

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

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For the year ended June 30, 2022

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



BOND, CHRISTIAN, EFINGHAM, FAYETTE, AND MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3

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

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

OFFICIALS

Regional Superintendent
(Current and During the Audit Period)

Ms. Julie Wollerman

Assistant Regional Superintendent
(Current and During the Audit Period)

Ms. Annette Hartlieb

Offices are located at:

210 South Webster
Taylorville, IL 62568

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

1500 W. Jefferson Street
Vandalia, IL 62471

203 South Main Street
Hillsboro, IL 62049

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

COMPLIANCE REPORT SUMMARY

The compliance audit testing performed in 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

Details of audit findings are presented in a separate report section.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2022-001	13	Delay of Audit	Noncompliance

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2022.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no findings for the year ended June 30, 2021.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2021.

EXIT CONFERENCE

The Regional Office of Education No. 3 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2022. Throughout the audit, numerous meetings were held between the auditors and Regional Office officials to discuss matters contained in this audit report. The response to the recommendation was provided by Ms. Julie Wollerman, Regional Superintendent on November 21, 2022.

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

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Bond, Christian, Effingham, Fayette, and Montgomery 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, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's basic financial statements.



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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Audit of the Financial Statements

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3, as of June 30, 2022, and the respective changes in cash basis financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. Beginning with the year ended June 30, 2022, the financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's basic financial statements. The cash basis combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the cash basis 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 Uniform Guidance are fairly stated, in all material respects, in relation to the basic financial statements as a whole, on the cash basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023, on our consideration of the Bond, Christian, Effingham, Fayette, and Montgomery 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 solely 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 effectiveness of Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control over financial reporting and compliance.

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Mattoon, Illinois
January 26, 2023



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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 the 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 cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's cash basis financial statements, and have issued our report thereon dated January 26, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control over financial reporting (internal control) as a basis for designing 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, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond, Christian, Effingham, Fayette, and Montgomery 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond, Christian, Effingham, Fayette, and Montgomery 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001.

Regional Office of Education No. 3's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Bond, Christian, Effingham, Fayette, and Montgomery 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, Christian, Effingham, Fayette, and Montgomery 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, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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January 26, 2023



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

As Special Assistant Auditors for the Auditor General, we have audited Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's major federal program for the year ended June 30, 2022. Bond, Christian, Effingham, Fayette, and Montgomery 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.

In our opinion, Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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Mattoon, Illinois

January 26, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY 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, 2022

Financial Statements in accordance with Cash Basis

Type of auditors' report issued: UNMODIFIED

Internal control over financial reporting:

- Material weakness(es) identified? yes X 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

Type of auditors' report issued on compliance for major federal programs: UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.196A	Education for Homeless Children and Youth

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2022

FINDING NO. 2022-001 – Delay of Audit

Criteria/Specific Requirement:

Regional Office of Education No. 3 (ROE) is subject to 105 ILCS 5/2-3.17a which requires the Auditor General’s office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards. The Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit. The ROE has chosen to change to the cash basis of accounting for financial statement reporting.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order for the annual audit to be completed by an independent auditor selected by the Auditor General.

In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

Condition:

The Regional Office of Education No. 3 did not provide completed financial statements in an auditable form by the August 31 deadline. The preliminary draft, excluding the Schedule of Federal Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards, was provided to the auditors by the August 31 deadline. The Regional Office of Education No. 3 notified the auditors at this time that the missing schedule and notes would be available the following week. The Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards were provided to the auditors on September 8, 2022.

Effect:

When financial statements and records are not provided in a timely manner, delays in the audit occur and the usefulness of the financial statements and related findings resulting from the audit is impacted. Additionally, untimely financial statements could result in repercussions from granting agencies including a loss of funding.

Cause:

The Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards was not provided to Regional Office of Education No. 3 by the CPA firm hired to prepare our audit documents on a timely manner. Normally, ROE No. 3 is not subject to a single audit. By switching to cash basis for FY22, our threshold for the single audit was met. The audit firm we hired to prepare our financial statements did not discover this until August 31.

BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2022

FINDING NO. 2022-001 – Delay of Audit (Continued)

Auditors' Recommendation:

The Regional Office of Education No. 3 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Completed annual financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

The Regional Office of Education No. 3 understands and agrees with this finding.

BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the year ended June 30, 2022

Instances of Noncompliance:

None

Significant Deficiencies:

None

Material Weaknesses:

None

BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2022

Corrective Action Plan

FINDING NO. 2022-001 – Delay of Audit

Condition:

The Regional Office of Education No. 3 did not provide completed financial statements in an auditable form by the August 31 deadline. The preliminary draft, excluding the Schedule of Federal Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards, was provided to the auditors by the August 31 deadline. The Regional Office of Education No. 3 notified the auditors at this time that the missing schedule and notes would be available the following week. The Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards were provided to the auditors on September 8, 2022.

Plan:

The Federal Award Schedule was sent to West and Company on September 8, 2022. For future audits, ROE No. 3 will check the numbers for the single audit threshold and instruct the hired CPA firm to prepare the appropriate paperwork.

Anticipated Date of Completion:

September 8, 2022

Name of Contact Person:

Ms. Julie Wollerman, Regional Superintendent

BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the Year Ended June 30, 2022

Not applicable in the current year.

BASIC FINANCIAL STATEMENTS

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

CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the Year Ended June 30, 2022

Functions/Programs	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 2,110,698	\$ -	\$ 1,760,081	\$ (350,617)	\$ -	\$ (350,617)
Purchased services	684,690	-	570,953	(113,737)	-	(113,737)
Supplies and materials	237,745	-	198,252	(39,493)	-	(39,493)
Capital outlay	57,729	-	48,140	(9,589)	-	(9,589)
Pension expense	108,214	-	90,238	(17,976)	-	(17,976)
OPEB expense	6,700	-	5,587	(1,113)	-	(1,113)
Intergovernmental:						
Payments to other governments	289,417	-	241,341	(48,076)	-	(48,076)
Administrative:						
On-behalf payments	818,317	-	-	(818,317)	-	(818,317)
Total governmental activities	<u>4,313,510</u>	<u>-</u>	<u>2,914,592</u>	<u>(1,398,918)</u>	<u>-</u>	<u>(1,398,918)</u>
Business-type activities:						
Fees for services	116,037	215,770	-	-	99,733	99,733
Total business-type activities	<u>116,037</u>	<u>215,770</u>	<u>-</u>	<u>-</u>	<u>99,733</u>	<u>99,733</u>
Total primary government	<u>\$ 4,429,547</u>	<u>\$ 215,770</u>	<u>\$ 2,914,592</u>	<u>(1,398,918)</u>	<u>99,733</u>	<u>(1,299,185)</u>
General Receipts:						
Local sources				357,851	-	357,851
On-behalf payments - Local				32,953	-	32,953
On-behalf payments - State				785,364	-	785,364
Interest				3,471	-	3,471
Total general receipts				<u>1,179,639</u>	<u>-</u>	<u>1,179,639</u>
Change in cash basis net position				(219,279)	99,733	(119,546)
Cash basis net position, beginning - as restated (see Note 11)				<u>1,807,277</u>	<u>557,649</u>	<u>2,364,926</u>
Cash basis net position, ending				<u>\$ 1,587,998</u>	<u>\$ 657,382</u>	<u>\$ 2,245,380</u>
Cash basis net position						
Restricted				\$ 359,693	\$ -	\$ 359,693
Unrestricted				<u>1,228,305</u>	<u>657,382</u>	<u>1,885,687</u>
Total cash basis net position				<u>\$ 1,587,998</u>	<u>\$ 657,382</u>	<u>\$ 2,245,380</u>

