional Office while funding maintains or decreases.

Proprietary Fund Highlights

- As part of its mission, the Regional Office of Education No. 3 continues to provide workshops and training services to school districts even during economically challenging times. Some workshops were offered below cost-recovery in order to meet organizational objectives.

Budgetary Highlights

The Regional Office of Education No. 3 annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles; however, the annual budget is not required to be legally adopted. All grant funds are expended according to budgets approved by the granting entity. A schedule showing the original and final budget amounts compared to the Regional Office of Education No. 3's actual financial activity for specific grants is included in the supplementary information section of this report.

Factors Bearing on the Regional Office of Education No. 3's Future

At the time these financial statements were prepared and audited, the Regional Office of Education No. 3 was aware of several existing circumstances that could significantly impact its financial health in the future:

- The Regional Office of Education No. 3 is obligated to provide programs and services in compliance with statutory, regulatory and mandated requirements from the Legislature and the Illinois State Board of Education. These programs and services are provided even though payments from the State have not been timely. The Regional Office of Education No. 3 must maintain a proficient professional and clerical staff in order to provide a consistent level of service to the constituents of the educational service region served by the regional superintendent of schools. Reliance on delayed state and federal funding brings an element of uncertainty to the budgeting process each year, yet the mandated programs and services have no contingencies built in.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Factors Bearing on the Regional Office of Education No. 3's Future (Concluded)

- A limited number of federal and state grant programs help support the Regional Office of Education No. 3's Educational Services Division and the Alternative Education Programs. Funding from these grant programs is not assured from year to year. Because of limited availability of funds to other agencies and organizations, there is increased competition for funded grant programs due in part to a reduction in the amount of grant funding available and the similar financial circumstances all entities are experiencing. The future of the Alternative Education Programs and the Educational Services Division (and the programs and services they provide) is directly dependent on their abilities to compete for grant funding. The Alternative Education Programs have been expanding due to increased needs by the districts for placement of students requiring alternative educational services.
- The Regional Office of Education No. 3 operates under conservative fiscal management and will continue to remain productive through the current State budgetary conundrum through frugal fiscal management, staying within fiscal limits and by utilizing human resources and physical resources effectively. A continuous review of current and past practices, as well as current operations policies has led to practical modifications resulting in reduction of expenditures and reasonably stable fund balances.
- On July 1, 2015, the Regional Office of Education No. 10 of Christian and Montgomery Counties merged with Regional Office of Education No. 3. We are experiencing many new challenges as we work to merge the two locations together. Our mission of "Serving Schools-Protecting Students-Leading for Excellence" is still the main goal as we make plans to best serve the five counties.

Contacting the Regional Office of Education No. 3's Financial Management

This financial report is designed to provide those citizens and taxpayers who reside within the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3 boundaries with a general overview of the Regional Office of Education No. 3's finances and to demonstrate the Regional Office of Education No. 3's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Office of Education No. 3, 300 South Seventh Street, Vandalia, IL 62471.

BASIC FINANCIAL STATEMENTS

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

STATEMENT OF NET POSITION

June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 677,912	\$ 172,526	\$ 850,438
Accounts receivable	-	33,000	33,000
Due from other governments	113,506	10,825	124,331
Internal balances	(52,777)	52,777	-
Total current assets	738,641	269,128	1,007,769
Noncurrent assets:			
Capital assets, net	41,175	-	41,175
Total assets	779,816	269,128	1,048,944
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	150,188	-	150,188
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	56,719	-	56,719
Due to other governments	49,044	-	49,044
Total current liabilities	105,763	-	105,763
Noncurrent liabilities:			
Net pension liability	442,387	-	442,387
Total liabilities	548,150	-	548,150
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	65,595	-	65,595
NET POSITION			
Net investment in capital assets	41,175	-	41,175
Restricted for educational purposes	136,043	-	136,043
Unrestricted	139,041	269,128	408,169
Total net position	\$ 316,259	\$ 269,128	\$ 585,387

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2015**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 969,429	\$ -	\$ 845,803	\$ (123,626)	\$ -	\$ (123,626)
Purchased services	319,112	-	208,104	(111,008)	-	(111,008)
Supplies and materials	49,666	-	22,628	(27,038)	-	(27,038)
Capital outlay	-	-	12,477	12,477	-	12,477
Payments to other governments	211,385	-	205,332	(6,053)	-	(6,053)
Depreciation	15,621	-	-	(15,621)	-	(15,621)
Pension expense	83,726	-	-	(83,726)	-	(83,726)
Administrative:						
On-behalf payments - local	28,603	-	-	(28,603)	-	(28,603)
On-behalf payments - state	402,977	-	-	(402,977)	-	(402,977)
Total governmental activities	2,080,519	-	1,294,344	(786,175)	-	(786,175)
Business-type activities						
Instructional services	12,361	45,170	-	-	32,809	32,809
Total primary government	<u>\$ 2,092,880</u>	<u>\$ 45,170</u>	<u>\$ 1,294,344</u>	<u>(786,175)</u>	<u>32,809</u>	<u>(753,366)</u>
General revenues:						
Local sources				308,705	-	308,705
On-behalf payments - local				28,603	-	28,603
On-behalf payments - state				402,977	-	402,977
Interest				927	-	927
Total general revenues				741,212	-	741,212
Change in net position				(44,963)	32,809	(12,154)
Net position - beginning of year, restated (see note 16)				361,222	236,319	597,541
Net position - end of year				<u>\$ 316,259</u>	<u>\$ 269,128</u>	<u>\$ 585,387</u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 531,728	\$ 63,391	\$ 82,793	\$ 677,912
Due from other governments	3,457	110,033	16	113,506
Total assets	<u>\$ 535,185</u>	<u>\$ 173,424</u>	<u>\$ 82,809</u>	<u>\$ 791,418</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Salaries and benefits payable	\$ 38,350	\$ 18,369	\$ -	\$ 56,719
Due to other funds	-	52,777	-	52,777
Due to other governments	-	49,044	-	49,044
Total liabilities	<u>38,350</u>	<u>120,190</u>	<u>-</u>	<u>158,540</u>
FUND BALANCES				
Restricted	-	53,234	82,809	136,043
Assigned	417,266	-	-	417,266
Unassigned	79,569	-	-	79,569
Total fund balances	<u>496,835</u>	<u>53,234</u>	<u>82,809</u>	<u>632,878</u>
Total liabilities and fund balances	<u>\$ 535,185</u>	<u>\$ 173,424</u>	<u>\$ 82,809</u>	<u>\$ 791,418</u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2015**

