

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

**FINANCIAL AUDIT  
For the year ended June 30, 2019**

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

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

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>OFFICIALS</b> .....	1
<b>FINANCIAL REPORT SUMMARY</b> .....	2
<b>FINANCIAL STATEMENT REPORT SUMMARY</b> .....	3
<b>FINANCIAL SECTION:</b>	
Independent Auditors' Report .....	4 - 6
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> - Independent Auditors' Report .....	7 - 8
Schedule of Findings and Responses:	
Section I - Summary of Auditors' Results .....	9
Section II - Financial Statement Findings.....	10A – 10D
Corrective Action Plan for Current Year Audit Findings .....	11A – 11C
Summary Schedule of Prior Audit Findings Not Repeated.....	12
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	13 - 14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	16 - 17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Governmental Funds.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	19 – 20

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

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>BASIC FINANCIAL STATEMENTS: (Continued)</b>	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds .....	21
Statement of Net Position - Proprietary Fund.....	22
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund .....	23
Statement of Cash Flows - Proprietary Fund.....	24
Statement of Fiduciary Net Position - Fiduciary Funds .....	25
Notes to Financial Statements .....	26 - 65
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability and Related Ratios.....	66
Illinois Municipal Retirement Fund - Schedule of Employer Contributions .....	67 - 68
Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability .....	69
Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions.....	70
Teachers' Health Insurance Security Fund - Schedule of Employer Contributions.....	71
Teachers' Health Insurance Security Fund - Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability .....	72
<b>SUPPLEMENTARY INFORMATION:</b>	
General Fund:	
Combining Schedules:	
Combining Schedule of Accounts - General Fund.....	73 - 75

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

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>SUPPLEMENTARY INFORMATION: (Continued)</b>	
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund Accounts.....	76 - 78
Education Fund:	
Combining Schedules:	
Combining Schedule of Accounts - Education Fund .....	79 - 81
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Education Fund Accounts .....	82 - 84
Budgetary Comparison Schedules:	
Budgetary Comparison Schedule - Education Fund Accounts ROE/ISC Operations.....	85
Budgetary Comparison Schedule - Education Fund Accounts Truants Alternative/Optional Education.....	86
Budgetary Comparison Schedule - Education Fund Accounts Adult Education and Family Literacy.....	87
Budgetary Comparison Schedule - Education Fund Accounts Regional Safe Schools .....	88
Budgetary Comparison Schedule - Education Fund Accounts McKinney Education for Homeless Children.....	89
Budgetary Comparison Schedule - Education Fund Accounts Title II – Teacher Quality – Leadership Grant .....	90
Budgetary Comparison Schedule - Education Fund Accounts Title I – School Improvement System of Support .....	91
Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant .....	92

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

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>SUPPLEMENTARY INFORMATION:</b> (Continued)	
Nonmajor Special Revenue Funds:	
Combining Statements:	
Combining Balance Sheet - Nonmajor Special Revenue Funds .....	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	94
Agency Fund:	
Statement of Changes in Assets and Liabilities.....	95

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

**OFFICIALS**

Regional Superintendent (Current and during the audit period) ..... Ms. Julie Wollerman

Assistant Regional Superintendent (Current and during the audit period) ..... Ms. Annette Hartlieb

Offices are located at:

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

101 South Main Street  
Taylorville, IL 62568

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

1500 W. Jefferson Street  
Vandalia, IL 62471

203 South Main Street  
Hillsboro, IL 62049

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

FINANCIAL REPORT SUMMARY

For the Year Ended June 30, 2019

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' REPORT

The auditors' reports do not contain scope limitations, disclaimers or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

Number of	This Audit	Prior Audit
Audit findings	3	3
Repeated audit findings	1	2
Prior recommendations implemented or not repeated	2	1

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

SUMMARY OF FINDINGS AND RESPONSES

Item No.	Page	Description	Finding Type
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2019-001	10a	Insufficient Collateral on Deposits	Significant Deficiency
2019-002	10b	Internal Control over Payroll and Grant Compliance	Noncompliance
2019-003	10d	Subrecipient Monitoring Documentation	Noncompliance
<i>PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
2018-001	12	Controls over Financial Statement Preparation	Significant Deficiency
2018-003	12	Delay of Audit	Noncompliance

EXIT CONFERENCE

No formal exit conference was held with the management of the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3. The findings and recommendations in this report were discussed with management of the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3 at various informal meetings. Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's responses to the recommendations and corrective action plans were provided by Julie Wollerman, Regional Superintendent, in an email dated February 5, 2020.