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

BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY COUNTIES
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 3

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND CASH EQUIVALENTS
GOVERNMENTAL FUNDS

As of and for the Year Ended June 30, 2022

	General Fund	Education Fund	Institute	Other Nonmajor Funds	Total Governmental Funds
Receipts					
Local sources	\$ 307,072	\$ 4,706	\$ 34,519	\$ 11,554	\$ 357,851
Local sources-on-behalf payments	32,953	-	-	-	32,953
State sources	1,110,508	1,127,286	-	1,512	2,239,306
State sources-on-behalf payments	311,614	-	-	-	311,614
Federal sources	-	675,286	-	-	675,286
Interest	3,471	-	-	-	3,471
	<u>1,765,618</u>	<u>1,807,278</u>	<u>34,519</u>	<u>13,066</u>	<u>3,620,481</u>
Total receipts					
Disbursements					
Instructional services:					
Salaries and benefits	1,090,829	986,684	33,185	-	2,110,698
Purchased services	230,000	413,909	30,189	10,592	684,690
Supplies and materials	73,114	164,476	-	155	237,745
Pension expense	46,481	61,543	190	-	108,214
OPEB expense	5,231	1,250	219	-	6,700
On-behalf payments	344,567	-	-	-	344,567
Intergovernmental:					
Payments to other governmental units	-	289,417	-	-	289,417
Capital outlay	32,301	23,842	1,586	-	57,729
	<u>1,822,523</u>	<u>1,941,121</u>	<u>65,369</u>	<u>10,747</u>	<u>3,839,760</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	<u>(56,905)</u>	<u>(133,843)</u>	<u>(30,850)</u>	<u>2,319</u>	<u>(219,279)</u>
Other financing sources (uses)					
Transfers in	-	-	5,822	-	5,822
Transfers out	(5,822)	-	-	-	(5,822)
	<u>(5,822)</u>	<u>-</u>	<u>5,822</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Change in cash and cash equivalents	(62,727)	(133,843)	(25,028)	2,319	(219,279)
Cash and cash equivalents, beginning - as restated (see Note 11)	1,485,808	37,915	195,933	87,621	1,807,277
Cash and cash equivalents, ending	<u>\$ 1,423,081</u>	<u>\$ (95,928)</u>	<u>\$ 170,905</u>	<u>\$ 89,940</u>	<u>\$ 1,587,998</u>
Cash basis fund balance					
Restricted	\$ -	\$ 98,848	\$ 170,905	\$ 89,940	\$ 359,693
Assigned	1,258,778	-	-	-	1,258,778
Unassigned	164,303	(194,776)	-	-	(30,473)
	<u>\$ 1,423,081</u>	<u>\$ (95,928)</u>	<u>\$ 170,905</u>	<u>\$ 89,940</u>	<u>\$ 1,587,998</u>
Total cash basis fund balance					

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

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

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH AND CASH EQUIVALENTS
PROPRIETARY FUND

As of and for the Year Ended June 30, 2022

	Business-Type Activities
	Enterprise Funds Workshops
Operating receipts	
Charges for services	\$ 215,770
Operating disbursements	
Salaries and benefits	71,888
Purchased services	27,931
Supplies and materials	9,261
Pension expense	624
OPEB expense	408
Other objects	1,279
Equipment purchases	4,646
Total operating disbursements	116,037
Change in cash and cash equivalents	99,733
Cash and cash equivalents, beginning - as restated (see Note 11)	557,649
Cash and cash equivalents, ending	\$ 657,382
Cash basis net position Unrestricted	\$ 657,382

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

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

STATEMENT OF CASH ADDITIONS, DEDUCTIONS, AND CHANGES
IN CASH AND CASH EQUIVALENTS
FIDUCIARY FUNDS

As of and for the Year Ended June 30, 2022

	Custodial Funds
	School Facility Occupation Tax
Additions	
County facility tax collected for other governments	\$ 9,745,616
Total additions	9,745,616
Deductions	
County facility tax distributed to other governments	9,745,616
Total deductions	9,745,616
Change in cash and cash equivalents	-
Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	\$ -
Cash basis net position	
Restricted	\$ -

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

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education No. 3 is presented to assist in understanding the Regional Office of Education No. 3's financial statements. The financial statements and notes are representations of the Regional Office of Education No. 3's management who is responsible for the integrity and objectivity of the financial statements. The *Illinois Compiled Statutes* (105 ILCS 5/2-3.17a) requires each Regional Office of Education to prepare annual financial statements utilizing a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting. The Regional Office of Education No. 3 changed to preparing its financial statements utilizing the cash basis of accounting this year. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

FINANCIAL REPORTING ENTITY

The Regional Office operates under the School Code (Articles 5/3 and 5/3A of *Illinois Compiled Statutes*, Chapter 105). The Regional Office of Education No. 3 encompasses Bond, Christian, Effingham, Fayette, and Montgomery Counties. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education No. 3 and is elected pursuant to Article 3, *Illinois Compiled Statutes*, Chapter 105.

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; to evaluate the schools in the region; to examine evidence of indebtedness; to file and keep the returns of elections required to be returned to the Regional Superintendent's office; and to file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 3's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Regional Office of Education No. 3, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL REPORTING ENTITY (Continued)

For the period ended June 30, 2022, the Regional Office of Education No. 3 applied for, received, and administered several State and federal programs and grants in assistance and support of the educational activities of the school districts in Bond, Christian, Effingham, Fayette, and Montgomery Counties. Such activities are reported as a single special revenue fund (i.e. within the Education Fund).

As discussed further in the "Measurement Focus and Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the ROE's accounting policies.

SCOPE OF THE REPORTING ENTITY

The Regional Office of Education No. 3's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education No. 3 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education No. 3, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education No. 3 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education No. 3 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education No. 3 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education No. 3 being considered a component unit of the entity.

NEW ACCOUNTING PRONOUNCEMENTS

For the year ended June 30, 2022, the Regional Office of Education No. 3 implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and GASB Statement No. 92, *Omnibus 2020*, as applicable under the cash basis of accounting. The implementation of GASB Statement No. 87 established a single model for lease accounting. The implementation of GASB Statement No. 92 enhanced comparability in accounting and financial reporting and improved the consistency of authoritative literature for certain GASB statements that have previously been implemented. The implementation of these standards had no significant impact on the cash basis financial statements of the Regional Office of Education No. 3. Various other GASB Statements that became effective under the audited period ended June 30, 2022 did not affect the cash basis financial statements of the Regional Office of Education No. 3.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statement (i.e. Cash Basis Statement of Activities and Net Position) reports information on all of the Regional Office of Education No. 3's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental receipts. The Regional Office of Education No. 3 has one business-type activity that relies on fees and charges for support.