Total fund balances-governmental funds		\$ 632,878
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.</p>		
Deferred outflows of resources	\$ 150,188	
Deferred inflows of resources	<u>(65,595)</u>	84,593
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability		(442,387)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
		<u>41,175</u>
Net position of governmental activities		<u><u>\$ 316,259</u></u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2015**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 264,020	\$ 14,519	\$ 30,166	\$ 308,705
State sources	475,846	287,359	817	764,022
Federal sources	-	530,322	-	530,322
On-behalf payments	236,041	-	-	236,041
Interest	927	-	-	927
Total revenues	976,834	832,200	30,983	1,840,017
Expenditures:				
Instructional services:				
Salaries and benefits	591,000	375,755	2,674	969,429
Purchased services	111,228	190,574	17,310	319,112
Supplies and materials	36,437	13,229	-	49,666
Payments to other governments	-	211,385	-	211,385
Pension expense	51,047	26,395	-	77,442
On-behalf payments	236,041	-	-	236,041
Capital outlay	4,015	12,477	-	16,492
Total expenditures	1,029,768	829,815	19,984	1,879,567
Net change in fund balances	(52,934)	2,385	10,999	(39,550)
Fund balances, beginning of year	549,769	50,849	71,810	672,428
Fund balances, end of year	<u>\$ 496,835</u>	<u>\$ 53,234</u>	<u>\$ 82,809</u>	<u>\$ 632,878</u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**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, 2015**

Net change in fund balances		\$ (39,550)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	\$ 77,442	
Cost of benefits earned net of employee contributions	<u>(83,726)</u>	(6,284)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 16,492	
Depreciation expense	<u>(15,621)</u>	<u>871</u>
Change in net position of governmental activities		<u><u>\$ (44,963)</u></u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015**

	Business-Type Activities
	<u>Enterprise Fund Workshops</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 172,526
Accounts receivable	33,000
Due from other governments	10,825
Due from other funds	<u>52,777</u>
Total current assets	269,128
 LIABILITIES	 <u>-</u>
 NET POSITION	
Unrestricted	<u><u>\$ 269,128</u></u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended June 30, 2015**

	<u>Business-Type Activities</u> <u>Enterprise Fund Workshops</u>
Operating revenues:	
Charges for services	\$ 45,170
Operating expenses:	
Purchased services	<u>12,361</u>
Change in net position	32,809
Net position - beginning of year	<u>236,319</u>
Net position - end of year	<u><u>\$ 269,128</u></u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2015**

	Business-Type Activities
	Enterprise Fund Workshops
Cash flows from operating activities:	
Collection of fees	\$ 1,345
Payments to suppliers and providers of goods and services	(12,361)
Net cash used by operating activities	(11,016)
Cash flows for noncapital financing activities:	
Payments for interfund borrowing, net	31,196
Net increase in cash and cash equivalents	20,180
Cash and cash equivalents - beginning	152,346
Cash and cash equivalents - ending	\$ 172,526
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 32,809
Adjustments to reconcile operating income to net cash used by operating activities:	
Increase in accounts receivable	(33,000)
Increase in due from other governments	(10,825)
Net cash used by operating activities	\$ (11,016)

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

NOTES TO FINANCIAL STATEMENTS

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 3's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education No. 3 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Bond, Fayette, and Effingham counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. 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 Office of Education No. 3 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 3 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 3's financial statements. In addition, the Regional Office of Education No. 3 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 3 being considered a component unit of the entity.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position includes all of the Regional Office of Education No. 3's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Position, and as transfers in/out on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated.

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 in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for the major proprietary fund.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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. The Regional Office of Education No. 3 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues received after the Regional Office's availability period are reported as deferred inflows of resources - unavailable revenue in the fund statements and are reported as current revenues in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 3's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

It is the Regional Office of Education No. 3's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

1. Governmental Funds

The Regional Office of Education No. 3 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education No. 3 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 3. Included in this fund are:

General - This fund provides funding for expenditures incurred in order to operate the Regional Office of Education No. 3.

County - This fund accounts for the shared expenses incurred in the operation of the Regional Superintendent's office.

EIU - This fund provides the opportunity for teachers and administrators to earn graduate credit through participation in weekend classes in programs leading to advanced degrees. Programs currently offered include a Master's Degree in Guidance and Counseling and a Master's or Specialist Degree in School Administration from EIU.

Attendance Officer - This program provides funding for a truant officer which is utilized to pay for related truancy expenses.

Curriculum COOP - This program accounts for local receipts from participating districts that are used to pay for joint events.

Truants Alternative/Optional Education General State Aid - This fund accounts for General State Aid received to support the Truants Alternative/Optional Education Program.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Governmental Funds (Continued)

General Fund (Continued)

Regional Safe Schools Program General State Aid - This fund accounts for General State Aid received to support the Regional Safe Schools programs.

Tuition - This fund accounts for tuition payments from local districts sending students to alternative education programs provided by the Regional Office of Education No. 3.

Education Fund - This Special Revenue 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:

ROE/ISC Operations - This fund accounts for comprehensive services to improve education in the Region in the areas of gifted, staff development, administrator academies, school improvement, and technology.

Truants Alternative/Optional Education - This program provides funding for services designed to prevent students from dropping out of school.

Adult Education & Family Literacy - This program provides funding to assist students in the completion of a secondary education.

Regional Safe Schools - This program provides funding for an alternative school program for disruptive youth in grades 6-9 who have been removed from the regular school setting due to continuous disruptions in the classroom.

McKinney Education For Homeless Children - This program provides training and technical assistance to school districts in the 16 counties to assist school officials in understanding and complying with the McKinney-Vento Act.

