

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

**FINANCIAL AUDIT  
For the year ended June 30, 2014**

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



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

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

**OFFICIALS**

Regional Superintendent (current and during the audit period).....Ms. Julie Wollerman  
Assistant Regional Superintendent (July 1, 2013 - November 15, 2013  
and July 1, 2014 - current)..... Mr. Mark Drone  
Assistant Regional Superintendent (January 2, 2014 - May 21, 2014).....Mr. William LaDage  
Assistant Regional Superintendent (November 16, 2013 - January 1, 2014  
and May 22, 2014 - June 30, 2014) ..... Vacant

Offices are located at:

300 S. 7<sup>th</sup> Street  
Vandalia, IL 62471

207 N. 2<sup>nd</sup> Street  
Greenville, IL 62246

101 N. 4<sup>th</sup> Street, Room 204  
Effingham, IL 62401

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

**FINANCIAL REPORT SUMMARY**

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

**AUDITORS' REPORTS**

The auditors' reports 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	-	1
Prior recommendations implemented or not repeated	1	-

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

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

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

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2013-001		Controls over Financial Statement Preparation	Material Weakness
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**EXIT CONFERENCE**

The Bond, Fayette, and Effingham County Regional Office of Education No. 3 opted to not have a formal exit conference during the financial audit for the year ended June 30, 2014. Throughout the audit, numerous meetings were held between auditors and Regional Office officials to discuss matters contained in this audit report.

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

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

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

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



# WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

## MEMBERS

RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT  
JOSHUA D. LOWE

613 BROADWAY AVENUE  
P.O. BOX 945  
MATTOON, ILLINOIS 61938

(217) 235-4747  
www.westcpa.com

## OFFICES

EDWARDSVILLE  
EFFINGHAM  
GREENVILLE  
MATTOON  
SULLIVAN

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Member of Private Companies Practice Section

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund - Schedule of Funding Progress on pages 13A - 13K and 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, budgetary comparison schedules, and the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control over financial reporting and compliance.

*West & Company, LLC*

Mattoon, Illinois  
December 11, 2014

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

MEMBERS

RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT  
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MATTOON, ILLINOIS 61938

(217) 235-4747  
www.westcpa.com

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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 William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bond, Fayette, and Effingham Counties Regional Office of Education No. 3, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's basic financial statements, and have issued our report thereon dated December 11, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*West & Company, LLC*

Mattoon, Illinois  
December 11, 2014

**SCHEDULE OF FINDINGS AND RESPONSES**

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

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION I – SUMMARY OF AUDITORS' RESULTS  
For the year ended June 30, 2014**

**Section I - Summary of Auditors' Results**

**Financial statements**

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

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

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the year ended June 30, 2014**

**Section II: Financial Statement Findings**

No findings were noted for the year ended June 30, 2014.



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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR  
AUDIT FINDINGS**

**For the year ended June 30, 2014**

**Corrective Action Plan**

No findings were noted for the year ended June 30, 2014.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2014**

<b><u>Finding Number</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2013-001	Controls over Financial Statement Preparation	Not repeated

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

The following is a discussion and analysis of the financial performance of the Regional Office of Education for Bond, Fayette, and Effingham Counties for the fiscal year ended June 30, 2014. This section is a summary of the financial activities of the Regional Office of Education No. 3 based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the financial statements for the Regional Office of Education for Bond, Fayette, and Effingham Counties, which immediately follow this section.

**Overview of the Financial Statements**

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

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

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

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

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

**Overview of the Financial Statements** (Continued)

**Figure A-1**

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

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

**Overview of the Financial Statements** (Continued)

**Government-Wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

**Overview of the Financial Statements** (Continued)

**Fund Financial Statements** (Concluded)

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

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

**Government-wide Financial Analysis**

**Statement of Net Position**

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

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

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

**Government-wide Financial Analysis** (Continued)

**Statement of Net Position** (Continued)

**CONDENSED STATEMENT OF NET POSITION**

**GOVERNMENTAL ACTIVITIES**

	2014	2013	Increase / (Decrease)
Current Assets	\$ 744,985	\$ 759,329	(14,344)
Capital assets, net	40,304	33,949	6,355
Total Assets	785,289	793,278	(7,989)
Current Liabilities	72,557	104,839	(32,282)
Net Position:			
Net investment in capital assets	40,304	33,949	6,355
Restricted for educational purposes	122,659	137,276	(14,617)
Unrestricted	549,769	517,214	32,555
Total Net Position	\$ 712,732	\$ 688,439	24,293

The Regional Office of Education No. 3's governmental assets exceeded governmental liabilities (net position) by \$712,732 at the close of the fiscal year. Cash and cash equivalents made up the majority of assets. The Regional Office of Education No. 3 uses its governmental net position to perform general operations, provide professional services to school districts in the Bond, Fayette, and Effingham Counties Educational Service Region and surrounding areas, and to operate Alternative Education Programs within the region.



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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

**Government-wide Financial Analysis** (Continued)

**Statement of Net Position** (Concluded)

<b>BUSINESS-TYPE ACTIVITIES</b>			
	<u>2014</u>	<u>2013</u>	<u>Increase / (Decrease)</u>
Current Assets	\$ 236,319	\$ 225,596	10,723
Current Liabilities	-	-	-
Net Position:			
Unrestricted	<u>236,319</u>	<u>225,596</u>	10,723
Total Net Position	<u>\$ 236,319</u>	<u>\$ 225,596</u>	10,723

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

**General Overview and Analysis of Significant Individual Governmental Funds**

*GENERAL FUND*

- The General Fund had a fund balance of \$549,769, which represents a \$32,555 increase above the previous year. With the State and Federal funding issues we are experiencing in the State of Illinois, the Regional Office continues to monitor and evaluate the revenue and use of expenditures for all funds. General State Aid has not been funded at 100% for several years and affects this total. However, with an increase in students at our Alternative Education Program, better attendance by these students, and responsible spending by the ROE, our revenues exceed our expenditures for FY14.