The Cash Basis Statement of Activities and Net Position presents a summary of governmental and business-type activities' cash receipts and disbursements for the Regional Office of Education No. 3 accompanied by a total column. This statement is presented on the cash basis of accounting. The Cash Basis Statement of Activities and Net Position does not present financial position and results of operations in accordance with GAAP. The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Items not properly included among program receipts are reported instead as general receipts.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. These financial statements are also presented on the cash basis of accounting. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards in regards to interfund activities, such as transfers. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds.

All internal transfers in the Cash Basis Statement of Activities and Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities.

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

GOVERNMENTAL FUND FINANCIAL STATEMENT

The Governmental Fund Financial Statement includes a Statement of Cash Receipts, Disbursements, and Changes in Cash and Cash Equivalents for all major governmental funds and nonmajor funds aggregated.

The governmental fund financial statement has been prepared on the cash basis of accounting. It presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measurement of available spendable financial resources at the end of the period.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUND FINANCIAL STATEMENT

The proprietary fund financial statement includes a Statement of Cash Receipts, Disbursements, and Changes in Cash and Cash Equivalents for each major proprietary fund and nonmajor funds aggregated.

The proprietary fund is accounted for using the cash basis of accounting. The Statement of Cash Receipts, Disbursements, and Changes in Cash and Cash Equivalents present increases (receipts) and decreases (disbursements) in total net position. Under the cash basis of accounting, receipts are recognized in the period in which they are received while disbursements are recognized in the period in which they are disbursed.

Operating receipts in the proprietary funds are those receipts that are generated from the primary operations of the fund. All other receipts are reported as non-operating receipts. Operating disbursements are those disbursements that are essential to the primary operations of the fund. All other disbursements are reported as non-operating disbursements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide Cash Basis Statement of Activities and Net Position and the fund financial statements are presented using a cash basis of accounting. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. This basis recognizes receipts and disbursements when they result from cash transactions with the exception that non-cash on-behalf payments for salaries and benefits are recorded in accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and other Financial Assistance*. Fiduciary fund financial statements also report using this same focus and basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. In addition, capital assets, the post-employment liabilities and related expenses, deferred inflows and deferred outflows, if applicable, are not recorded in these financial statements.

Under the terms of grant agreements, Regional Office of Education No. 3 funds certain programs by a combination of specific cost-reimbursement grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is Regional Office of Education No. 3's policy to first apply cost-reimbursement grant resources to such programs and then general receipts.

When a reimbursement in governmental funds can be paid using either restricted or unrestricted resources, the Regional Office of Education No. 3's policy is generally to first apply the disbursement toward restricted fund balance and then to unrestricted classification, in the order of committed, assigned, and then unassigned fund balances.

If the Regional Office of Education No. 3 utilized the basis of accounting recognized as generally accepted accounting principles, the fund financial statements for governmental funds would use the modified accrual basis of accounting. The government-wide financials would be presented on the accrual basis of accounting.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING

The Regional Office of Education No. 3 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education No. 3 uses governmental, proprietary, and fiduciary funds.

As prescribed by GASB Statement No. 34, governmental and proprietary fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets, receipts, or disbursements (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets, receipts, or disbursements (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education No. 3 has presented all major funds that met the above qualifications.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Regional Office of Education No. 3 are typically reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources using the cash basis of accounting. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used.

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. It is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

General - This account provides funding to pay for disbursements in order to operate the Regional Office of Education No. 3.

County - Used to account for monies received for, and payment of, disbursements in connection with general administration activities. The sources of these monies is from the five county boards for which the ROE serves.

EIU - This program 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 Eastern Illinois University.

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.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Truants Alternative/Optional Education (EBF) - To account for Evidence-Based-Funding received to support the Truants Alternative/Optional Education Program.

Regional Safe Schools Program (EBF) - To account for Evidence-Based-Funding received to support the Regional Safe Schools programs.

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

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific receipt sources that are restricted to disbursements for specified purposes other than debt service or capital projects.

Major special revenue funds include the following:

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

ROE/ISC Operations - This program 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.

Alternative Education Programs - Other - To account for local, state, and federal monies used to provide breakfast and lunch for the students enrolled in the alternative schools.

Early Childhood Block Grant - This program is intended to implement and administer prevention initiative projects to reduce school failure by coordinating and expanding health, social, and/or child development services to at-risk children under the age of three and their families.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Early Childhood - Governor's Emergency Education Relief Grant - This program assists Early Childhood Block Grant programs who have been disproportionately impacted due to COVID-19.

Elementary and Secondary Relief - Digital Equity Formula Grant - This program assists school districts in closing the digital divide and enabling digital-age teaching and learning.

Elementary and Secondary School Emergency Relief Grant - This program provides emergency relief funds to educational agencies to address the impact that Novel Coronavirus Disease 2019 has had and continues to have on elementary and secondary schools across the nation.

American Rescue Plan (ARP) - McKinney Vento Homeless Grant - This program facilitates the identification, enrollment, retention, and educational success of homeless children and youth in response to the impact of COVID-19.

Institute Fund – This fund accounts for teacher license registration, issuance and evaluation fees for processing licenses, and disbursements for meetings of a professional nature. All funds generated remain restricted until disbursed only on the aforementioned activities.

Additionally, the Regional Office of Education No. 3 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - All other special revenue funds not classified under Education or Institute Funds are grouped under this fund for financial statement presentation. Nonmajor special revenue funds include the following:

General Education Development – This fund accounts for the cash receipts and disbursements pertaining to the G.E.D./High School Equivalency program for high school dropouts.

Bus Driver Training – This fund accounts for State and local cash receipts and disbursements as a result of training school district bus drivers.

PROPRIETARY FUNDS

Proprietary funds are those for which receipts and disbursements related to services provided to organizations inside the Region on a cost-reimbursement basis are reported. The major proprietary fund is as follows:

Workshops - This fund is used to account for the various fees charged for local workshops that provide professional development to area educators.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on cash basis net position and changes in cash and cash equivalents. The fiduciary fund is as follows:

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS (Continued)

Custodial funds - Custodial funds are used to report fiduciary activities that are not required to be reported in another fiduciary fund type. The ROE's custodial fund accounts for amounts collected and distributed on behalf of another government or organization. The custodial fund is as follows:

School Facility Occupation Tax - This fund accounts for the assets held by the Regional Office of Education No. 3 to be distributed to local school districts. Monies received from the State Comptroller for the School Facilities Occupation Tax are forwarded directly to the school districts.

GOVERNMENTAL FUND BALANCES - CASH BASIS

Fund Balance is divided into five classifications based primarily on the extent to which the ROE is bound to observe constraints imposed upon the use of the resources in the governmental funds. The following classifications are as follows:

Nonspendable Fund Balance - the portion of a Governmental Fund's net position that is not available to be spent, either short term or long term in either form or through legal restrictions. The Regional Office of Education No. 3 has no nonspendable fund balances.