Title II - Teacher Quality - Leadership Grant - This program provides professional development for administrators, future administrators, and teacher leaders to receive required training for teacher principal evaluation.

Alternative Education Programs - Other - This fund regulates local, state, and federal revenue and expenses involving breakfast and lunch for the alternative schools.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Governmental Funds (Continued)

Education Fund (Continued)

Title I - School Improvement System of Support - This program provides foundational services for school districts in the areas of English Language Arts Common Core, Math Common Core, Rising Star (CIP), Balanced Assessment, and Evaluations.

Additionally, the Regional Office of Education No. 3 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 that are legally restricted or committed for specified purposes other than debt service or capital projects. Included among these funds are:

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

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

Supervisory - This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

Institute - This fund accounts for teacher license registration, issuance and evaluation fees for processing licenses, and expenses to promote the professional growth of teachers and school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Proprietary Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The Regional Office of Education No. 3 reports the following major proprietary fund:

Workshops - To account for the fees and local revenues received and related expenses incurred while performing the corresponding program services.

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Investments

The Regional Office of Education No. 3 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of less than 90 days to be cash and cash equivalents. State regulations require that the Regional Office of Education No. 3 deposit funds under its control into accounts insured by the federal government, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education No. 3 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

3. Capital Assets

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Leasehold improvements are capitalized by the Regional Office if the cost exceeds \$3,000 and the improvements are expenses of the Regional Office rather than the property owner. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Computer equipment	3
Office furniture	10
Automobiles	5
Other equipment	5
Leasehold improvements	10

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

4. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

4. Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon thereafter to be used to pay liabilities of the current year.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earning on pension plan investments.

5. Compensated Absences

Full-time employees earn up to 20 vacation days for a full year of service. Vacation days must be used by the end of the fiscal year and may not be carried over to the following year. Seasonal and part-time employees do not earn vacation days. No pay for unused vacation days will be received by an employee when they leave the Regional Office of Education No. 3 or at any time during their employment; therefore, no liability is accrued.

Employees receive up to 12 sick days annually. Employee sick leave is recorded when paid. TRS employees may accumulate 180 days and IMRF employees may accumulate 240 days as service credit towards retirement based on the current rules and regulations of TRS and IMRF. Upon termination, employees do not receive any accumulated sick leave pay; therefore, no liability is accrued.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

6. Equity Classifications

Government-wide Statements

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and the Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance – the portion of a Governmental Fund’s fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. There are no funds presenting a nonspendable fund balance.

Restricted Fund Balance – the portion of a Governmental Fund’s fund balance that is subject to external enforceable legal restrictions. The following account’s fund balance is restricted by grant agreements or contracts: Alternative Education Programs – Other. The following funds are restricted by Illinois Statute: General Education Development, ROE School Bus Driver Training, and Institute.

Committed Fund Balance – the portion of a Governmental Fund’s fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

6. Equity Classifications (Continued)

Assigned Fund Balance – the portion of a Governmental Fund’s fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Attendance Officer, Curriculum COOP, Truants Alternative/Optional Education GSA, Regional Safe Schools Program GSA, and Tuition.

Unassigned Fund Balance – available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following accounts: General, County, and EIU.

E. New Accounting Pronouncements

In 2015, the Regional Office of Education No. 3 implemented Governmental Accounting Standards Board (GASB) Statement No. 69 – *Government Combinations and Disposals of Government Operations*. This Statement had no impact on the financial statements of the Regional Office of Education No. 3. The Regional Office of Education also implemented GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These Statements improve accounting and financial reporting by the Regional Office for pensions by including pension related balances and activity on the Statement of Net Position and the Statement of Activities.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

2. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education No. 3 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets relating to programs funded by grants from the Illinois Community College Board must also be prepared and submitted for approval. Budgetary Comparison Schedules have been presented for the following grants received from the Illinois State Board of Education or the Illinois Community College Board: ROE/ISC Operations, Truants Alternative/Optional Education, Adult Education & Family Literacy, Regional Safe Schools, McKinney Education for Homeless Children, and Title II - Teacher Quality - Leadership Grant.

3. USE OF ESTIMATES

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

4. DEPOSITS

At June 30, 2015, the carrying amount of the Regional Office of Education No. 3's deposits for the governmental activities and business-type activities were \$677,912 and \$172,526, respectively. The bank balance for the governmental and business-type activities totaled \$868,139 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 3's name, and were, therefore, not exposed to custodial credit risk. The Illinois Funds Money Market Fund accounts had a total balance of \$4,460 at June 30, 2015. This amount is fully collateralized and not subject to credit risk.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental activities:				
Capital assets being depreciated:				
Office equipment and furniture	\$ 44,825	\$ 1,137	\$ (800)	\$ 45,162
Computer equipment	63,911	4,015	(15,621)	52,305
Other equipment and leasehold improvements	57,864	11,340	-	69,204
Total capital assets being depreciated	<u>166,600</u>	<u>16,492</u>	<u>(16,421)</u>	<u>166,671</u>
Less accumulated depreciation for:				
Office equipment and furniture	(41,035)	(2,286)	800	(42,521)
Computer equipment	(59,223)	(3,760)	15,621	(47,362)
Other equipment and leasehold improvements	(26,038)	(9,575)	-	(35,613)
Total accumulated depreciation	<u>(126,296)</u>	<u>(15,621)</u>	<u>16,421</u>	<u>(125,496)</u>
Governmental activities capital assets, net	<u>\$ 40,304</u>	<u>\$ 871</u>	<u>\$ -</u>	<u>\$ 41,175</u>
Business-type activities:				
Capital assets being depreciated:				
Office equipment and furniture	\$ 19,967	\$ -	\$ -	\$ 19,967
Computer equipment	22,738	-	(4,381)	18,357
Other equipment and leasehold improvements	18,100	-	-	18,100
Total capital assets being depreciated	<u>60,805</u>	<u>-</u>	<u>(4,381)</u>	<u>56,424</u>
Less accumulated depreciation for:				
Office equipment and furniture	(19,967)	-	-	(19,967)
Computer equipment	(22,738)	-	4,381	(18,357)
Other equipment and leasehold improvements	(18,100)	-	-	(18,100)
Total accumulated depreciation	<u>(60,805)</u>	<u>-</u>	<u>4,381</u>	<u>(56,424)</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 3 as follows:

Governmental activities:	
Instructional services	<u>\$ 15,621</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

Plan Description

The employer participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 3.