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

FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2019

The audit of the accompanying basic financial statements of the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3 was performed by Doehring, Winders & Co. LLP.

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



DOEHRING, WINDERS & CO. LLP  
Certified Public Accountants  
1601 LAFAYETTE AVENUE  
MATTOON, ILLINOIS 61988

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's basic financial statements as listed in the table of contents.

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

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

**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.

## **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, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3, as of June 30, 2019, 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 Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions, Teachers' Health Insurance Security Fund - Schedule of Employer Contributions, and Teachers' Health Insurance Security Fund - Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability on pages 66-72 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### Other Information

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

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Statement of Changes in Assets and Liabilities - Agency Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Statement of Changes in Assets and Liabilities - Agency Fund 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 April 24, 2020, on our consideration of the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

Mattoon, Illinois  
April 24, 2020

DOEHRING, WINDERS & Co. LLP  
*Certified Public Accountants*  
1601 LAFAYETTE AVENUE  
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITORS' 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*

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's basic financial statements, and have issued our report thereon dated April 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bond, Christian, Effingham, Fayette, and Montgomery 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 Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2019-001 that we consider to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2019-002 and 2019-003.

### Regional Office of Education No. 3's Responses to Findings

Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### Purpose of this Report

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

**SIGNED ORIGINAL ON FILE**

Mattoon, Illinois  
April 24, 2020

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

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2019

**Section I - Summary of Auditor's Results**

**Financial Statements in accordance with GAAP**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? Yes
- Noncompliance material to financial statements noted? No

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

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2019

**Section II - Financial Statement Findings**

**FINDING NO. 2019-001 - Insufficient Collateral on Deposits**

**Criteria/Specific Requirement:**

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #3's name. In addition, prudent business practice requires that all cash and investments held by financial institutions for the Regional Office be adequately covered by depository insurance or collateral.

**Condition:**

As of June 30, 2019, cash balances held with various banks exceeded Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral by \$35,599.

**Effect:**

Not maintaining sufficient collateral on cash balances may result in monetary losses to the Regional Office.

**Cause:**

Regional Office management indicated they did not consistently monitor the level of collateral to determine it was at a sufficient amount.

**Recommendation:**

The Regional Office should periodically monitor cash balances, FDIC coverage, and pledged collateral to determine all cash balances are secured, especially around times when large deposits are being received. Additionally, the Regional Office should work with their financial institutions to provide sufficient collateral or enter into agreements with their financial institutions to have the cash balances monitored for adequate collateral periodically and adjusted as necessary.

**Management's Response:**

ROE #3 is now monitoring the level of collateral on a more regular basis.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2019

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 2019-002 - Internal Control over Payroll and Grant Compliance (Repeat of Finding 18-002, 17-002, and 16-002)**

**Criteria/Specific Requirement:**

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires charges for salaries and benefits to be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. It also requires that records are used to support the distribution of employees' salary and benefits among specific activities if the employee only works part of the time on a federal award program. It further states that budget estimates alone do not qualify as support for salary and benefit charges to a federal award.

The Illinois State Board of Education (ISBE) *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures* manual, requires that auditable "time and effort" documentation should be written, after the fact (not estimated or budgeted) documentation of how the time was spent. Time and effort reports should be prepared by any staff with salary charged (1) directly to a federal award, (2) directly to multiple federal awards, or (3) directly to any combination of a federal award or other federal, state or local funds. Additionally, all time and effort sheets and other supporting documentation must be retained at the local level and be available for review or audit any time within three years after termination of the project or until the local entity is notified in writing from ISBE that the records are no longer needed for review or audit.

**Condition:**

Based on testing performed and discussion with Regional Office personnel, Regional office employees, who are partially paid from a federal or state program, prepared time sheets using the budgeted percentage allocation from their quarterly time and effort studies rather than documenting their actual time spent on each program for the months of July 2018 - October 2018. As of November 1, 2018, the Regional Office developed and implemented written policies and procedures to document actual time worked on each program. Actual time worked from November 1, 2018 - June 30, 2019 was compared to the actual amount of payroll charged to each program and adjusted, if necessary, to ensure amounts charged were accurate, allowable, and properly allocated as required by the Uniform Guidance and the ISBE *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures* manual.