Restricted Fund Balance - the portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by grant agreement or contract: ROE/ISC Operations, Truants Alternative/Optional Education, Regional Safe Schools, Alternative Education Programs - Other, and Early Childhood Block Grant. The following accounts' fund balances are restricted by Illinois statute: Institute Fund, General Education Development, and Bus Driver Training.

Committed Fund Balance - the portion of a Governmental Fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education No. 3 has no committed fund balances.

Assigned Fund Balance - the portion of a Governmental Fund's net position 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' fund balances are assigned: Attendance Officer, Truants Alternative/Optional Education EBF, Regional Safe Schools Program EBF, and Tuition.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following accounts' fund balances are unassigned: General, County, EIU, McKinney Education for Homeless Children, Elementary and Secondary Relief - Digital Equity Formula Grant, Elementary and Secondary School Emergency Relief Grant, and American Rescue Plan (ARP) - McKinney Vento Homeless Grant.

CASH BASIS NET POSITION

The Cash Basis Statement of Activities and Net Position presents the ROE's nonfiduciary net position. Net position is reported in the following categories/components:

Restricted net position - results when constraints placed on the use of resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH BASIS NET POSITION (Continued)

Unrestricted net position - consists of cash and cash equivalents balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

BUDGET INFORMATION

The Regional Office of Education No. 3 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education or other granting authority; however, none of the annual budgets have been legally adopted, nor are they required to do so. These budgets are based on the award period. Budgets are not presented for prior year programs with timing differences related to presentation on the cash basis of accounting. Certain programs within the Education Fund do not have separate budgets.

Comparisons of budgeted and actual results for the following programs are presented as supplementary information: ROE/ISC Operations, Truants Alternative/Optional Education, Regional Safe Schools, McKinney Education for Homeless Children, Early Childhood Block Grant, Elementary and Secondary Relief - Digital Equity Formula Grant, Elementary and Secondary School Emergency Relief Grant II, Elementary and Secondary School Emergency Relief Grant III, and American Rescue Plan (ARP) - McKinney Vento Homeless Grant.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education No. 3 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

LEASES

GASB Statement No. 87, *Leases*, provides updated guidance for the reporting of leases. This pronouncement defines a lease as a contract that conveys control of the right to use another entity's nonfinancial tangible asset, as specified in the contract for a period of time in an exchange transaction. There are 3 types of leases discussed in this pronouncement: short-term leases, direct financing leases, and leases that do not transfer ownership.

The Regional Office of Education No. 3 only has leases that do not transfer ownership. This type of lease has a duration of over 1 year and does not transfer ownership of the underlying asset to the Regional Office of Education No. 3 at the end of the lease term. By electing to use the cash basis of accounting, the Regional Office of Education No. 3 is not required to disclose the future maturities due as required by the lease agreement.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EMPLOYER CONTRIBUTIONS TO PENSION AND OPEB PLANS

The Regional Office of Education No. 3 recognizes the disbursement for employer contributions to pension and other postemployment benefit (OPEB) plans when they are paid. As described in Notes 3, 4, and 5, the employer contributions include portions for pension benefits and for OPEB.

2 DEPOSITS AND INVESTMENTS

The Regional Office of Education No. 3 does not have a formal investment policy. The Regional Office of Education No. 3 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

BANK DEPOSITS

At June 30, 2022, the carrying amount of the Regional Office of Education No. 3's government-wide deposits were \$2,245,380, and the bank balances were \$3,239,378. Of the total bank balances as of June 30, 2022, \$301,645 was secured by federal depository insurance and \$2,937,733 was collateralized by securities pledged by the Regional Office of Education No. 3's financial institution in the name of the Regional Office.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it.

To guard against custodial credit risk for deposits with financial institutions, the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3.

INVESTMENTS

The Regional Office of Education No. 3's only investments are internally pooled in The Illinois Funds. As of June 30, 2022, the Regional Office of Education No. 3 had investments with carrying and fair value of \$0 invested in The Illinois Funds.

The bank balance invested in The Illinois Funds was \$5,215. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 3's governmental activities.

CREDIT RISK

At June 30, 2022, The Illinois Funds had earned Fitch's highest investment grade rating of AAmmf for a government-managed money market fund. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administrated by the Illinois State Treasurer and operates in a manner consistent with Securities and Exchange Commission Rule 2a-7 (17 CFR 270.2a-7). All investments are fully collateralized.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

2 DEPOSITS AND INVESTMENTS (Continued)

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

According to The Illinois Funds' investment policy, "the majority of The Illinois Funds' investments will be in direct obligation of the United States Treasury and United States Government Agencies and Instrumentalities and cash equivalents." The Illinois Funds' investment portfolio shall limit investments to a maximum of 10% of assets invested in short-term obligations of any one corporation or limited liability company, 10% of assets invested in long-term obligations of any one corporation of limited liability company, and 3% of assets invested in any single issuer of municipal securities issued by counties or municipal corporations of the State of Illinois, among other investment portfolio limitations.

3 DEFINED BENEFIT PENSION PLAN - 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 multiple employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. 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 Annual Comprehensive 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.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

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.

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2021, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	32
Inactive Plan Members entitled to but not yet receiving benefits	29
Active Plan Members	27
Total	<u>88</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 2021 was 11.66%, and for calendar year 2022 was 8.36%. For the fiscal year ended June 30, 2022, the Regional Office of Education No. 3 contributed \$93,874 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.

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education No. 3 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://www.trsil.org/financial/cafrs/fy2021>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

BENEFITS PROVIDED

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system services prior to January 1, 2011. Tier 1 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 consecutive 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.

Tier 2 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 highest four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 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 2 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.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2024. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the state of Illinois.

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, 2021 was 9.0 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 Regional Office of Education No. 3. For the year ended June 30, 2022, the State of Illinois contributions recognized by the Regional Office of Education No. 3 were based on the State's proportionate share of the pension expense associated with the Regional Office of Education No. 3, and the Regional Office of Education No. 3 recognized receipts and disbursements of \$488,649 in pension contributions from the State of Illinois.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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 ending June 30, 2022 were \$6,153.

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 Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2022, the employer pension contribution was 10.31 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2022, salaries totaling \$85,459 were paid from federal and special trust funds that required employer contributions of \$8,811.

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 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, 2022, the Regional Office of Education No. 3 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

5 TEACHER'S HEALTH INSURANCE SECURITY FUND

THIS PLAN DESCRIPTION

The Regional Office of Education No. 3 participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

5 TEACHER'S HEALTH INSURANCE SECURITY FUND (Continued)

BENEFITS PROVIDED

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. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund.

A 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 CONTRIBUTION TO THE THIS FUND

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 3. For the year ended June 30, 2022, 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 OPEB liability associated with the Regional Office of Education No. 3, and recognized receipts and disbursements of \$(14,899) in OPEB contributions from the State of Illinois.