On behalf contributions to TRS - The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2015, State of Illinois contributions recognized by the Regional Office of Education No. 3 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 3, and the Regional Office of Education No. 3 recognized revenue and expenditures of \$195,539 in pension contributions from the State of Illinois.

2.2 formula contributions - Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$2,787 and are deferred because they were paid after the June 30, 2014 measurement date.

Federal and special trust fund contributions - When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 3, there is a statutory requirement for the Regional Office of Education No. 3 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$52,044 were paid from federal and special trust funds that required employer contributions of \$17,175. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions (Continued)

Employer retirement cost contributions - Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 3 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the Regional Office of Education No. 3 paid no employer ERO contributions to TRS.

The Regional Office of Education No. 3 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the Regional Office of Education No. 3 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Regional Office of Education No. 3 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 337,848
State's proportionate share of the net pension liability associated with the employer	<u>2,428,738</u>
	<u>\$ 2,766,586</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The Regional Office of Education No. 3's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the employer's proportion was 0.0005551387 percent.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The Regional Office of Education No. 3's proportion of the net pension liability as of June 30, 2013, was based on the Regional Office of Education No. 3's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the employer's proportion was 0.0006515740 percent.

For the year ended June 30, 2015, the Regional Office of Education No. 3 recognized pension expense of \$195,539 and revenue of \$195,539 for support provided by the State. For the year ended June 30, 2015, the Regional Office of Education No. 3 recognized pension expense of \$14,866. At June 30, 2015, the Regional Office of Education No. 3 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 178	\$ -
Net difference between projected and actual earnings on pension plan investments	-	16,979
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	48,616
	<u> </u>	<u> </u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	178	65,595
Pension Contributions Made Subsequent to the Measurement Date	19,962	-
	<u> </u>	<u> </u>
Total Deferred Amounts Related to Pensions	<u>\$ 20,140</u>	<u>\$ 65,595</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$19,962 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,:</u>	<u>Net Deferred Inflows of Resources</u>
2016	\$ 16,002
2017	16,002
2018	16,002
2019	16,002
2020	1,409
	<u>\$ 65,417</u>

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.75%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Actuarial Assumptions (Continued)

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	18%	8.23%
Global equity excluding U.S.	18%	8.58%
Aggregate bonds	16%	2.27%
U.S. TIPS	2%	3.52%
NCREIF	11%	5.81%
Opportunistic real estate	4%	9.79%
ARS	8%	3.27%
Risk parity	8%	5.57%
Diversified inflation strategy	1%	3.96%
Private equity	14%	13.03%
Total	<u>100%</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Regional Office of Education No. 3's proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education No. 3's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Regional Office of Education No. 3's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Lower 6.5%	Current Discount Rate 7.5%	1% Higher 8.5%
Employer's proportionate share of the net pension liability	\$ 417,225	\$ 337,848	\$ 272,114

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

IMRF Plan Description

The Regional Office of Education No. 3's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 3's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	<u>12</u>
	<u><u>35</u></u>

Contributions

As set by statute, the Regional Office of Education No. 3's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 3's annual contribution rate for calendar year 2014 was 15.25%. For the calendar year 2014, the Regional Office of Education No. 3 contributed \$62,057 to the plan. The Regional Office of Education No. 3 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education No. 3's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 3.5%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38%	7.60%
International equity	17%	7.80%
Fixed income	27%	3.00%
Real estate	8%	6.15%
Alternative investments	9%	5.25 - 8.50%
Cash equivalents	1%	2.25%
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2013	\$ 2,114,934	\$ 2,120,564	\$ (5,630)
Changes for the year:			
Service cost	50,321	-	50,321
Interest on the total pension liability	159,381	-	159,381
Differences between expected and actual experience of the total pension liability	13,929	-	13,929
Changes in assumptions	76,731	-	76,731
Contributions - employer	-	62,057	(62,057)
Contributions - employees	-	18,312	(18,312)
Net investment income	-	111,294	(111,294)
Benefit payments, including refunds of employee contributions	(30,033)	(30,033)	-
Other (net transfer)	-	(1,470)	1,470
Net changes	<u>270,329</u>	<u>160,160</u>	<u>110,169</u>
Balances at December 31, 2014	<u>\$ 2,385,263</u>	<u>\$ 2,280,724</u>	<u>\$ 104,539</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.5%	Current Discount Rate 7.5%	1% Higher 8.5%
Net Pension Liability/(Asset)	\$ 450,112	\$ 104,539	\$ (168,549)

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Regional Office of Education No. 3 recognized pension expense of \$68,860. At June 30, 2015, the Regional Office of Education No. 3 reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods	
Differences between expected and actual experience	\$ 9,797
Changes of assumptions	53,967
Net difference between projected and actual earnings on pension plan investments	<u>39,602</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	103,366
Pension Contributions Made Subsequent to the Measurement Date	<u>26,682</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 130,048</u></u>

\$26,682 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2016. Other amounts reported as deferred outflows of resources and related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,:</u>	<u>Net Deferred Outflows of Resources</u>
2015	\$ 36,797
2016	36,797
2017	19,872
2018	<u>9,900</u>
	<u><u>\$ 103,366</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees." These employees, and those qualifying for coverage under the Illinois Municipal Retirement Fund, are covered under Social Security.