*EDUCATION FUND*

- The Illinois Family Violence Coordinating Council is administered by the Educational Services Division of the Regional Office of Education No. 3 and had a fund balance of \$0, which represents a \$7,062 decrease below the previous year.
- The Alternative Education Program – Other is administered by the Alternative Education Program of the Regional Office of Education No. 3 and had a fund balance of \$50,849, which represents a \$4,939 decrease below the previous year.

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

**Government-wide Financial Analysis** (Continued)

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

*NON-MAJOR SPECIAL REVENUE FUNDS*

- The Institute Fund is administered by the Regional Office of Education No. 3 and had a fund balance of \$37,858, which represents a \$254 decrease below the previous year.
- The General Education Development Fund is administered by the Regional Office of Education No. 3 and had a fund balance of \$20,553 which represents a \$496 increase above the previous year.
- The ROE School Bus Driver Training Fund is administered by the Regional Office of Education No. 3 and had a fund balance of \$12,375, which represents a \$1,365 decrease below the previous year. The Regional Office also administers the Annual Bus Driver Instructor training for the Illinois State Board of Education. The decrease in fund balance for FY14 was due to purchases required by ISBE for training purposes.
- The Supervisory Fund is administered by the Regional Office of Education No. 3 and had a fund balance of \$1,024, which represents a \$1,067 decrease below the previous year. The expenses related to this fund increase or decrease depending on the needs on the Regional Office. The line item to support the Supervisory Fund was cut from the Illinois State Budget in FY10.

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

**Government-wide Financial Analysis** (Continued)

**Statement of Activities**

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

<b>STATEMENT OF ACTIVITIES</b>			
<b>GOVERNMENTAL ACTIVITIES</b>			
	<u>2014</u>	<u>2013</u>	<u>Increase / (Decrease)</u>
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 1,155,667	\$ 1,202,186	(46,519)
General revenues:			
Local sources	360,858	384,443	(23,585)
On-behalf payments	426,586	334,427	92,159
Interest	613	523	90
Gain on disposition of capital assets	12,000	-	12,000
<b>Total revenues</b>	<u>1,955,724</u>	<u>1,921,579</u>	34,145
Expenses:			
Instructional Services:			
Salaries and benefits	966,326	942,764	23,562
Purchased services	343,747	369,838	(26,091)
Supplies and materials	45,426	46,079	(653)
Payments to other governments	139,887	222,769	(82,882)
Depreciation	9,537	14,126	(4,589)
Administrative:			
On-behalf payments	426,586	334,427	92,159
<b>Total expenses</b>	<u>1,931,509</u>	<u>1,930,003</u>	1,506
Transfers	78	-	78
Change in Net Position	24,293	(8,424)	32,717
Net position - beginning	<u>688,439</u>	<u>696,863</u>	(8,424)
Net position - ending	<u>\$ 712,732</u>	<u>\$ 688,439</u>	24,293

Revenues from governmental activities were \$1,955,724 and expenses were \$1,931,509.

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

**Government-wide Financial Analysis** (Concluded)

**Statement of Activities** (Concluded)

<b>STATEMENT OF ACTIVITIES</b>			
<b>BUSINESS-TYPE ACTIVITIES</b>			
	<u>2014</u>	<u>2013</u>	<u>Increase / (Decrease)</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 42,961	\$ 23,424	19,537
Total revenues	<u>42,961</u>	<u>23,424</u>	19,537
Expenses:			
Salaries and benefits	5,263	31,008	(25,745)
Purchased services	25,718	20,174	5,544
Supplies and materials	1,179	58	1,121
Other objects	-	110	(110)
Depreciation	-	1,380	(1,380)
Total expenses	<u>32,160</u>	<u>52,730</u>	(20,570)
Transfers	<u>(78)</u>	-	(78)
Change in net position	10,723	-	10,723
Net position - beginning	<u>225,596</u>	<u>254,902</u>	(29,306)
Net position - ending	<u>\$ 236,319</u>	<u>\$ 225,596</u>	10,723

Revenues from business-type activities were \$42,961 and expenses were \$32,160. The Regional Office of Education No. 3's business-type activities include workshops that involve charges for service. Expenses include salaries and purchases of goods and supplies to support these activities.

The Regional Office of Education No. 3's governmental activities reported a change in net position of \$24,923 above last year's ending net position balance of \$688,439. The Regional Office of Education No. 3's business-type activities reported a change in net position of \$10,723 above last year's ending fund balance of \$225,596.

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

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

**Governmental Fund Highlights**

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

**Proprietary Fund Highlights**

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

**Budgetary Highlights**

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

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

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

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

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

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

- A limited number of federal and state grant programs help support the Regional Office of Education No. 3's Educational Services Division and the Alternative Education Programs. Funding from these grant programs is not assured from year to year. Because of limited availability of funds to other agencies and organizations, there is increased competition for funded grant programs due in part to a reduction in the amount of grant funding available and the similar financial circumstances all entities are experiencing. The future of the Alternative Education Programs and the Educational Services Division (and the programs and services they provide) is directly dependent on their abilities to compete for grant funding. The Alternative Education Programs have been expanding due to increased needs by the districts for placement of students requiring alternative educational services.
- The Regional Office of Education No. 3 operates under conservative fiscal management and will continue to remain productive through the current State budgetary conundrum through frugal fiscal management, staying within fiscal limits and by utilizing human resources and physical resources effectively. A continuous review of current and past practices, as well as current operations policies has led to practical modifications resulting in reduction of expenditures and reasonably stable fund balances.
- On July 1, 2015, the Regional Office of Education No. 10 of Christian and Montgomery Counties will merge with Regional Office of Education No. 3. This will create new challenges for both the physical and fiscal management of this office. Discussions between the two offices have already begun as we map out a plan to best serve the five counties. This merger will substantially impact the financial and bookkeeping practices of our office.