EMPLOYER CONTRIBUTIONS TO THIS FUND

The Regional Office of Education No. 3 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.67 percent during the year ended June 30, 2022, and 0.92 percent during the years ended June 30, 2021 and 2020. For the year ended June 30, 2022, the Regional Office of Education No. 3 paid \$7,108 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2021 and 2020, the Regional Office of Education No. 3 paid \$8,598 and \$7,685 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."

6 RISK MANAGEMENT

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; injuries to employees; and natural disasters. The Regional Office of Education No. 3 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

7 INTERFUND ACTIVITY

Interfund transfers in/out to other funds at June 30, 2022 consist of the following individual transfers in the Governmental Funds Statement of Cash Receipts, Disbursements, and Changes in Cash and Cash Equivalents. The transfer balances between governmental funds were eliminated in the Cash Basis Statement of Activities and Net Position.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

7 INTERFUND ACTIVITY (Continued)

Fund	Transfer In	Transfer Out
General Fund		
Curriculum Coop	\$ -	\$ 5,822
Institute Fund	5,822	-
	\$ 5,822	\$ 5,822

8 LEASE COMMITMENTS

The Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3 is committed under leases that do not transfer ownership through June 30, 2022 for its Alternative Education Programs to provide classroom space for the FOCUS and New Approach Schools in Vandalia, the TriStar and Aspire Schools at the Lincoln Land Building in Effingham, the Revive and Phoenix Schools at the Panhandle School District in Raymond, Early Childhood Education Schools in Taylorville, and office space for grant programs in Vandalia. Lease disbursements for fiscal year 2022 totaled \$164,151. Unless written notice is given to the party desiring to terminate the lease, these lease contracts are automatically renewed on an annual basis. The lease payments are determined at the annual renewal. The Effingham site moved to the Lincoln Land Building in Effingham for the FY22 school year which required a \$1,614 deposit that is included in total lease disbursements. The deposit is to be refunded in entirety upon termination of the lease.

The Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3 is committed under leases that do not transfer ownership for five copiers. Lease disbursements for fiscal year 2022 totaled \$8,388.

9 ON BEHALF PAYMENTS

Christian County, Effingham County, and Fayette County paid certain benefits on behalf of the Regional Office of Education No. 3. The benefits paid on the Regional Office of Education No. 3's behalf for the year ended June 30, 2022, were as follows:

Christian County	
Office Staff Benefits	\$ 8,384
Effingham County	
Office Staff Benefits	7,632
Fayette County	
Office Staff Benefits	16,937
Total	\$ 32,953

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

9 ON BEHALF PAYMENTS (Continued)

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

Regional Superintendent Salary	\$	124,308
Regional Superintendent Benefits (Includes State paid insurance)		40,652
Assistant Regional Superintendent Salary		111,876
Assistant Regional Superintendent Benefits (Includes State paid insurance)		34,778
Total	<u>\$</u>	<u>311,614</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). These amounts have been recorded in the accompanying financial statements as State receipts and disbursements.

The Regional Office of Education No. 3 also recorded \$488,649 in receipts and disbursements as on behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense and \$(14,899) in receipts and disbursements as on behalf payments from ISBE for the Regional Office's share of the Teacher Health Insurance Security (THIS) Fund OPEB (benefit) in the Cash Basis Statement of Activities and Net Position. 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.

Christian, Effingham, and Fayette Counties on behalf payments	\$	32,953
State of Illinois on behalf payments		311,614
ROE No. 3's share of TRS pension expense		488,649
ROE No. 3's share of THIS OPEB (benefit)		(14,899)
Total	<u>\$</u>	<u>818,317</u>

10 DEFICIT FUND BALANCES

The following individual funds carried a deficit fund balance as of June 30, 2022:

Funds with Deficit Fund Balances	Deficit Balance	
McKinney Education for Homeless Children	\$	152,519
Elementary and Secondary Relief - Digital Equity Formula Grant		2,738
Elementary and Secondary School Emergency Relief Grant		16,263
American Rescue Plan (ARP) - McKinney Vento Homeless Grant		23,256
	<u>\$</u>	<u>194,776</u>

The deficit fund balances for these funds will be eliminated during the fiscal year ending June 30, 2023 when cash is received.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2022

11 CHANGE IN ACCOUNTING PRINCIPLE

On June 25, 2021, the Governor of the State of Illinois signed into law Public Act 102-0025 which amends the School code to allow for Regional Offices of Education to utilize a cash basis, modified cash basis or generally accepted accounting principles (GAAP) basis of accounting for the annual audits. The management of the Regional Office of Education No. 3 has elected to change the accounting method from GAAP to cash basis for the year ended June 30, 2022. The cash and cash equivalents, net position, and fund balance have been restated as of June 30, 2021.

	Governmental Activities	Business-Type Activities (1)
Cash and cash equivalents June 30, 2021, as previously reported	\$ 1,848,607	\$ 516,319
Reverse due to/from other funds	(41,330)	41,330
Cash and cash equivalents June 30, 2021, as restated	<u>\$ 1,807,277</u>	<u>\$ 557,649</u>
Net position June 30, 2021, as previously reported	\$ 563,311	\$ 571,051
Reverse current asset accruals	(149,024)	(1,975)
Reverse noncurrent assets	(360,944)	(13,589)
Reverse deferred outflows of resources	(625,266)	-
Reverse current liability accruals	178,710	2,162
Reverse noncurrent liabilities	968,514	-
Reverse deferred inflows of resources	1,231,976	-
Net position June 30, 2021, as restated	<u>\$ 1,807,277</u>	<u>\$ 557,649</u>

	General Fund	Education Fund	Other Nonmajor Funds
Cash and cash equivalents June 30, 2021, as previously reported	\$ 1,471,737	\$ 93,316	\$ 87,621
Reverse due to/from other funds	14,071	(55,401)	-
Cash and cash equivalents June 30, 2021, as restated	<u>\$ 1,485,808</u>	<u>\$ 37,915</u>	<u>\$ 87,621</u>
Fund balance June 30, 2021, as previously reported	\$ 1,437,327	\$ 46,721	\$ 87,796
Reverse current asset accruals	(500)	(148,349)	(175)
Reverse current liability accruals	48,481	130,229	-
Reverse deferred inflows of resources	500	9,314	-
Fund balance June 30, 2021, as restated	<u>\$ 1,485,808</u>	<u>\$ 37,915</u>	<u>\$ 87,621</u>

(1) This replicates the changes in the proprietary fund, as this is the only business-type activity held by the Regional Office of Education No. 3.