7. OTHER POSTEMPLOYMENT BENEFITS

Teacher Health Insurance Security Fund

The Regional Office of Education No. 3 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State-administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 3. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$4,901, and the Regional Office of Education No. 3 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2014 and June 30, 2013 were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 3 employees were \$3,818 and \$3,542, respectively.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Teacher Health Insurance Security Fund (Continued)

Employer contributions to THIS Fund

The Regional Office of Education No. 3 also makes contributions to the THIS Fund. The Regional Office of Education No. 3 THIS Fund contribution was 0.76 percent during the year ended June 30, 2015 and 0.72 and 0.69 percent during the years ended June 30, 2014 and June 30, 2013, respectively. For the year ended June 30, 2015, the Regional Office of Education No. 3 paid \$3,652 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and June 30, 2013, the Regional Office of Education No. 3 paid \$2,834 and \$2,656 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on the THIS Fund

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

8. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2015, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
Education Fund	\$ -	\$ 52,777
Workshops	52,777	-
Totals	\$ 52,777	\$ 52,777

At June 30, 2015, the interfund balances consisted of loans between funds within the same pooled cash account. The loans were used to cover cash shortages in the Education Fund.

9. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 3 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 3 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

10. OPERATING LEASE

The Bond, Fayette, and Effingham Counties Regional Office of Education No. 3 has entered into operating leases through June 30, 2015 for its Alternative Education Programs to provide classroom space for the FOCUS and New Approach Schools and office space for grant programs. The Bond, Fayette, and Effingham Counties Regional Office of Education No. 3 also entered into an operating lease for its Alternative Education Programs to provide classroom space and office space for general use at the West Side School through June 30, 2015. Rent expense for 2015 totaled \$72,000.

11. ON-BEHALF PAYMENTS

Bond County, Fayette County, and the State of Illinois paid the following salaries, benefits, and contributions on-behalf of the Regional Office of Education No. 3:

Bond County:	
Office staff benefits	\$ 10,548
Fayette County:	
Office staff benefits	<u>18,055</u>
Total on-behalf payments - local	<u>28,603</u>
State of Illinois:	
THIS contributions	4,901
Regional Superintendent-salary	106,356
Regional Superintendent-benefits (includes State paid insurance)	31,808
Assistant Regional Superintendent-salary	63,453
Assistant Regional Superintendent-benefits (includes State paid insurance)	<u>920</u>
Total on-behalf payments - state	<u>207,438</u>
Total on-behalf payments	<u><u>\$ 236,041</u></u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). The on-behalf payments are reflected as revenues and expenditures of the General Fund.

The Regional Office of Education No. 3 also recorded \$195,539 (based on figures for the fiscal year ended June 30, 2014) in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 3 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

11. ON-BEHALF PAYMENTS (Continued)

State of Illinois on-behalf payments	\$ 207,438
On-behalf payments for the Regional Office of Education's share of TRS pension expense	<u>195,539</u>
Total	<u><u>\$ 402,977</u></u>

12. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS

The Regional Office of Education No. 3 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 3 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

13. DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education No. 3's General Fund, Education Fund, Nonmajor Special Revenue Funds, and Workshops Fund had amounts due from and due to various other governmental units which consist of the following at June 30, 2015:

Due from Other Governments:

General Fund:	
Local Governments	<u>\$ 3,457</u>
Education Fund:	
Illinois State Board of Education	78,598
Regional Office of Education No. 50	24,201
Illinois Community College Board	<u>7,234</u>
	<u>110,033</u>
Nonmajor Special Revenue Funds:	
Local Governments	<u>16</u>
Workshops Fund:	
Local Governments	480
Regional Office of Education No. 50	<u>10,345</u>
	<u>10,825</u>
	<u><u>\$ 124,331</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

NOTES TO FINANCIAL STATEMENTS

13. DUE TO/FROM OTHER GOVERNMENTS (Continued)

Due to Other Governments:

Education Fund:

Regional Office of Education No. 13	\$ 3,035
Regional Office of Education No. 41	24,651
Regional Office of Education No. 45	7,510
Regional Office of Education No. 50	<u>13,848</u>
	<u><u>\$ 49,044</u></u>

14. CONTINGENCIES

The Regional Office of Education No. 3 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education No. 3 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 3's operations.

15. SUBSEQUENT EVENT

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, Christian County and Montgomery County will be included in the Regional Office of Education No. 3.

16. CHANGE IN ACCOUNTING PRINCIPLE

The Regional Office of Education No. 3 has restated net position of the governmental activities as of June 30, 2014. The governmental activities' net position was restated to present a net pension asset, net pension liability, and the related deferred inflows and outflows of resources in accordance with Governmental Accounting Standards Board Statements No. 68 and No. 71.

	Governmental Activities
Net position at June 30, 2014	\$ 712,732
Recognition of pension asset	5,630
Recognition of pension liability	(408,206)
Recognition of deferred outflows related to pensions	<u>51,066</u>
Net position, restated at June 30, 2014	<u><u>\$ 361,222</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(UNAUDITED)**

For the year ended June 30, 2015

(Amounts presented are for the year ended December 31, 2014)

Total Pension Liability

Service cost	\$ 50,321
Interest on the total pension liability	159,381
Differences between expected and actual experience of the total pension liability	13,929
Changes of assumptions	76,731
Benefit payments, including refunds of employee contributions	<u>(30,033)</u>
Net change in total pension liability	270,329
Total pension liability - beginning	<u>2,114,934</u>
Total pension liability - ending (A)	<u>2,385,263</u>

Plan Fiduciary Net Position

Contributions - employer	62,057
Contributions - employees	18,312
Net investment income	111,294
Benefit payments, including refunds of employee contributions	(30,033)
Other (net transfer)	<u>(1,470)</u>
Net change in plan fiduciary net position	160,160
Plan fiduciary net position - beginning	<u>2,120,564</u>
Plan fiduciary net position - ending (B)	<u>2,280,724</u>
Net pension liability - ending (A) - (B)	<u>\$ 104,539</u>

**Plan Fiduciary Net Position as a Percentage
of the Total Pension Liability**

95.62%

Covered Valuation Payroll

\$ 406,930

**Net Pension Liability as a Percentage
of Covered Valuation Payroll**

25.69%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the year ended June 30, 2015

(Amounts presented are for the year ended December 31, 2014)

<u>Calendar Year Ended December 31,:</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2014	\$ 59,534	\$ 62,057	\$ (2,523)	\$ 406,930	15.25%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate*