**Effect:**

Since budgeted amounts were used to allocate the salary and benefit costs of certain employees who only work part of the time on a federal or State award program during the months of July 2018 - October 2018, there is an increased risk that the salary and benefit costs charged to federal and state programs does not reflect the actual time worked on the programs and could result in the loss of federal and/or State funding support in these activities.



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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2019

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 2019-002 - Internal Control over Payroll and Grant Compliance (Repeat of Finding 18-002, 17-002, and 16-002) (Continued)**

**Cause:**

ROE management indicated proper time sheets were not implemented until November 1, 2018 to compare actual time spent to budgeted time spent in order to provide amounts charged to programs that were accurate, allowable, and properly allocated.

**Recommendation:**

The Regional Office should continue to follow written policies and procedures over payroll implemented November 1, 2018 to ensure proper controls are in place to document actual time worked on each program. Actual time worked should be compared to allocated payroll charges for the entire fiscal year in order to ensure amounts charged to programs are accurate, allowable, and properly allocated as required by the Uniform Guidance and the *ISBE State and Federal Grant Administration Policy, Fiscal Requirements and Procedures* manual.

**Management's Response:**

ROE #3 implemented new procedures for payroll on July 1, 2018. After implementation, the auditors did not feel our processes were enough, so further changes were made in November 2018 that now meet the auditing standard of actual hours worked, not budgeted.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2019

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 2019-003 - Noncompliance with Subrecipient Monitoring Documentation**

**Criteria/Specific Requirement:**

The *Grant Accountability and Transparency Act (GATA) 30 ILCS 708/1* establishes that State agencies that pass State and federal grant funding through to other entities are subject to the requirements set forth in *Title 2 Code of Federal Regulations Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance (2 CFR 200.331(a)) requires certain information to be communicated to the recipients of the subaward, including the CFDA Number. One of the many functions of the Regional Office is to receive grants directly or indirectly as subrecipients from grantors and operate the grant programs, which may include forwarding some or all of the grant funding to other entities. As an agency within the granting hierarchy, the Regional Office is required to be in compliance with GATA to ensure that every subaward is clearly identified as a subaward and communicates the required information to subrecipients, including the CFDA number.

**Condition:**

During our audit, the Regional Office was not providing all grant information required to subrecipients of the McKinney-Vento Education for Homeless Children and Youth Program - Area V Subgrant. The required communication letter informing the subrecipients of their grant award did not include the CFDA number.

**Effect:**

By not communicating all the required information including the CFDA number to subrecipients, the subrecipients did not have the proper information to properly report the grant information within their financial statements. This increases the risk of expenditures being improper and not in accordance with the terms and conditions of the federal awards and approved budgets.

**Cause:**

Regional Office Management indicated they did not communicate the CFDA number to subrecipients at the time the grant was awarded.

**Auditor's Recommendation:**

We recommend the Regional Office create a standard form of communication ensuring that all required elements are provided to each individual subrecipient.

**Management's Response:**

The CFDA number is indicated on the subgrantee's RFP. Official award notice for grants in a renewal year is a simple email with dollar amounts. Grantees can refer to their signed RFP for the CFDA. Award emails will now include the CFDA number.

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

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2019

**Corrective Action Plan**

**FINDING NO. 2019-001 - Insufficient Collateral on Deposits**

**Condition:**

As of June 30, 2019, cash balances held with various banks exceeded Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral by \$35,599.

**Plan:**

Our bookkeeper has been checking the bank balance frequently throughout the month. We have increased the pledge and now have FDIC insurance and collateral totaling \$2,996,209.

**Anticipated Date of Completion:**

October 10, 2019

**Contact Person:**

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

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

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (CONTINUED)

For the Year Ended June 30, 2019

**Corrective Action Plan (Continued)**

**FINDING NO. 2019-002 - Internal Controls over Payroll and Grant Compliance (Repeat of Finding 18-002, 17-002, and 16-002)**

**Condition:**

Based on testing performed and discussion with Regional Office personnel, Regional office employees, who are partially paid from a federal or state program, prepared time sheets using the budgeted percentage allocation from their quarterly time and effort studies rather than documenting their actual time spent on each program for the months of July 2018 - October 2018. As of November 1, 2018, the Regional Office developed and implemented written policies and procedures to document actual time worked on each program. Actual time worked from November 1, 2018 - June 30, 2019 was compared to the actual amount of payroll charged to each program and adjusted, if necessary, to ensure amounts charged were accurate, allowable, and properly allocated as required by the Uniform Guidance and the ISBE *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures* manual.