SUPPLEMENTARY INFORMATION

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

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND CASH EQUIVALENTS
GENERAL FUND ACCOUNTS

As of and for the Year Ended June 30, 2022

	General	County	EIU	Attendance Officer
Receipts				
Local sources	\$ 8,312	\$ 228,440	\$ 1,540	\$ 25,000
Local sources-on-behalf payments	32,953	-	-	-
State sources	-	-	-	-
State sources-on-behalf payments	311,614	-	-	-
Interest	3,355	-	-	-
	<u>356,234</u>	<u>228,440</u>	<u>1,540</u>	<u>25,000</u>
Total receipts				
Disbursements				
Instructional services:				
Salaries and benefits	1,455	192,686	-	18,662
Purchased services	4,639	17,116	-	5,277
Supplies and materials	330	2,979	-	367
Pension expense	1,905	16,767	-	1,724
OPEB expense	-	-	-	-
On-behalf payments	344,567	-	-	-
Capital outlay	2,773	-	-	-
	<u>355,669</u>	<u>229,548</u>	<u>-</u>	<u>26,030</u>
Total disbursements				
Excess (deficiency) of receipts over disbursements	565	(1,108)	1,540	(1,030)
Other financing (uses)				
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing (uses)				
Change in cash and cash equivalents	565	(1,108)	1,540	(1,030)
Cash and cash equivalents, beginning - as restated (see Note 11)	110,801	43,559	8,946	22,633
	<u>111,366</u>	<u>42,451</u>	<u>10,486</u>	<u>21,603</u>
Cash and cash equivalents, ending				
Cash basis fund balance				
Assigned	\$ -	\$ -	\$ -	\$ 21,603
Unassigned	111,366	42,451	10,486	-
	<u>111,366</u>	<u>42,451</u>	<u>10,486</u>	<u>-</u>
Total cash basis fund balance	<u>\$ 111,366</u>	<u>\$ 42,451</u>	<u>\$ 10,486</u>	<u>\$ 21,603</u>

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

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND CASH EQUIVALENTS
GENERAL FUND ACCOUNTS (Continued)

As of and for the Year Ended June 30, 2022

	Curriculum COOP	Truants Alternative/ Optional Education EBF	Regional Safe Schools Program EBF	Tuition	Total
Receipts					
Local sources	\$ -	\$ 100	\$ -	\$ 43,680	\$ 307,072
Local sources-on-behalf payments	-	-	-	-	32,953
State sources	-	674,257	436,251	-	1,110,508
State sources-on-behalf payments	-	-	-	-	311,614
Interest	-	116	-	-	3,471
Total receipts	<u>-</u>	<u>674,473</u>	<u>436,251</u>	<u>43,680</u>	<u>1,765,618</u>
Disbursements					
Instructional services:					
Salaries and benefits	-	583,723	294,303	-	1,090,829
Purchased services	-	79,475	70,579	52,914	230,000
Supplies and materials	-	17,609	51,829	-	73,114
Pension expense	-	16,995	9,090	-	46,481
OPEB expense	-	3,338	1,893	-	5,231
On-behalf payments	-	-	-	-	344,567
Capital outlay	-	610	28,918	-	32,301
Total disbursements	<u>-</u>	<u>701,750</u>	<u>456,612</u>	<u>52,914</u>	<u>1,822,523</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(27,277)</u>	<u>(20,361)</u>	<u>(9,234)</u>	<u>(56,905)</u>
Other financing (uses)					
Transfers out	(5,822)	-	-	-	(5,822)
Total other financing (uses)	<u>(5,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,822)</u>
Change in cash and cash equivalents	(5,822)	(27,277)	(20,361)	(9,234)	(62,727)
Cash and cash equivalents, beginning - as restated (see Note 11)	5,822	723,671	485,665	84,711	1,485,808
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ 696,394</u>	<u>\$ 465,304</u>	<u>\$ 75,477</u>	<u>\$ 1,423,081</u>
Cash basis fund balance					
Assigned	\$ -	\$ 696,394	\$ 465,304	\$ 75,477	\$ 1,258,778
Unassigned	-	-	-	-	164,303
Total cash basis fund balance	<u>\$ -</u>	<u>\$ 696,394</u>	<u>\$ 465,304</u>	<u>\$ 75,477</u>	<u>\$ 1,423,081</u>

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

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND CASH EQUIVALENTS
EDUCATION FUND ACCOUNTS

As of and for the Year Ended June 30, 2022

	ROE/ISC Operations	Truants Alternative/ Optional Education	Adult Education & Family Literacy	Regional Safe Schools
Receipts				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	122,765	227,932	-	77,848
Federal sources	-	-	9,314	-
Total receipts	122,765	227,932	9,314	77,848
Disbursements				
Instructional services:				
Salaries and benefits	94,635	184,888	6,538	77,694
Purchased services	26,895	52,957	-	-
Supplies and materials	-	-	-	-
Pension expense	466	7,630	89	-
OPEB expense	546	131	1	-
Intergovernmental:				
Payments to other governmental units	-	-	-	-
Capital outlay	-	-	-	-
Total disbursements	122,542	245,606	6,628	77,694
Change in cash and cash equivalents	223	(17,674)	2,686	154
Cash and cash equivalents, beginning - as restated (see Note 11)	2,986	23,663	(2,686)	6,333
Cash and cash equivalents, ending	<u>\$ 3,209</u>	<u>\$ 5,989</u>	<u>\$ -</u>	<u>\$ 6,487</u>
Cash basis fund balance				
Restricted	\$ 3,209	\$ 5,989	\$ -	\$ 6,487
Unassigned	-	-	-	-
Total cash basis fund balance	<u>\$ 3,209</u>	<u>\$ 5,989</u>	<u>\$ -</u>	<u>\$ 6,487</u>

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

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND CASH EQUIVALENTS
EDUCATION FUND ACCOUNTS (Continued)

As of and for the Year Ended June 30, 2022

	McKinney Education for Homeless Children	Alternative Education Programs - Other	Early Childhood Block Grant	Early Childhood - Governor's Emergency Education Relief Grant
Receipts				
Local sources	\$ -	\$ 4,706	\$ -	\$ -
State sources	-	1,641	697,100	-
Federal sources	499,628	79,704	-	4,218
	<u>499,628</u>	<u>86,051</u>	<u>697,100</u>	<u>4,218</u>
Total receipts	<u>499,628</u>	<u>86,051</u>	<u>697,100</u>	<u>4,218</u>
Disbursements				
Instructional services:				
Salaries and benefits	152,882	-	439,475	-
Purchased services	124,368	76,412	78,256	-
Supplies and materials	35,379	11,959	92,310	-
Pension expense	10,015	-	40,414	-
OPEB expense	504	-	-	-
Intergovernmental:				
Payments to other governmental units	289,417	-	-	-
Capital outlay	2,470	-	17,197	-
	<u>615,035</u>	<u>88,371</u>	<u>667,652</u>	<u>-</u>
Total disbursements	<u>615,035</u>	<u>88,371</u>	<u>667,652</u>	<u>-</u>
Change in cash and cash equivalents	(115,407)	(2,320)	29,448	4,218
Cash and cash equivalents, beginning - as restated (see Note 11)	(37,112)	56,035	-	(4,218)
	<u>(37,112)</u>	<u>56,035</u>	<u>-</u>	<u>(4,218)</u>
Cash and cash equivalents, ending	<u>\$ (152,519)</u>	<u>\$ 53,715</u>	<u>\$ 29,448</u>	<u>\$ -</u>
Cash basis fund balance				
Restricted	\$ -	\$ 53,715	\$ 29,448	\$ -
Unassigned	(152,519)	-	-	-
	<u>(152,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balance	<u>\$ (152,519)</u>	<u>\$ 53,715</u>	<u>\$ 29,448</u>	<u>\$ -</u>