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

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

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2014**

PENDING

**BASIC FINANCIAL STATEMENTS**



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

**STATEMENT OF NET POSITION  
June 30, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 731,089	\$ 152,346	\$ 883,435
Due from other governments	97,869	-	97,869
Internal balances	(83,973)	83,973	-
Total current assets	<u>744,985</u>	<u>236,319</u>	<u>981,304</u>
Noncurrent assets:			
Capital assets, net	<u>40,304</u>	<u>-</u>	<u>40,304</u>
Total assets	<u>785,289</u>	<u>236,319</u>	<u>1,021,608</u>
<b>LIABILITIES</b>			
Current liabilities:			
Salaries and benefits payable	44,350	-	44,350
Due to other governments	<u>28,207</u>	<u>-</u>	<u>28,207</u>
Total current liabilities	<u>72,557</u>	<u>-</u>	<u>72,557</u>
<b>NET POSITION</b>			
Net investment in capital assets	40,304	-	40,304
Restricted for educational purposes	122,659	-	122,659
Unrestricted	<u>549,769</u>	<u>236,319</u>	<u>786,088</u>
Total net position	<u>\$ 712,732</u>	<u>\$ 236,319</u>	<u>\$ 949,051</u>

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

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

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2014**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 966,326	\$ -	\$ 746,666	\$ (219,660)	\$ -	\$ (219,660)
Purchased services	343,747	-	220,508	(123,239)	-	(123,239)
Supplies and materials	45,426	-	39,451	(5,975)	-	(5,975)
Capital outlay	-	-	12,790	12,790	-	12,790
Payments to other governments	139,887	-	136,252	(3,635)	-	(3,635)
Depreciation	9,537	-	-	(9,537)	-	(9,537)
Administrative:						
On-behalf payments - local	28,225	-	-	(28,225)	-	(28,225)
On-behalf payments - state	402,424	-	-	(402,424)	-	(402,424)
Total governmental activities	1,935,572	-	1,155,667	(779,905)	-	(779,905)
Business-type activities						
Instructional services	32,160	42,961	-	-	10,801	10,801
Total primary government	<u>\$ 1,967,732</u>	<u>\$ 42,961</u>	<u>\$ 1,155,667</u>	<u>(779,905)</u>	<u>10,801</u>	<u>(769,104)</u>
General revenues:						
Local sources				360,858	-	360,858
On-behalf payments - local				28,225	-	28,225
On-behalf payments - state				402,424	-	402,424
Interest				613	-	613
Gain on disposition of capital assets				12,000	-	12,000
Transfers				78	(78)	-
Total general revenues and transfers				<u>804,198</u>	<u>(78)</u>	<u>804,120</u>
Change in net position				24,293	10,723	35,016
Net position - beginning				<u>688,439</u>	<u>225,596</u>	<u>914,035</u>
Net position - ending				<u>\$ 712,732</u>	<u>\$ 236,319</u>	<u>\$ 949,051</u>

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

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 576,677	\$ 82,510	\$ 71,902	\$ 731,089
Due from other governments	-	97,869	-	97,869
	-	97,869	-	97,869
Total assets	\$ 576,677	\$ 180,379	\$ 71,902	\$ 828,958
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Salaries and benefits payable	\$ 26,908	\$ 17,350	\$ 92	\$ 44,350
Due to other funds	-	83,973	-	83,973
Due to other governments	-	28,207	-	28,207
	-	28,207	-	28,207
Total liabilities	26,908	129,530	92	156,530
<b>FUND BALANCES</b>				
Restricted	-	50,849	71,810	122,659
Assigned	486,716	-	-	486,716
Unassigned	63,053	-	-	63,053
	63,053	-	-	63,053
Total fund balances	549,769	50,849	71,810	672,428
Total liabilities and fund balances	\$ 576,677	\$ 180,379	\$ 71,902	\$ 828,958

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

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2014**

Total fund balances-governmental funds	\$ 672,428
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>40,304</u>
Net position of governmental activities	<u><u>\$ 712,732</u></u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2014**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 321,435	\$ 11,052	\$ 28,371	\$ 360,858
State sources	480,746	284,903	8,540	774,189
Federal sources	-	381,982	-	381,982
On-behalf payments	426,586	-	-	426,586
Interest	613	-	-	613
<b>Total revenues</b>	<b>1,229,380</b>	<b>677,937</b>	<b>36,911</b>	<b>1,944,228</b>
<b>Expenditures:</b>				
Instructional services:				
Salaries and benefits	563,936	390,651	11,739	966,326
Purchased services	173,467	143,102	27,178	343,747
Supplies and materials	29,734	15,508	184	45,426
Payments to other governments	-	139,887	-	139,887
On-behalf payments	426,586	-	-	426,586
Capital outlay	3,102	12,790	-	15,892
<b>Total expenditures</b>	<b>1,196,825</b>	<b>701,938</b>	<b>39,101</b>	<b>1,937,864</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>32,555</b>	<b>(24,001)</b>	<b>(2,190)</b>	<b>6,364</b>
<b>Other financing sources:</b>				
Transfers in	-	78	-	78
Proceeds from sale of capital assets	-	12,000	-	12,000
<b>Total other financing sources</b>	<b>-</b>	<b>12,078</b>	<b>-</b>	<b>12,078</b>
<b>Net change in fund balances</b>	<b>32,555</b>	<b>(11,923)</b>	<b>(2,190)</b>	<b>18,442</b>
Fund balances, beginning of year	517,214	62,772	74,000	653,986
<b>Fund balances, end of year</b>	<b>\$ 549,769</b>	<b>\$ 50,849</b>	<b>\$ 71,810</b>	<b>\$ 672,428</b>

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

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2014**

Net change in fund balances \$ 18,442

Amounts reported for governmental activities in the Statement of Activities are different because:

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.