**Plan:**

As stated above, November 1, 2018 - June 30, 2019 we implemented a new policy to record actual hours worked, not budgeted, to remove this finding.

**Anticipated Date of Completion:**

November 1, 2018

**Contact Person:**

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

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

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (CONTINUED)

For the Year Ended June 30, 2019

**Corrective Action Plan (Continued)**

**FINDING NO. 2019-003 - Noncompliance with Subrecipient Monitoring Documentation**

**Condition:**

During our audit, the Regional Office was not providing all grant information required to subrecipients of the McKinney-Vento Education for Homeless Children and Youth Program - Area V Subgrant. The required communication letter informing the subrecipients of their grant award did not include the CFDA number.

**Plan:**

Grant awardees will now receive a letter with the required CFDA number.

**Anticipated Date of Completion:**

August 1, 2020

**Contact Person:**

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

For the Year Ended June 30, 2019

2018-001	Controls over Financial Statement Preparation	Not repeated
	During the current audit year, an outside accounting firm was hired to prepare the financial statements.	
2018-003	Delay of Audit	Not repeated
	During the current audit year, an outside accounting firm was hired to ensure the Regional Office had completed financial statements in an auditable form by the August 31, 2019 deadline.	

## **BASIC FINANCIAL STATEMENTS**

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

**STATEMENT OF NET POSITION  
June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,388,947	\$ 308,516	\$ 1,697,463
Internal balances	(67,820)	67,820	-
Accounts receivable	2,160	725	2,885
Due from other governments	199,403	28,291	227,694
Total current assets	1,522,690	405,352	1,928,042
Noncurrent assets:			
Capital assets, net	101,795	19,989	121,784
Total noncurrent assets	101,795	19,989	121,784
Total assets	1,624,485	425,341	2,049,826
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	82,290	-	82,290
Deferred outflows related to pensions	917,707	-	917,707
Total deferred outflows of resources	999,997	-	999,997
<b>LIABILITIES</b>			
Current liabilities:			
Salary and benefits payable	65,096	-	65,096
Due to other governments	22,256	-	22,256
Unearned revenue	56,539	-	56,539
Total current liabilities	143,891	-	143,891
Noncurrent liabilities:			
Net OPEB liability	745,700	-	745,700
Net pension liability	714,556	-	714,556
Total noncurrent liabilities	1,460,256	-	1,460,256
Total liabilities	1,604,147	-	1,604,147

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



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

**STATEMENT OF NET POSITION  
June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	160,516	-	160,516
Deferred inflows related to pensions	735,956	-	735,956
Total deferred inflows of resources	<u>896,472</u>	<u>-</u>	<u>896,472</u>
<b>NET POSITION</b>			
Net investment in capital assets	101,795	19,989	121,784
Restricted for educational purposes	276,541	-	276,541
Unrestricted	<u>(254,473)</u>	<u>405,352</u>	<u>150,879</u>
Total net position	<u><u>\$ 123,863</u></u>	<u><u>\$ 425,341</u></u>	<u><u>\$ 549,204</u></u>

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

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

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2019**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 1,697,140	\$ -	\$ 1,675,684	\$ (21,456)	\$ -	\$ (21,456)
Purchased services	466,359	-	456,096	(10,263)	-	(10,263)
Supplies and materials	153,753	-	172,689	18,936	-	18,936
Capital outlay	-	-	79,547	79,547	-	79,547
OPEB expense	46,776	-	6,752	(40,024)	-	(40,024)
Pension expense	146,200	-	39,294	(106,906)	-	(106,906)
Depreciation	24,907	-	-	(24,907)	-	(24,907)
Intergovernmental:						
Payments to other governmental units	632,734	-	293,912	(338,822)	-	(338,822)
Administrative:						
On-behalf payments	845,867	-	-	(845,867)	-	(845,867)
Total governmental activities	4,013,736	-	2,723,974	(1,289,762)	-	(1,289,762)
Business-type activities						
Fees for services	31,128	128,719	-	-	97,591	97,591
Total business-type activities	31,128	128,719	-	-	97,591	97,591
Total primary government	\$ 4,044,864	\$ 128,719	\$ 2,723,974	(1,289,762)	97,591	(1,192,171)
General revenues:						
Local sources				673,897	-	673,897
On-behalf payments				845,867	-	845,867
Gain on disposal of capital assets				3,117	3,250	6,367
Interest				3,698	-	3,698
Total general revenues				1,526,579	3,250	1,529,829
Change in net position				236,817	100,841	337,658
Net position - beginning of year				(112,954)	324,500	211,546
Net position - end of year				\$ 123,863	\$ 425,341	\$ 549,204