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2014 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	29-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS –
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
(UNAUDITED)**

**For the year ended June 30, 2015
(Amounts presented are for the year ended June 30, 2014)**

Employer's proportion of the net pension liability	0.0005551387%
Employer's proportionate share of the net pension liability	\$ 337,848
State's proportionate share of the net pension liability associated with the employer	2,428,738
Total	\$ 2,766,586
Employer's covered-employee payroll	\$ 400,502
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	84%
Plan fiduciary net position as a percentage of the total pension liability	43%

Notes to Schedule:

Changes of assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the year ended June 30,

	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 19,962	\$ 19,807
Contributions in relation to the contractually-required contribution	<u>19,962</u>	<u>19,807</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 481,735	\$ 400,502
Contributions as a percentage of covered-employee payroll	4.1%	4.9%

SUPPLEMENTARY INFORMATION

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2015**

	<u>General</u>	<u>County</u>	<u>EIU</u>
ASSETS			
Cash and cash equivalents	\$ 54,265	\$ 27,421	\$ 586
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 54,265</u></u>	<u><u>\$ 27,421</u></u>	<u><u>\$ 586</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and benefits payable	<u>\$ -</u>	<u>\$ 2,703</u>	<u>\$ -</u>
FUND BALANCES			
Assigned	-	-	-
Unassigned	<u>54,265</u>	<u>24,718</u>	<u>586</u>
Total fund balances	<u>54,265</u>	<u>24,718</u>	<u>586</u>
Total liabilities and fund balances	<u><u>\$ 54,265</u></u>	<u><u>\$ 27,421</u></u>	<u><u>\$ 586</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
GENERAL FUND
June 30, 2015**

	Attendance Officer	Curriculum COOP	Truants Alternative/ Optional Education GSA
ASSETS			
Cash and cash equivalents	\$ 6,932	\$ 8,164	\$ 301,140
Due from other governments	-	-	-
Total assets	\$ 6,932	\$ 8,164	\$ 301,140
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and benefits payable	\$ 432	\$ -	\$ 26,555
FUND BALANCES			
Assigned	6,500	8,164	274,585
Unassigned	-	-	-
Total fund balances	6,500	8,164	274,585
Total liabilities and fund balances	\$ 6,932	\$ 8,164	\$ 301,140

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
GENERAL FUND
June 30, 2015**

	<u>Regional Safe Schools Program GSA</u>	<u>Tuition</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 99,761	\$ 33,459	\$ 531,728
Due from other governments	-	3,457	3,457
	<u>99,761</u>	<u>36,916</u>	<u>535,185</u>
Total assets	<u>\$ 99,761</u>	<u>\$ 36,916</u>	<u>\$ 535,185</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and benefits payable	<u>\$ 8,660</u>	<u>\$ -</u>	<u>\$ 38,350</u>
FUND BALANCES			
Assigned	91,101	36,916	417,266
Unassigned	-	-	79,569
	<u>91,101</u>	<u>36,916</u>	<u>496,835</u>
Total fund balances	<u>91,101</u>	<u>36,916</u>	<u>496,835</u>
Total liabilities and fund balances	<u>\$ 99,761</u>	<u>\$ 36,916</u>	<u>\$ 535,185</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2015**

	<u>General</u>	<u>County</u>	<u>EIU</u>
Revenues:			
Local sources	\$ 16,332	\$ 197,784	\$ -
State sources	-	-	-
On-behalf payments	236,041	-	-
Interest	795	-	-
	<u>253,168</u>	<u>197,784</u>	<u>-</u>
Total revenues	<u>253,168</u>	<u>197,784</u>	<u>-</u>
Expenditures:			
Salaries and benefits	-	153,435	-
Purchased services	2,651	22,435	279
Supplies and materials	-	3,863	-
Capital outlay	-	1,233	-
Pension expense	-	15,364	-
On-behalf payments	236,041	-	-
	<u>238,692</u>	<u>196,330</u>	<u>279</u>
Total expenditures	<u>238,692</u>	<u>196,330</u>	<u>279</u>
Net change in fund balances	14,476	1,454	(279)
Fund balances, beginning of year	<u>39,789</u>	<u>23,264</u>	<u>865</u>
Fund balances, end of year	<u>\$ 54,265</u>	<u>\$ 24,718</u>	<u>\$ 586</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2015**

	Attendance Officer	Curriculum COOP	Truants Alternative/ Optional Education GSA
Revenues:			
Local sources	\$ 9,800	\$ -	\$ -
State sources	-	-	353,431
On-behalf payments	-	-	-
Interest	-	-	132
	<u>9,800</u>	<u>-</u>	<u>353,563</u>
Total revenues			
Expenditures:			
Salaries and benefits	6,478	-	333,173
Purchased services	2,919	888	2,500
Supplies and materials	-	-	8,065
Capital outlay	-	-	-
Pension expense	858	-	27,742
On-behalf payments	-	-	-
	<u>10,255</u>	<u>888</u>	<u>371,480</u>
Total expenditures			
Net change in fund balances	(455)	(888)	(17,917)
Fund balances, beginning of year	<u>6,955</u>	<u>9,052</u>	<u>292,502</u>
Fund balances, end of year	<u>\$ 6,500</u>	<u>\$ 8,164</u>	<u>\$ 274,585</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2015**

	Regional Safe Schools Program GSA	Tuition	Total
	<u>GSA</u>	<u>Tuition</u>	<u>Total</u>
Revenues:			
Local sources	\$ -	\$ 40,104	\$ 264,020
State sources	122,415	-	475,846
On-behalf payments	-	-	236,041
Interest	-	-	927
	<u>122,415</u>	<u>40,104</u>	<u>976,834</u>
Total revenues	<u>122,415</u>	<u>40,104</u>	<u>976,834</u>
Expenditures:			
Salaries and benefits	97,914	-	591,000
Purchased services	18,294	61,262	111,228
Supplies and materials	2,001	22,508	36,437
Capital outlay	-	2,782	4,015
Pension expense	7,083	-	51,047
On-behalf payments	-	-	236,041
	<u>125,292</u>	<u>86,552</u>	<u>1,029,768</u>
Total expenditures	<u>125,292</u>	<u>86,552</u>	<u>1,029,768</u>
Net change in fund balances	(2,877)	(46,448)	(52,934)
Fund balances, beginning of year	<u>93,978</u>	<u>83,364</u>	<u>549,769</u>
Fund balances, end of year	<u>\$ 91,101</u>	<u>\$ 36,916</u>	<u>\$ 496,835</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND**