Prior year "deferred" revenue that is recorded as revenue in the fund statements in the current year. (504)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	15,892	
Depreciation expense		(9,537)	
		6,355	

Change in net position of governmental activities \$ 24,293

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

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**June 30, 2014**

	Business-Type Activities
	Enterprise Fund Workshops
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 152,346
Due from other funds	83,973
Total current assets	236,319
<b>LIABILITIES</b>	
	-
<b>NET POSITION</b>	
Unrestricted	\$ 236,319

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

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

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS**

**For the year ended June 30, 2014**

	Business-Type Activities
	Enterprise Fund Workshops
Operating revenues:	
Charges for services	\$ 42,961
Operating expenses:	
Salaries and benefits	5,263
Purchased services	25,718
Supplies and materials	1,179
Total operating expenses	32,160
Operating income	10,801
Transfers out	(78)
Change in net position	10,723
Net position - beginning	225,596
Net position - ending	\$ 236,319

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



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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 2014**

	Business-Type Activities
	Enterprise Fund Workshops
Cash flows from operating activities:	
Collection of fees	\$ 49,411
Payments to suppliers and providers of goods and services	(26,897)
Payments to employees	(5,263)
Net cash provided by operating activities	17,251
Cash flows for noncapital financing activities:	
Payments for interfund borrowing, net	(5,667)
Transfers out	(78)
Net cash used by noncapital financing activities	(5,745)
Net increase in cash and cash equivalents	11,506
Cash and cash equivalents - beginning	140,840
Cash and cash equivalents - ending	\$ 152,346
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 10,801
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other governments	6,450
Net cash provided by operating activities	\$ 17,251

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

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Office of Education No. 3 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 3 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 3's financial statements. In addition, the Regional Office of Education No. 3 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 3 being considered a component unit of the entity.

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and Fund Financial Statements**

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**1. Governmental Funds**

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

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**1. Governmental Funds** (Continued)

**General Fund** (Continued)

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

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

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

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

**Illinois Family Violence Coordinating Council** - This program provides support for coordination of committees whose members focus on identifying and reducing incidences of domestic violence.

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

1. **Governmental Funds** (Continued)

**Education Fund** (Continued)

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

**IFVCC Arrest Grant** - The IFVCC and the 23 local Councils from each Judicial Circuit will work on updating and developing protocols and statewide implementation of the protocols for law enforcement and prosecutors to address domestic violence during the first year of the grant and elder abuse and abuse of persons with disabilities during the second year of grant activities. Coordinated Community Response Teams (law enforcement, prosecutor, domestic violence advocate, elder services advocate, and persons with disabilities advocate) from each Circuit will receive training at the state level. They will then return to their home Circuits and train local law enforcement and prosecutors.

**Title II - Teacher Quality** - This program provides funds to increase student academic achievement by elevating teacher and principal quality through professional development.

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

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

**Special Revenue Funds** - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. Included among these funds are:

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

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



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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**1. Governmental Funds** (Continued)

**Special Revenue Funds** (Continued)

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

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

**2. Proprietary Funds**

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

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

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

**D. Assets, Liabilities, and Net Position or Equity**

**1. Cash and Investments**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**1. Cash and Investments (Continued)**

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

**2. Interfund Transactions**

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

**3. Capital Assets**

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

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

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

Assets	Years
Computer equipment	3
Office furniture	10
Automobiles	5
Other equipment	5
Leasehold improvements	10

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. Compensated Absences**

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days, and therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

**5. Equity Classifications**

**Government-wide Statements**

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

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

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

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

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Balance Sheet for Governmental Funds:

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**5. Equity Classifications (Continued)**

**Fund Statements (Continued)**

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

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

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

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

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

**E. New Accounting Pronouncements**

In 2014, the Regional Office of Education No. 3 implemented Governmental Accounting Standards Board (GASB) Statement No. 66 - *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*, GASB Statement No. 67 - *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, and GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. These statements had no impact on the financial statements for the Regional Office of Education No. 3. The Regional Office of Education also implemented GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This clarified GASB 63’s presentation of deferred inflows and outflows of resources.

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

**NOTES TO FINANCIAL STATEMENTS**

**2. BUDGETS AND BUDGETARY ACCOUNTING**

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

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

**3. USE OF ESTIMATES**

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

**4. DEPOSITS**

At June 30, 2014, the carrying amount of the Regional Office of Education No. 3's deposits for the governmental activities and business-type activities were \$731,089 and \$152,346, respectively. The bank balance for the governmental and business-type activities totaled \$906,281 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 3's name, and were, therefore, not exposed to custodial credit risk. The Illinois Funds Money Market Fund accounts had a total balance of \$1,880 at June 30, 2014. This amount is fully collateralized and not subject to credit risk.

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

**NOTES TO FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS**

For the year ended June 30, 2014, the Regional Office of Education No. 3 determined that certain capital assets should be reclassified among asset categories. Capital asset activity and reclassifications for the year ended June 30, 2014 were as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Office equipment and furniture	\$ 64,102	\$ 566	\$ (19,843)	\$ 44,825
Computer equipment	69,341	2,536	(7,966)	63,911
Other equipment and leasehold improvements	51,781	12,790	(6,707)	57,864
Total capital assets being depreciated	<u>185,224</u>	<u>15,892</u>	<u>(34,516)</u>	<u>166,600</u>
Less accumulated depreciation for:				
Office equipment and furniture	(59,182)	(3,149)	21,296	(41,035)
Computer equipment	(68,150)	(2,926)	11,853	(59,223)
Other equipment and leasehold improvements	(23,943)	(3,462)	1,367	(26,038)
Total accumulated depreciation	<u>(151,275)</u>	<u>(9,537)</u>	<u>34,516</u>	<u>(126,296)</u>
Governmental activities capital assets, net	<u>\$ 33,949</u>	<u>\$ 6,355</u>	<u>\$ -</u>	<u>\$ 40,304</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Office equipment and furniture	\$ 35,507	\$ -	\$ (15,540)	\$ 19,967
Computer equipment	14,243	8,495	-	22,738
Other equipment and leasehold improvements	18,100	-	-	18,100
Total capital assets being depreciated	<u>67,850</u>	<u>8,495</u>	<u>(15,540)</u>	<u>60,805</u>
Less accumulated depreciation for:				
Office equipment and furniture	(35,507)	-	15,540	(19,967)
Computer equipment	(14,243)	(8,495)	-	(22,738)
Other equipment and leasehold improvements	(18,100)	-	-	(18,100)
Total accumulated depreciation	<u>(67,850)</u>	<u>(8,495)</u>	<u>15,540</u>	<u>(60,805)</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental activities:	
Instructional services	<u>\$ 9,537</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**6. RETIREMENT FUND COMMITMENTS**

**A. Teachers' Retirement System of the State of Illinois**

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.