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

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,112,683	\$ 55,422	\$ 140,950
Accounts receivable	1,968	-	-
Due from other funds	22,575	-	-
Due from other governments	75	199,288	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 1,137,301</u>	<u>\$ 254,710</u>	<u>\$ 140,950</u>
<b>LIABILITIES</b>			
Salary and benefits payable	\$ 35,043	\$ 30,053	\$ -
Due to other funds	-	90,395	-
Due to other governments	-	22,256	-
Unearned revenue	-	56,539	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>35,043</u>	<u>199,243</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	<u>1,968</u>	<u>44,775</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	-	55,467	140,950
Assigned	911,693	-	-
Unassigned	188,597	(44,775)	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>1,100,290</u>	<u>10,692</u>	<u>140,950</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,137,301</u>	<u>\$ 254,710</u>	<u>\$ 140,950</u>

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

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019**

	Other Nonmajor Funds	Eliminations	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 79,892	\$ -	\$ 1,388,947
Accounts receivable	192	-	2,160
Due from other funds	-	(22,575)	-
Due from other governments	40	-	199,403
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 80,124</u>	<u>\$ (22,575)</u>	<u>\$ 1,590,510</u>
<b>LIABILITIES</b>			
Salary and benefits payable	\$ -	\$ -	\$ 65,096
Due to other funds	-	(22,575)	67,820
Due to other governments	-	-	22,256
Unearned revenue	-	-	56,539
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>(22,575)</u>	<u>211,711</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	-	46,743
	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>			
Restricted	80,124	-	276,541
Assigned	-	-	911,693
Unassigned	-	-	143,822
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>80,124</u>	<u>-</u>	<u>1,332,056</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 80,124</u>	<u>\$ (22,575)</u>	<u>\$ 1,590,510</u>

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

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2019**

Total fund balances - governmental funds		\$1,332,056
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.		101,795
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.		46,743
Pension & OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
OPEB deferred outflows of resources	\$ 82,290	
OPEB deferred inflows of resources	(160,516)	
IMRF deferred outflows of resources	516,484	
IMRF deferred inflows of resources	(133,298)	
TRS deferred outflows of resources	401,223	
TRS deferred inflows of resources	<u>(602,658)</u>	103,525
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net OPEB liability	\$ (745,700)	
IMRF net pension liability	(641,552)	
TRS net pension liability	<u>(73,004)</u>	<u>(1,460,256)</u>
Net position of governmental activities		<u>\$ 123,863</u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2019**

	General Fund	Education Fund	Institute
Revenues:			
Local sources	\$ 622,162	\$ 12,367	\$ 26,853
Local sources-on-behalf payments	30,439	-	-
State sources	922,929	1,316,775	-
State sources-on-behalf payments	293,758	-	-
Federal sources	-	515,263	-
Interest	3,698	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	1,872,986	1,844,405	26,853
	<hr/>	<hr/>	<hr/>
Expenditures:			
Instructional services:			
Salaries and benefits	661,690	1,035,450	-
Purchased services	107,224	326,129	24,137
Supplies and materials	24,517	129,204	-
Pension expense	36,525	69,215	-
OPEB expense	3,167	2,813	-
On-behalf payments	324,197	-	-
Intergovernmental:			
Payments to other governmental units	422,143	210,591	-
Capital outlay	43,985	38,835	-
	<hr/>	<hr/>	<hr/>
Total expenditures	1,623,448	1,812,237	24,137
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	249,538	32,168	2,716
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Proceeds from sale of fixed assets	8,990	103	-
	<hr/>	<hr/>	<hr/>
Total other financing sources	8,990	103	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	258,528	32,271	2,716
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	841,762	(21,579)	138,234
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 1,100,290	\$ 10,692	\$ 140,950
	<hr/>	<hr/>	<hr/>