June 30, 2015

	<u>ROE/ISC Operations</u>	<u>Truants Alternative/ Optional Education</u>	<u>Adult Education & Family Literacy</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 6,170	\$ 3,987
Due from other governments	<u>-</u>	<u>-</u>	<u>7,234</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ 6,170</u></u>	<u><u>\$ 11,221</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and benefits payable	\$ -	\$ 6,170	\$ 8,320
Due to other funds	-	-	2,901
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	6,170	11,221
FUND BALANCES			
Restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$ -</u></u>	<u><u>\$ 6,170</u></u>	<u><u>\$ 11,221</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2015**

	<u>Regional Safe Schools</u>	<u>McKinney Education for Homeless Children</u>	<u>Title II Teacher Quality Leadership Grant</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	4,894	73,704	-
	<u>4,894</u>	<u>73,704</u>	<u>-</u>
Total assets	<u>\$ 4,894</u>	<u>\$ 73,704</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and benefits payable	\$ 3,879	\$ -	\$ -
Due to other funds	1,015	24,660	-
Due to other governments	-	49,044	-
	<u>4,894</u>	<u>73,704</u>	<u>-</u>
Total liabilities	4,894	73,704	-
FUND BALANCES			
Restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,894</u>	<u>\$ 73,704</u>	<u>\$ -</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2015**

	Alternative Education Programs - Other	Title I School Improvement System of Support	Total
ASSETS			
Cash and cash equivalents	\$ 53,234	\$ -	\$ 63,391
Due from other governments	-	24,201	110,033
Total assets	\$ 53,234	\$ 24,201	\$ 173,424
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and benefits payable	\$ -	\$ -	\$ 18,369
Due to other funds	-	24,201	52,777
Due to other governments	-	-	49,044
Total liabilities	-	24,201	120,190
FUND BALANCES			
Restricted	53,234	-	53,234
Total liabilities and fund balances	\$ 53,234	\$ 24,201	\$ 173,424

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2015**

	ROE/ISC Operations	Truants Alternative/ Optional Education	Adult Education & Family Literacy
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	58,086	87,553	86,813
Federal sources	-	-	49,229
Total revenues	58,086	87,553	136,042
Expenditures:			
Salaries and benefits	49,599	69,417	99,844
Purchased services	657	6,306	36,198
Supplies and materials	1,394	1,676	-
Capital outlay	-	-	-
Payments to other governments	-	6,000	-
Pension expense	6,436	4,154	-
Total expenditures	58,086	87,553	136,042
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2015**

	Regional Safe Schools	McKinney Education for Homeless Children	Title II Teacher Quality Leadership Grant
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	54,394	-	-
Federal sources	-	349,674	2,400
Total revenues	<u>54,394</u>	<u>349,674</u>	<u>2,400</u>
Expenditures:			
Salaries and benefits	46,901	105,701	-
Purchased services	5,632	20,734	2,400
Supplies and materials	1,595	2,587	-
Capital outlay	-	1,138	-
Payments to other governments	-	205,385	-
Pension expense	266	14,129	-
Total expenditures	<u>54,394</u>	<u>349,674</u>	<u>2,400</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2015**

	Alternative Education Programs - Other	Title I School Improvement System of Support	Total
Revenues:			
Local sources	\$ 14,519	\$ -	\$ 14,519
State sources	513	-	287,359
Federal sources	55,959	73,060	530,322
Total revenues	70,991	73,060	832,200
Expenditures:			
Salaries and benefits	-	4,293	375,755
Purchased services	54,852	63,795	190,574
Supplies and materials	2,415	3,562	13,229
Capital outlay	11,339	-	12,477
Payments to other governments	-	-	211,385
Pension expense	-	1,410	26,395
Total expenditures	68,606	73,060	829,815
Net change in fund balances	2,385	-	2,385
Fund balances, beginning of year	50,849	-	50,849
Fund balances, end of year	\$ 53,234	\$ -	\$ 53,234

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #15-3730-00
For the year ended June 30, 2015**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 58,086	\$ 58,086	\$ 58,086
Expenditures:			
Salaries and benefits	56,462	56,462	49,599
Purchased services	1,000	1,000	657
Supplies and materials	624	624	1,394
Pension expense	-	-	6,436
Total expenditures	58,086	58,086	58,086
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #15-3695-13
For the year ended June 30, 2015**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 89,568	\$ 87,553	\$ 87,553
Expenditures:			
Salaries and benefits	72,010	73,571	69,417
Purchased services	9,058	6,222	6,306
Supplies and materials	2,500	1,760	1,676
Payments to other governments	6,000	6,000	6,000
Pension expense	-	-	4,154
Total expenditures	89,568	87,553	87,553
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION & FAMILY LITERACY - PROJECTS #501AA AND #517CA
For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 79,000	\$ 86,813	\$ 86,813
Federal sources	51,000	49,229	49,229
Total revenues	<u>130,000</u>	<u>136,042</u>	<u>136,042</u>
Expenditures:			
Salaries and benefits	98,100	99,844	99,844
Purchased services	31,900	36,198	36,198
Total expenditures	<u>130,000</u>	<u>136,042</u>	<u>136,042</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #15-3696-00
For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 55,646	\$ 54,394	\$ 54,394
Expenditures:			
Salaries and benefits	47,166	47,166	46,901
Purchased services	6,480	5,632	5,632
Supplies and materials	2,000	1,596	1,595
Pension expense	-	-	266
Total expenditures	55,646	54,394	54,394
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #14-4920-00
For the year ended June 30, 2015**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 310,530	\$ 320,530	\$ 25,228
Expenditures:			
Salaries and benefits	65,547	65,547	19,975
Purchased services	10,611	10,611	2,626
Supplies and materials	1,474	1,474	1,489
Capital outlay	-	-	1,138
Payments to other governments	232,898	242,898	-
Total expenditures	310,530	320,530	25,228
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, September 30, 2014			\$ -