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

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND CASH EQUIVALENTS
EDUCATION FUND ACCOUNTS (Continued)

As of and for the Year Ended June 30, 2022

	Elementary and Secondary Relief - Digital Equity Formula Grant	Elementary and Secondary School Emergency Relief Grant	American Rescue Plan (ARP) - McKinney Vento Homeless Grant	Total
Receipts				
Local sources	\$ -	\$ -	\$ -	\$ 4,706
State sources	-	-	-	1,127,286
Federal sources	22,667	18,585	41,170	675,286
	<u>22,667</u>	<u>18,585</u>	<u>41,170</u>	<u>1,807,278</u>
Total receipts	<u>22,667</u>	<u>18,585</u>	<u>41,170</u>	<u>1,807,278</u>
Disbursements				
Instructional services:				
Salaries and benefits	-	10,348	20,224	986,684
Purchased services	-	13,500	41,521	413,909
Supplies and materials	16,424	8,284	120	164,476
Pension expense	-	1,111	1,818	61,543
OPEB expense	-	68	-	1,250
Intergovernmental:				
Payments to other governmental units	-	-	-	289,417
Capital outlay	3,432	-	743	23,842
	<u>19,856</u>	<u>33,311</u>	<u>64,426</u>	<u>1,941,121</u>
Total disbursements	<u>19,856</u>	<u>33,311</u>	<u>64,426</u>	<u>1,941,121</u>
Change in cash and cash equivalents	2,811	(14,726)	(23,256)	(133,843)
Cash and cash equivalents, beginning - as restated (see Note 11)	<u>(5,549)</u>	<u>(1,537)</u>	<u>-</u>	<u>37,915</u>
Cash and cash equivalents, ending	<u>\$ (2,738)</u>	<u>\$ (16,263)</u>	<u>\$ (23,256)</u>	<u>\$ (95,928)</u>
Cash basis fund balance				
Restricted	\$ -	\$ -	\$ -	98,848
Unassigned	<u>(2,738)</u>	<u>(16,263)</u>	<u>(23,256)</u>	<u>(194,776)</u>
Total cash basis fund balance	<u>\$ (2,738)</u>	<u>\$ (16,263)</u>	<u>\$ (23,256)</u>	<u>\$ (95,928)</u>

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Receipts			
State sources	\$ 122,765	\$ 122,765	\$ 122,765
Total receipts	<u>122,765</u>	<u>122,765</u>	<u>122,765</u>
Disbursements			
Salaries and benefits	95,871	95,871	94,635
Purchased services	26,894	26,894	26,895
Pension expense	-	-	466
OPEB expense	-	-	546
Total disbursements	<u>122,765</u>	<u>122,765</u>	<u>122,542</u>
Change in cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	223
Cash and cash equivalents, beginning			<u>2,986</u>
Cash and cash equivalents, ending			<u>\$ 3,209</u>

Note: Disbursements related to the prior year program are included in the actual amounts column.

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Receipts			
State sources	\$ 227,932	\$ 227,932	\$ 227,932
Total receipts	<u>227,932</u>	<u>227,932</u>	<u>227,932</u>
Disbursements			
Salaries and benefits	174,975	174,975	184,888
Purchased services	52,957	52,957	52,957
Pension expense	-	-	7,630
OPEB expense	-	-	131
Total disbursements	<u>227,932</u>	<u>227,932</u>	<u>245,606</u>
Change in cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	(17,674)
Cash and cash equivalents, beginning			<u>23,663</u>
Cash and cash equivalents, ending			<u>\$ 5,989</u>

Note: Disbursements related to the prior year program are included in the actual amounts column.

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Receipts			
State sources	\$ 77,848	\$ 77,848	\$ 77,848
Total receipts	<u>77,848</u>	<u>77,848</u>	<u>77,848</u>
Disbursements			
Salaries and benefits	<u>77,848</u>	<u>77,848</u>	<u>77,694</u>
Total disbursements	<u>77,848</u>	<u>77,848</u>	<u>77,694</u>
Change in cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	154
Cash and cash equivalents, beginning			<u>6,333</u>
Cash and cash equivalents, ending			<u>\$ 6,487</u>

Note: Disbursements related to the prior year program are included in the actual amounts column.

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT YEAR 2021

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Receipts			
Federal sources	\$ 361,945	\$ 564,214	\$ 262,640
Total receipts	<u>361,945</u>	<u>564,214</u>	<u>262,640</u>
Disbursements			
Salaries and benefits	67,221	75,510	13,636
Purchased services	10,515	42,757	80,816
Supplies and materials	8,250	3,745	1,860
Pension expense	-	-	797
OPEB expense	-	-	49
Intergovernmental:			
Payments to other governmental units	274,459	442,202	128,370
Capital outlay	<u>1,500</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>361,945</u>	<u>564,214</u>	<u>225,528</u>
Change in cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	37,112
Cash and cash equivalents, beginning - as restated (see Note 11)			<u>(37,112)</u>
Cash and cash equivalents, August 31, 2021			<u>\$ -</u>

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT YEAR 2022

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Receipts			
Federal sources	\$ 478,470	\$ 503,500	\$ 236,988
Total receipts	<u>478,470</u>	<u>503,500</u>	<u>236,988</u>
Disbursements			
Salaries and benefits	76,782	91,334	139,246
Purchased services	23,336	16,966	43,552
Supplies and materials	14,000	14,493	33,519
Pension expense	-	-	9,218
OPEB expense	-	-	455
Intergovernmental:			
Payments to other governmental units	361,852	379,945	161,047
Capital outlay	<u>2,500</u>	<u>762</u>	<u>2,470</u>
Total disbursements	<u>478,470</u>	<u>503,500</u>	<u>389,507</u>
Change in cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	(152,519)
Cash and cash equivalents, September 1, 2021			<u>-</u>
Cash and cash equivalents, ending			<u>\$ (152,519)</u>

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Receipts			
State sources	\$ 697,100	\$ 697,100	\$ 697,100
Total receipts	<u>697,100</u>	<u>697,100</u>	<u>697,100</u>
Disbursements			
Salaries and benefits	520,405	479,890	439,475
Purchased services	111,920	91,498	78,256
Supplies and materials	59,775	92,846	92,310
Pension expense	-	-	40,414
Capital outlay	5,000	32,866	17,197
Total disbursements	<u>697,100</u>	<u>697,100</u>	<u>667,652</u>
Change in cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	29,448
Cash and cash equivalents, beginning			<u>-</u>
Cash and cash equivalents, ending			<u>\$ 29,448</u>

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EDUCATION FUND ACCOUNTS
ELEMENTARY AND SECONDARY RELIEF - DIGITAL EQUITY FORMULA GRANT

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Receipts			
Federal sources	\$ 25,250	\$ 25,250	\$ 22,667
Total receipts	<u>25,250</u>	<u>25,250</u>	<u>22,667</u>
Disbursements			
Purchased services	4,113	-	-
Supplies and materials	16,037	21,817	16,424
Capital outlay	5,100	3,433	3,432
Total disbursements	<u>25,250</u>	<u>25,250</u>	<u>19,856</u>
Change in cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	2,811
Cash and cash equivalents, beginning - as restated (see Note 11)			<u>(5,549)</u>
Cash and cash equivalents, ending			<u>\$ (2,738)</u>

Note: Receipts related to the prior year program are included in the actual amounts column.