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 State of Illinois maintains the primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The active member contribution rate for the year ended June 30, 2014 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2013 and 2012.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education No. 3's TRS-covered employees.

*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, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the Regional Office of Education No. 3 recognized revenue and expenditures of \$184,403 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 28.05 percent (\$132,524) and 24.91 percent (\$104,531), respectively.

The Regional Office of Education No. 3 makes other types of employer contributions directly to TRS:

*2.2 Formula Contributions* - Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$2,283. Contributions for the years ended June 30, 2013 and June 30, 2012 were \$2,233 and \$1,901, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**6. RETIREMENT FUND COMMITMENTS (Continued)**

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

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

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$49,488 were paid from federal and special trust funds that required employer contributions of \$17,524. For the years ended June 30, 2013 and June 30, 2012, required Regional Office of Education No. 3 contributions were \$16,190 and \$7,655, respectively.

*Early Retirement Option* – The Regional Office of Education No. 3 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2014, June 30, 2013 and June 30, 2012, the Regional Office of Education No. 3 made no payments to TRS for employer contributions under the Early Retirement Option.

*Salary Increases Over 6 Percent and Excess Sick Leave* – If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the years ended June 30, 2014, June 30, 2013, and June 30, 2012, the Regional Office of Education No. 3 made no payments for employer contributions to TRS due on salary increases in excess of 6 percent.



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

**NOTES TO FINANCIAL STATEMENTS**

**6. RETIREMENT FUND COMMITMENTS (Continued)**

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

If the Regional Office of Education No. 3 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education No. 3 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the years ended June 30, 2014, June 30, 2013, and June 30, 2012, the Regional Office of Education No. 3 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014 is expected to be available in late 2014.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS website at <http://trs.illinois.gov>.

**B. Illinois Municipal Retirement Fund**

*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 affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy* – As set by statute, the Regional Office of Education No. 3's Regular plan members are required to contribute 4.50 percent 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 employer annual required contribution rate for calendar year 2013 was 16.10 percent. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

**NOTES TO FINANCIAL STATEMENTS**

**6. RETIREMENT FUND COMMITMENTS (Continued)**

**B. Illinois Municipal Retirement Fund (Continued)**

*Annual Pension Cost* – The required contribution for calendar year 2013 was \$65,954.

**Three-Year Trend Information for the Regular Plan**

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2013	\$ 65,954	100%	\$ -
12/31/2012	54,315	100%	-
12/31/2011	65,532	100%	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.0 percent annually. The actuarial value of the Regional Office of Education No. 3's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.0 percent corridor between the actuarial and market value of assets. The Regional Office of Education No. 3's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 10 year basis.

*Funded Status and Funding Progress* – As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 90.17 percent funded. The actuarial accrued liability for benefits was \$1,800,027 and the actuarial value of assets was \$1,623,070, resulting in an underfunded actuarial accrued liability (UAAL) of \$176,957. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$409,652 and the ratio of the UAAL to the covered payroll was 43 percent.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

**NOTES TO FINANCIAL STATEMENTS**

**6. RETIREMENT FUND COMMITMENTS (Continued)**

**C. Social Security**

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

**7. OTHER POSTEMPLOYMENT BENEFITS**

**Teacher Health Insurance Security Fund**

The Regional Office of Education No. 3 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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

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

*On behalf contributions to THIS Fund* - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 3. State contributions are intended to match contributions to the THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$3,818, and the Regional Office of Education No. 3 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of Regional Office employees were \$3,542 and \$2,884, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Teacher Health Insurance Security Fund (Continued)**

*Employer contributions to THIS Fund* - The Regional Office of Education No. 3 also makes contributions to the THIS Fund. The Regional Office of Education No. 3 THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the Regional Office of Education No. 3 paid \$2,834 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the Regional Office of Education No. 3 paid \$2,656 and \$2,163 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

**8. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2014, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
Education Fund	\$ -	\$ 83,973
Workshops	83,973	-
Totals	\$ 83,973	\$ 83,973

At June 30, 2014, the interfund balances consisted of loans between funds within the same pooled cash account. The loans were used to cover cash shortages in the Education Fund.

**9. BOND**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**10. OPERATING LEASE**

The Bond, Fayette, and Effingham Counties Regional Office of Education No. 3 has entered into operating leases through June 30, 2014 for its Alternative Education Programs to provide classroom space for the FOCUS and New Approach Schools and office space for grant programs. The Bond, Fayette, and Effingham Counties Regional Office of Education No. 3 also entered into an operating lease for its Alternative Education Programs to provide classroom space and office space for general use at the West Side School through June 30, 2014. Rent expense for 2014 totaled \$67,000.

In March 2014, the Regional Office of Education No. 3 signed a new operating lease for its Alternative Education Programs to provide classroom space and office space for general use at the West Side School through June 30, 2015. The following is a schedule by year of minimum future rentals on noncancelable operating leases as of June 30, 2014:

Year ending June 30, 2015	<u><u>\$ 30,000</u></u>
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**11. ON-BEHALF PAYMENTS**

The Regional Office of Education No. 3 received on-behalf payments for employee salaries and benefits from the following entities for the following items:

Bond County:	
Office staff benefits	\$ 7,369
Fayette County:	
Office staff benefits	14,747
Effingham County:	
Office staff benefits	6,109
Total on-behalf payments - local	<u>28,225</u>
State of Illinois:	
Regional Superintendent-salary	107,784
Regional Superintendent-benefits (includes State paid insurance)	32,503
Assistant Regional Superintendent-salary	71,812
Assistant Regional Superintendent-benefits (includes State paid insurance)	1,041
THIS contributions	3,818
TRS pension contributions	185,466
Total on-behalf payments - state	<u>402,424</u>
Total on-behalf payments	<u><u>\$ 430,649</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**11. ON-BEHALF PAYMENTS (Continued)**

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.