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2019**

	Other Nonmajor Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>
Revenues:		
Local sources	\$ 12,515	\$ 673,897
Local sources-on-behalf payments	-	30,439
State sources	1,459	2,241,163
State sources-on-behalf payments	-	293,758
Federal sources	-	515,263
Interest	-	3,698
	<u>          </u>	<u>          </u>
Total revenues	<u>13,974</u>	<u>3,758,218</u>
Expenditures:		
Instructional services:		
Salaries and benefits	-	1,697,140
Purchased services	8,869	466,359
Supplies and materials	32	153,753
Pension expense	-	105,740
OPEB expense	-	5,980
On-behalf payments	-	324,197
Intergovernmental:		
Payments to other governmental units	-	632,734
Capital outlay	-	82,820
	<u>          </u>	<u>          </u>
Total expenditures	<u>8,901</u>	<u>3,468,723</u>
Excess of revenues over expenditures	<u>5,073</u>	<u>289,495</u>
Other financing sources:		
Proceeds from sale of fixed assets	-	9,093
	<u>          </u>	<u>          </u>
Total other financing sources	<u>-</u>	<u>9,093</u>
Net change in fund balances	5,073	298,588
Fund balances (deficits), beginning of year	<u>75,051</u>	<u>1,033,468</u>
Fund balances, end of year	<u>\$ 80,124</u>	<u>\$ 1,332,056</u>

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

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

**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, 2019**

Net change in fund balances \$ 298,588

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 inflows of resources in the governmental funds.

Current year unavailable revenue	\$ 46,743	
Prior year unavailable revenue	<u>(79,195)</u>	(32,452)

Certain expenses in the Statement of Activities do not require the use  
of current financial resources and, therefore, are not reported as  
expenditures in the governmental funds.

Net OPEB expense	\$ (40,796)	
Net Pension expense	<u>(40,460)</u>	(81,256)

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	\$ 82,820	
Depreciation expense	<u>(24,907)</u>	57,913

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and disposals) is to decrease net assets.		<u>(5,976)</u>
--	--	----------------

Change in net position of governmental activities		<u><u>\$ 236,817</u></u>
---	--	--------------------------

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



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

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2019**

	Business-Type Activities
	<u>Enterprise Fund Workshops</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 308,516
Accounts receivable	725
Due from other funds	67,820
Due from other governments	<u>28,291</u>
Total current assets	405,352
Noncurrent assets:	
Capital assets, net	<u>19,989</u>
Total assets	425,341
<b>LIABILITIES</b>	<u>-</u>
<b>NET POSITION</b>	
Net invested in capital assets	19,989
Unrestricted	<u>405,352</u>
Total net position	<u><u>\$ 425,341</u></u>

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

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

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

**For the year ended June 30, 2019**

	Business-Type Activities
	<u>Enterprise Fund</u> <u>Workshops</u>
Operating revenues:	
Charges for services	\$ 128,719
Total operating revenues	<u>128,719</u>
Operating expenses:	
Purchased services	24,817
Supplies and materials	4,940
Other objects	340
Depreciation	<u>1,031</u>
Total operating expenses	<u>31,128</u>
Operating income	97,591
Nonoperating revenue:	
Gain on sale of capital assets	<u>3,250</u>
Change in net position	100,841
Net position - beginning of year	<u>324,500</u>
Net position - end of year	<u><u>\$ 425,341</u></u>

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

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the year ended June 30, 2019**

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Workshops</u>
Cash flows from operating activities:	
Collection of fees	\$ 108,583
Payments to suppliers and providers of goods and services	<u>(30,097)</u>
Net cash provided by operating activities	<u>78,486</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(21,020)
Proceeds from sale of capital assets	<u>3,250</u>
Net cash used for capital and related financing activities	<u>(17,770)</u>
Cash flows for noncapital financing activities:	
Payments for interfund borrowing, net	<u>83,134</u>
Net cash provided by noncapital financing activities	<u>83,134</u>
Net increase in cash and cash equivalents	143,850
Net cash and cash equivalents - beginning	<u>164,666</u>
Net cash and cash equivalents - ending	<u><u>\$ 308,516</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 97,591
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,031
Change in assets and liabilities:	
(Increase) in accounts receivable	(725)
(Increase) in due from other governments	<u>(19,411)</u>
Net cash provided by operating activities	<u><u>\$ 78,486</u></u>