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EDUCATION FUND ACCOUNTS
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF GRANT II

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Receipts			
Federal sources	\$ 9,034	\$ 9,034	\$ 5,796
Total receipts	<u>9,034</u>	<u>9,034</u>	<u>5,796</u>
Disbursements			
Purchased services	2,500	2,500	1,425
Supplies and materials	<u>6,534</u>	<u>6,534</u>	<u>6,072</u>
Total disbursements	<u>9,034</u>	<u>9,034</u>	<u>7,497</u>
Change in cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	(1,701)
Cash and cash equivalents, beginning - as restated (see Note 11)			<u>(1,537)</u>
Cash and cash equivalents, ending			<u>\$ (3,238)</u>

Note: The Elementary and Secondary Emergency Relief Grant Education Fund Account includes both Elementary and Secondary School Relief Grant II and Elementary and Secondary School Relief Grant III.

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EDUCATION FUND ACCOUNTS
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF GRANT III

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Receipts			
Federal sources	\$ 125,081	\$ 125,081	\$ 12,789
Total receipts	<u>125,081</u>	<u>125,081</u>	<u>12,789</u>
Disbursements			
Salaries and benefits	85,571	85,571	10,348
Purchased services	26,028	26,028	12,075
Supplies and materials	13,482	13,482	2,212
Pension expense	-	-	1,111
OPEB expense	-	-	68
Total disbursements	<u>125,081</u>	<u>125,081</u>	<u>25,814</u>
Change in cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	(13,025)
Cash and cash equivalents, beginning			<u>-</u>
Cash and cash equivalents, ending			<u>\$ (13,025)</u>

See Note on previous page.

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EDUCATION FUND ACCOUNTS
AMERICAN RESCUE PLAN (ARP) - MCKINNEY VENTO HOMELESS GRANT

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Receipts			
Federal sources	\$ 716,065	\$ 716,065	\$ 41,170
Total receipts	<u>716,065</u>	<u>716,065</u>	<u>41,170</u>
Disbursements			
Salaries and benefits	72,852	72,852	20,224
Purchased services	91,177	100,377	41,521
Supplies and materials	9,487	5,787	120
Pension expense	-	-	1,818
Intergovernmental:			
Payments to other governmental units	537,049	537,049	-
Capital outlay	<u>5,500</u>	<u>-</u>	<u>743</u>
Total disbursements	<u>716,065</u>	<u>716,065</u>	<u>64,426</u>
Change in cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>(23,256)</u>
Cash and cash equivalents, beginning			<u>-</u>
Cash and cash equivalents, ending			<u>\$ (23,256)</u>

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

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND CASH EQUIVALENTS
NONMAJOR SPECIAL REVENUE FUNDS

As of and for the Year Ended June 30, 2022

	General Education Development	Bus Driver Training	Total
Receipts			
Local sources	\$ 2,764	\$ 8,790	\$ 11,554
State sources	-	1,512	1,512
Total receipts	<u>2,764</u>	<u>10,302</u>	<u>13,066</u>
Disbursements			
Purchased services	-	10,592	10,592
Supplies and materials	155	-	155
Total disbursements	<u>155</u>	<u>10,592</u>	<u>10,747</u>
Net change in cash and cash equivalents	2,609	(290)	2,319
Cash and cash equivalents, beginning - as restated (see Note 11)	<u>51,392</u>	<u>36,229</u>	<u>87,621</u>
Cash and cash equivalents, ending	<u>\$ 54,001</u>	<u>\$ 35,939</u>	<u>\$ 89,940</u>
Cash basis fund balance			
Restricted	<u>\$ 54,001</u>	<u>\$ 35,939</u>	<u>\$ 89,940</u>
Total cash basis fund balance	<u>\$ 54,001</u>	<u>\$ 35,939</u>	<u>\$ 89,940</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
<i>Passed through Illinois State Board of Education</i>				
Education for Homeless Children and Youth				
McKinney Education for Homeless Children	(M) 84.196A	2021-4920-00	\$ 128,370	\$ 225,528
McKinney Education for Homeless Children	(M) 84.196A	2022-4920-00	161,047	389,507
			<u>289,417</u>	<u>615,035</u>
Education Stabilization Fund				
COVID-19 Elementary and Secondary School Emergency Relief				
COVID-19 - Elementary and Secondary Relief - Digital Equity	84.425D	2022-4998-D2	-	19,856
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	2021-4998-E2	-	7,497
			<u>-</u>	<u>27,353</u>
COVID-19 American Rescue Plan Act				
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER III)	84.425U	2022-4998-E3	-	25,814
COVID-19 - American Rescue Plan (ARP) - McKinney Vento Homeless Grant	84.425W	2022-4998-HM	-	64,426
			<u>-</u>	<u>90,240</u>
			<u>-</u>	<u>117,593</u>
Total Education Stabilization Fund				
<i>Passed through Illinois Community College Board</i>				
Adult Education and Literacy				
Adult Education - Basic Grants to States	84.002	V002A21003	-	6,628
			<u>-</u>	<u>6,628</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>289,417</u>	<u>739,256</u>
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through Illinois State Board of Education</i>				
Child Nutrition Cluster				
National School Lunch Program	10.555	2021-4210-00	-	9,473
National School Lunch Program	10.555	2021-4210-SN	-	7,223
National School Lunch Program	10.555	2022-4210-00	-	47,666
School Breakfast Program	10.553	2021-4220-00	-	2,199
School Breakfast Program	10.553	2022-4220-00	-	12,529
			<u>-</u>	<u>79,090</u>
COVID-19 - Pandemic EBT Administrative Costs				
COVID-19 - P-EBT Administrative Costs - National School Lunch Program	10.649	2021-4210-BT	-	614
			<u>-</u>	<u>614</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>-</u>	<u>79,704</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 289,417</u>	<u>\$ 818,960</u>

(M) Program was audited as a major program.

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

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Regional Office of Education No. 3 under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Professional Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Award* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Regional Office of Education No. 3, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Regional Office of Education No. 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the cash basis of accounting which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Regional Office of Education No. 3 has not elected to use the 10 percent de minimus indirect costs rate as allowed under the Uniform Guidance.

3 NON-CASH ASSISTANCE

This is not applicable as no federal awards were expended in the form of non-cash assistance.

4 LOANS/LOAN GUARANTEES/INTEREST SUBSIDIES

This is not applicable as the entity did not have any loans/loan guarantees/interest subsidies outstanding at year-end.