The on-behalf payments are reflected as revenues and expenditures of the General Fund.

**12. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS**

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

**13. DUE TO/FROM OTHER GOVERNMENTS**

The Regional Office of Education No. 3's Education Fund had amounts due from and due to various other governmental units which consist of the following at June 30, 2014:

Due from Other Governments:

Education Fund:

Illinois State Board of Education	\$ 74,800
Regional Office of Education #50	17,009
Illinois Community College Board	<u>6,060</u>
Total	<u><u>\$ 97,869</u></u>

Due to Other Governments:

Education Fund:

Regional Office of Education #13	\$ 2,058
Regional Office of Education #41	6,843
Regional Office of Education #45	2,799
Regional Office of Education #50	<u>16,507</u>
Total	<u><u>\$ 28,207</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**14. SCHEDULE OF TRANSFERS**

During the year ended June 30, 2014, the Regional Office of Education No. 3 reported the following transfers:

Fund	Transfers In	Transfers Out
Education Fund	\$ 78	\$ -
Workshops	-	78
Totals	\$ 78	\$ 78

The transfer between funds resolved a deficit fund balance.

**15. CONTINGENCIES**

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

**16. SUBSEQUENT EVENTS**

*Rel. is effective 10/1/15 consolidation*

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

**17. PROSPECTIVE ACCOUNTING CHANGE**

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements, including additional note disclosures and required supplementary information, for state and local governments that provide their employees with pension benefits. At this time, the effect of the statement on the financial statements is indeterminable; however, the Statement of Net Position may be adjusted to include a significant liability for the government's proportionate share of the employee pension plans' unfunded liabilities.

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



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

**ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
UNAUDITED**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
12/31/2013	\$ 1,623,070	\$ 1,800,027	\$ 176,957	90.17 %	\$ 409,652	43.20 %
12/31/2012	1,408,156	1,667,807	259,651	84.43 %	409,308	63.44 %
12/31/2011	1,331,444	1,615,028	283,584	82.44 %	557,246	50.89 %

On a market value basis, the actuarial value of assets as of December 31, 2013 was \$1,826,206. On a market basis, the funded ratio would be 101.45 percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Bond, Fayette, and Effingham Counties Regional Office of Education No. 3. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

**SUPPLEMENTAL INFORMATION**

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

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2014**

	<u>General</u>	<u>County</u>	<u>EIU</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 39,789	\$ 25,994	\$ 865
Total assets	<u>\$ 39,789</u>	<u>\$ 25,994</u>	<u>\$ 865</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ -	\$ 2,730	\$ -
<b>FUND BALANCES</b>			
Assigned	-	-	865
Unassigned	<u>39,789</u>	<u>23,264</u>	<u>-</u>
Total fund balances	<u>39,789</u>	<u>23,264</u>	<u>865</u>
Total liabilities and fund balances	<u>\$ 39,789</u>	<u>\$ 25,994</u>	<u>\$ 865</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
GENERAL FUND  
June 30, 2014**

	Attendance Officer	Curriculum COOP	Truants Alternative/ Optional Education GSA
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,266	\$ 9,052	\$ 310,668
Total assets	\$ 7,266	\$ 9,052	\$ 310,668
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ 311	\$ -	\$ 18,166
<b>FUND BALANCES</b>			
Assigned	6,955	9,052	292,502
Unassigned	-	-	-
Total fund balances	6,955	9,052	292,502
Total liabilities and fund balances	\$ 7,266	\$ 9,052	\$ 310,668

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
GENERAL FUND  
June 30, 2014**

	Regional Safe Schools Program GSA	Tuition	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 99,679	\$ 83,364	\$ 576,677
Total assets	\$ 99,679	\$ 83,364	\$ 576,677
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ 5,701	\$ -	\$ 26,908
<b>FUND BALANCES</b>			
Assigned	93,978	83,364	486,716
Unassigned	-	-	63,053
Total fund balances	93,978	83,364	549,769
Total liabilities and fund balances	\$ 99,679	\$ 83,364	\$ 576,677

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2014**

	<u>General</u>	<u>County</u>	<u>EIU</u>
Revenues:			
Local sources	\$ 29,270	\$ 199,328	\$ 59,515
State sources	-	-	-
On-behalf payments	430,649	-	-
Interest	494	-	-
	<u>460,413</u>	<u>199,328</u>	<u>59,515</u>
Total revenues			
Expenditures:			
Salaries and benefits	23,569	167,483	2,516
Purchased services	2,183	21,491	59,084
Supplies and materials	-	4,369	63
Capital outlay	-	2,536	-
On-behalf payments	430,649	-	-
	<u>456,401</u>	<u>195,879</u>	<u>61,663</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	4,012	3,449	(2,148)
Fund balances, beginning of year	<u>35,777</u>	<u>19,815</u>	<u>3,013</u>
Fund balances, end of year	<u>\$ 39,789</u>	<u>\$ 23,264</u>	<u>\$ 865</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2014**

	Attendance Officer	Curriculum COOP	Truants Alternative/ Optional Education GSA
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Local sources	\$ 6,750	\$ 2,600	\$ 1,195
State sources	-	-	352,811
On-behalf payments	-	-	-
Interest	-	-	119
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>6,750</u>	<u>2,600</u>	<u>354,125</u>
Expenditures:			
Salaries and benefits	6,173	-	290,795
Purchased services	2,129	362	47,671
Supplies and materials	-	-	3,329
Capital outlay	-	-	-
On-behalf payments	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>8,302</u>	<u>362</u>	<u>341,795</u>
Excess (deficiency) of revenues over (under) expenditures	(1,552)	2,238	12,330
Fund balances, beginning of year	<u>8,507</u>	<u>6,814</u>	<u>280,172</u>
Fund balances, end of year	<u>\$ 6,955</u>	<u>\$ 9,052</u>	<u>\$ 292,502</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2014**