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #15-4920-00
For the year ended June 30, 2015**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 310,530	\$ 377,751	\$ 324,446
Expenditures:			
Salaries and benefits	65,980	69,958	85,726
Purchased services	9,952	19,728	18,108
Supplies and materials	1,700	3,867	1,098
Payments to other governments	232,898	284,198	205,385
Pension expense	-	-	14,129
Total expenditures	310,530	377,751	324,446
Net change in fund balances	\$ -	\$ -	-
Fund balance, October 1, 2014			-
Fund balance, end of year			\$ -

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS**

**TITLE II - TEACHER QUALITY - LEADERSHIP GRANT - PROJECT #15-4935-02
For the year ended June 30, 2015**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 2,793	\$ 2,793	\$ 2,400
Expenditures:			
Purchased services	2,793	2,793	2,400
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

	<u>General Education Development</u>	<u>ROE School Bus Driver Training</u>	<u>Supervisory</u>
ASSETS			
Cash and cash equivalents	\$ 19,245	\$ 14,763	\$ -
Due from other governments	-	16	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 19,245</u>	<u>\$ 14,779</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCES			
Restricted	<hr/> 19,245	<hr/> 14,779	<hr/> -
Total liabilities and fund balances	<u>\$ 19,245</u>	<u>\$ 14,779</u>	<u>\$ -</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING BALANCE SHEET (Concluded)
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2015

	Institute	Total
ASSETS		
Cash and cash equivalents	\$ 48,785	\$ 82,793
Due from other governments	-	16
	-	16
Total assets	\$ 48,785	\$ 82,809
LIABILITIES AND FUND BALANCES		
LIABILITIES		
	\$ -	\$ -
FUND BALANCES		
Restricted	48,785	82,809
Total liabilities and fund balances	\$ 48,785	\$ 82,809

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2015**

	General Education Development	ROE School Bus Driver Training	Supervisory
Revenues:			
Local sources	\$ 1,400	\$ 4,426	\$ -
State sources	-	817	-
Total revenues	<u>1,400</u>	<u>5,243</u>	<u>-</u>
Expenditures:			
Salaries and benefits	2,674	-	-
Purchased services	34	2,839	1,024
Total expenditures	<u>2,708</u>	<u>2,839</u>	<u>1,024</u>
Net change in fund balances	(1,308)	2,404	(1,024)
Fund balance, beginning of year	<u>20,553</u>	<u>12,375</u>	<u>1,024</u>
Fund balance, end of year	<u><u>\$ 19,245</u></u>	<u><u>\$ 14,779</u></u>	<u><u>\$ -</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2015**

	Institute	Total
Revenues:		
Local sources	\$ 24,340	\$ 30,166
State sources	-	817
	24,340	30,983
Total revenues		
Expenditures:		
Salaries and benefits	-	2,674
Purchased services	13,413	17,310
	13,413	19,984
Total expenditures		
Net change in fund balances	10,927	10,999
Fund balance, beginning of year	37,858	71,810
Fund balance, end of year	\$ 48,785	\$ 82,809

FEDERAL COMPLIANCE SECTION

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2015**

Federal Grantor/ Pass-Through Grantor Program or Cluster Title		CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/14 - 6/30/15
U.S. Department of Education				
<i>Passed through Illinois State Board of Education</i>				
	Improving Teacher Quality State Grants			
	Title II - Teacher Quality - Leadership Grant	84.367A	15-4935-02	\$ 2,400
	Education of Homeless Children and Youth			
(M)	McKinney Education for Homeless Children	84.196A	14-4920-00	25,228
(M)	McKinney Education for Homeless Children	84.196A	15-4920-00	324,446
	Total McKinney Education for Homeless Children			<u>349,674</u>
	Total Illinois State Board of Education			<u>352,074</u>
<i>Passed through St. Clair Regional Office of Education No. 50</i>				
	Title I Grants to Local Educational Agencies			
	Title I - School Improvement and Accountability	84.010A	15-4331-SS	<u>73,060</u>
<i>Passed through Illinois Community College Board</i>				
	Adult Education - Basic Grants to States			
	Adult Education and Family Literacy - Federal Basic	84.002A	501AA	27,340
	Adult Education and Family Literacy - Federal Basic	84.002A	517CA	21,889
	Total Adult Education and Family Literacy- Federal Basic			<u>49,229</u>
	Total U.S. Department of Education			<u>474,363</u>
U.S. Department of Agriculture				
<i>Passed through Illinois State Board of Education</i>				
	Child Nutrition Cluster			
	National School Lunch Program	10.555	14-4210-00	5,454
	National School Lunch Program	10.555	15-4210-00	27,139
	Total National School Lunch Program			<u>32,593</u>
	School Breakfast Program	10.553	14-4220-00	2,003
	School Breakfast Program	10.553	15-4220-00	11,363
	Total School Breakfast Program			<u>13,366</u>
	Total Child Nutrition Cluster			45,959
	Child Nutrition Discretionary Grants Limited Availability			
	NSLP Equipment Assistance Grant	10.579	15-4260-13	<u>10,000</u>
	Total U.S. Department of Agriculture			<u>55,959</u>
TOTAL				<u><u>\$ 530,322</u></u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2015**

1. REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education No. 3 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Regional Office of Education No. 3 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
McKinney Education for Homeless Children	84.196A	<u>\$ 205,385</u>

3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS

McKinney Education For Homeless Children - This program provides training and technical assistance to school districts in the 16 counties to assist school officials in understanding and complying with the McKinney-Vento Act.

4. NON-CASH ASSISTANCE

The note is not applicable to Regional Office of Education No. 3.

5. AMOUNT OF INSURANCE

The note is not applicable to Regional Office of Education No. 3.

6. LOANS OR LOAN GUARANTEES OUTSTANDING

The note is not applicable to Regional Office of Education No. 3.