	Regional Safe Schools Program GSA	Tuition	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Local sources	\$ -	\$ 22,777	\$ 321,435
State sources	127,935	-	480,746
On-behalf payments	-	-	430,649
Interest	-	-	613
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>127,935</u>	<u>22,777</u>	<u>1,233,443</u>
Expenditures:			
Salaries and benefits	73,400	-	563,936
Purchased services	25,400	15,147	173,467
Supplies and materials	21,483	490	29,734
Capital outlay	-	566	3,102
On-behalf payments	-	-	430,649
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>120,283</u>	<u>16,203</u>	<u>1,200,888</u>
Excess (deficiency) of revenues over (under) expenditures	7,652	6,574	32,555
Fund balances, beginning of year	<u>86,326</u>	<u>76,790</u>	<u>517,214</u>
Fund balances, end of year	<u>\$ 93,978</u>	<u>\$ 83,364</u>	<u>\$ 549,769</u>



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

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND**

**June 30, 2014**

	<u>ROE/ISC Operations</u>	<u>Illinois Family Violence Coordinating Council</u>	<u>Truants Alternative/ Optional Education</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	-	-	17,568
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,568</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ -	\$ -	\$ 6,445
Due to other funds	-	-	11,123
Due to other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	17,568
<b>FUND BALANCES</b>			
Restricted	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,568</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2014**

	<u>Adult Education &amp; Family Literacy</u>	<u>Regional Safe Schools</u>	<u>McKinney Education for Homeless Children</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,552	\$ -	\$ 28,207
Due from other governments	<u>6,060</u>	<u>4,751</u>	<u>52,383</u>
Total assets	<u><u>\$ 9,612</u></u>	<u><u>\$ 4,751</u></u>	<u><u>\$ 80,590</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ 7,834	\$ 3,071	\$ -
Due to other funds	1,778	1,680	52,383
Due to other governments	<u>-</u>	<u>-</u>	<u>28,207</u>
Total liabilities	9,612	4,751	80,590
<b>FUND BALANCES</b>			
Restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$ 9,612</u></u>	<u><u>\$ 4,751</u></u>	<u><u>\$ 80,590</u></u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2014**

	<u>Title II Teacher Quality Leadership Grant</u>	<u>Alternative Education Programs - Other</u>	<u>IFVCC Arrest Grant</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 50,751	\$ -
Due from other governments	-	98	-
	<u>          -</u>	<u>          98</u>	<u>          -</u>
Total assets	<u>\$ -</u>	<u>\$ 50,849</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Due to other governments	-	-	-
	<u>          -</u>	<u>          -</u>	<u>          -</u>
Total liabilities	-	-	-
<b>FUND BALANCES</b>			
Restricted	<u>          -</u>	<u>          50,849</u>	<u>          -</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 50,849</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
EDUCATION FUND  
June 30, 2014**

	Title II Teacher Quality	Title I School Improvement System of Support	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 82,510
Due from other governments	-	17,009	97,869
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 17,009</b>	<b>\$ 180,379</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ -	\$ -	\$ 17,350
Due to other funds	-	17,009	83,973
Due to other governments	-	-	28,207
<b>Total liabilities</b>	<b>-</b>	<b>17,009</b>	<b>129,530</b>
<b>FUND BALANCES</b>			
Restricted	-	-	50,849
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 17,009</b>	<b>\$ 180,379</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2014**

	ROE/ISC Operations	Illinois Family Violence Coordinating Council	Truants Alternative/ Optional Education
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	26,221	19,052	89,568
Federal sources	-	-	-
<b>Total revenues</b>	<b>26,221</b>	<b>19,052</b>	<b>89,568</b>
<b>Expenditures:</b>			
Salaries and benefits	26,221	17,538	80,093
Purchased services	-	8,576	8,316
Supplies and materials	-	-	1,159
Capital outlay	-	-	-
Payments to other governments	-	-	-
<b>Total expenditures</b>	<b>26,221</b>	<b>26,114</b>	<b>89,568</b>
Deficiency of revenues under expenditures	-	(7,062)	-
<b>Other financing sources:</b>			
Transfers in	-	-	-
Proceeds from sale of capital assets	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(7,062)</b>	<b>-</b>
Fund balances (deficits), beginning of year	-	7,062	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2014**

	Adult Education & Family Literacy	Regional Safe Schools	McKinney Education for Homeless Children
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	74,421	56,116	-
Federal sources	49,488	-	268,338
Total revenues	<u>123,909</u>	<u>56,116</u>	<u>268,338</u>
Expenditures:			
Salaries and benefits	102,419	41,533	113,072
Purchased services	18,164	14,583	14,646
Supplies and materials	3,326	-	733
Capital outlay	-	-	-
Payments to other governments	-	-	139,887
Total expenditures	<u>123,909</u>	<u>56,116</u>	<u>268,338</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:			
Transfers in	-	-	78
Proceeds from sale of capital assets	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>78</u>
Net change in fund balances	-	-	78
Fund balances (deficits), beginning of year	<u>-</u>	<u>-</u>	<u>(78)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2014**

	Title II Teacher Quality Leadership Grant	Alternative Education Programs - Other	IFVCC Arrest Grant
<b>Revenues:</b>			
Local sources	\$ -	\$ 11,052	\$ -
State sources	-	797	18,728
Federal sources	3,150	42,239	-
Total revenues	<u>3,150</u>	<u>54,088</u>	<u>18,728</u>
<b>Expenditures:</b>			
Salaries and benefits	100	-	7,882
Purchased services	3,000	49,955	10,846
Supplies and materials	50	8,282	-
Capital outlay	-	12,790	-
Payments to other governments	-	-	-
Total expenditures	<u>3,150</u>	<u>71,027</u>	<u>18,728</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(16,939)</u>	<u>-</u>
<b>Other financing sources:</b>			
Transfers in	-	-	-
Proceeds from sale of capital assets	-	12,000	-
Total other financing sources	<u>-</u>	<u>12,000</u>	<u>-</u>
Net change in fund balances	-	(4,939)	-
Fund balances (deficits), beginning of year	<u>-</u>	<u>55,788</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 50,849</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2014**

	Title II Teacher Quality	Title I School Improvement System of Support	Total
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ 11,052
State sources	-	-	284,903
Federal sources	595	18,172	381,982
Total revenues	<u>595</u>	<u>18,172</u>	<u>677,937</u>
<b>Expenditures:</b>			
Salaries and benefits	-	1,793	390,651
Purchased services	595	14,421	143,102
Supplies and materials	-	1,958	15,508
Capital outlay	-	-	12,790
Payments to other governments	-	-	139,887
Total expenditures	<u>595</u>	<u>18,172</u>	<u>701,938</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(24,001)</u>
<b>Other financing sources:</b>			
Transfers in	-	-	78
Proceeds from sale of capital assets	-	-	12,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>12,078</u>
Net change in fund balances	-	-	(11,923)
Fund balances (deficits), beginning of year	<u>-</u>	<u>-</u>	<u>62,772</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,849</u>



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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS - PROJECT #14-3730-00  
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 26,221	\$ 26,221	\$ 26,221
Expenditures:			
Salaries and benefits	26,213	26,213	26,221
Supplies and materials	8	8	-
Total expenditures	26,221	26,221	26,221
Excess of revenues over expenditures	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #14-3695-13  
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 89,568	\$ 89,568	\$ 89,568
Expenditures:			
Salaries and benefits	79,313	79,313	80,093
Purchased services	9,255	9,255	8,316
Supplies and materials	1,000	1,000	1,159
Total expenditures	89,568	89,568	89,568
Excess of revenues over expenditures	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ADULT EDUCATION & FAMILY LITERACY - PROJECTS #501AA AND #517CA  
For the year ended June 30, 2014**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 72,725	\$ 72,725	\$ 74,421
Federal sources	49,488	49,488	49,488
Total revenues	122,213	122,213	123,909
Expenditures:			
Salaries and benefits	102,419	102,419	102,419
Purchased services	18,858	18,858	18,164
Supplies and materials	936	936	3,326
Total expenditures	122,213	122,213	123,909
Excess of revenues over expenditures	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS - PROJECT #14-3696-00  
For the year ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 56,116	\$ 56,116	\$ 56,116
Expenditures:			
Salaries and benefits	41,501	41,501	41,533
Purchased services	14,615	14,615	14,583
Total expenditures	56,116	56,116	56,116
Excess of revenues over expenditures	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #13-4920-00  
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 226,000	\$ 264,734	\$ 20,828
Expenditures:			
Salaries and benefits	47,221	47,221	14,762
Purchased services	8,579	10,059	165
Supplies and materials	700	700	-
Payments to other governments	169,500	206,754	5,901
Total expenditures	226,000	264,734	20,828
Excess of revenues over expenditures	\$ -	\$ -	-
Other financing source:			
Transfers in			78
Net change in fund balance			78
Fund balance (deficit), July 1, 2013			(78)
Fund balance, September 30, 2013			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #14-4920-00  
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 310,530	\$ 320,530	\$ 247,510
Expenditures:			
Salaries and benefits	65,547	65,547	98,310
Purchased services	10,611	10,611	14,481
Supplies and materials	1,474	1,474	733
Payments to other governments	232,898	242,898	133,986
Total expenditures	310,530	320,530	247,510
Excess of revenues over expenditures	\$ -	\$ -	-
Fund balance, October 1, 2013			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

**TITLE II - TEACHER QUALITY - LEADERSHIP GRANT - PROJECT #14-4935-02  
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 3,150	\$ 3,150	\$ 3,150
Expenditures:			
Salaries and benefits	100	100	100
Purchased services	3,000	3,000	3,000
Supplies and materials	50	50	50
Total expenditures	3,150	3,150	3,150
Excess of revenues over expenditures	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE II - TEACHER QUALITY- PROJECT #14-4932-00  
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 589	\$ 595	\$ 595
Expenditures:			
Purchased services	589	595	595
Excess of revenues over expenditures	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -



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

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2014**

	<u>General Education Development</u>	<u>ROE School Bus Driver Training</u>	<u>Supervisory</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 20,645	\$ 12,375	\$ 1,024
Total assets	<u>\$ 20,645</u>	<u>\$ 12,375</u>	<u>\$ 1,024</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ 92	\$ -	\$ -
<b>FUND BALANCES</b>			
Restricted	<u>20,553</u>	<u>12,375</u>	<u>1,024</u>
Total liabilities and fund balances	<u>\$ 20,645</u>	<u>\$ 12,375</u>	<u>\$ 1,024</u>

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

**COMBINING BALANCE SHEET (Concluded)  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2014**

	<u>Institute</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 37,858	\$ 71,902
Total assets	<u>\$ 37,858</u>	<u>\$ 71,902</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Salaries and benefits payable	\$ -	\$ 92
<b>FUND BALANCES</b>		
Restricted	<u>37,858</u>	<u>71,810</u>
Total liabilities and fund balances	<u>\$ 37,858</u>	<u>\$ 71,902</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2014**

	General Education Development	ROE School Bus Driver Training	Supervisory
Revenues:			
Local sources	\$ 6,260	\$ 6,474	\$ -
State sources	7,723	817	-
	13,983	7,291	-
Expenditures:			
Salaries and benefits	10,999	740	-
Purchased services	2,304	7,916	1,067
Supplies and materials	184	-	-
	13,487	8,656	1,067
Excess (deficiency) of revenues over (under) expenditures	496	(1,365)	(1,067)
Fund balance, beginning of year	20,057	13,740	2,091
Fund balance, end of year	\$ 20,553	\$ 12,375	\$ 1,024

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2014**

	Institute	Total
Revenues:		
Local sources	\$ 15,637	\$ 28,371
State sources	-	8,540
Total revenues	15,637	36,911
Expenditures:		
Salaries and benefits	-	11,739
Purchased services	15,891	27,178
Supplies and materials	-	184
Total expenditures	15,891	39,101
Excess (deficiency) of revenues over (under) expenditures	(254)	(2,190)
Fund balance, beginning of year	38,112	74,000
Fund balance, end of year	\$ 37,858	\$ 71,810