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

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

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2019**

	<u>Agency Funds</u>
ASSETS	
Due from other governments	<u>\$ 1,570,227</u>
Total assets	<u><u>\$ 1,570,227</u></u>
LIABILITIES	
Due to other governments	<u>\$ 1,570,227</u>
Total liabilities	<u><u>\$ 1,570,227</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education No. 3 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education No. 3 is presented to assist in understanding the Regional Office of Education No. 3's financial statements. The financial statements and notes are representations of the Regional Office of Education No. 3's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter 1, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

**A. Financial Reporting Entity**

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**A. Financial Reporting Entity (Continued)**

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

For the period ended June 30, 2019, the Regional Office of Education No. 3 applied for, received, and administered several State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education No. 3. Such activities are reported as a single major special revenue fund (i.e. within the Education Fund).

**B. Scope of the Reporting Entity**

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**C. New Accounting Pronouncements**

In 2019, the Regional Office of Education No. 3 implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. These statements had no impact on the Regional Office of Education No. 3's financial statements.

**D. Government-Wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education No. 3's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education No. 3 has one business-type activity that relies on fees and charges for support.

The Regional Office of Education No. 3's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education No. 3 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education No. 3's assets, including capital assets, and deferred outflows of resources and liabilities and deferred inflows of resources, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.



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

**NOTES TO FINANCIAL STATEMENTS**

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

**D. Government-Wide and Fund Financial Statements (Continued)**

Certain eliminations have been made as prescribed by GASB Statement No. 34 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 other funds on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other financing sources 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. Interfund activities between governmental funds and business-type funds remain as internal balances from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, all internal transactions have been eliminated except those transactions between governmental and business-type activities.

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

**E. Governmental Fund Financial Statements**

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.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue received more than 60 days after the end of the current period is deferred in the governmental fund financial statements but is recognized as current revenue in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

Revenue received after the Regional Office's availability period are reported as deferred inflows of resources in the fund financial statements but are recognized as current revenue in the government-wide financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**F. Proprietary Fund Financial Statements**

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 each major proprietary fund and nonmajor funds aggregated.

The proprietary fund is accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

**G. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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 grantor have been met.

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current position) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education No. 3; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**G. Measurement Focus and Basis of Accounting** (Continued)

Under the terms of grant agreements, Regional Office of Education No. 3 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is Regional Office of Education No. 3's policy to first apply restricted funds to such programs, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned, if any.

**H. Fund Accounting**

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

**I. Governmental Funds**

Governmental funds are those through which most governmental functions of the Regional Office of Education No. 3 are typically reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets and deferred outflows of resources are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as a fund balance.

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**I. Governmental Funds (Continued)**

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

General Fund - The General Fund is the general operating fund of the Regional Office of Education No. 3. It is used to account for resources traditionally associated with government which are not required, legally, or by sound financial management, to be accounted and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

General – This 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 (EBF) – This fund accounts for Evidence-Based Funding received to support the Truants Alternative/Optional Education Program.

Regional Safe Schools Program (EBF) – This fund accounts for Evidence-Based Funding 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.

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**I. Governmental Funds** (Continued)

Major special revenue funds include the following:

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

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

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

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

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

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

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

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

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.

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**I. Governmental Funds** (Continued)

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

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

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

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

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

**J. Proprietary Funds**

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education No. 3 on a cost reimbursement basis are reported. The major proprietary fund is as follows:

Workshops - This fund is used to account for the fees and local revenues received and related expenses incurred while performing the corresponding program services.

**K. Fiduciary Funds**

Agency Fund - Agency funds are used to account for assets held by the Regional Office of Education No. 3 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is as follows:

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**L. Governmental Fund Balances**

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

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

Restricted Fund Balance - the portion of a Governmental Fund's net position that are subject to external enforceable legal restrictions. The Alternative Education Programs – Other account fund balance is restricted by grant agreement or contract. The following accounts' fund balances are restricted by Illinois Statute: Institute Fund, General Education Development, and Bus Driver Training.

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

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

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following accounts' fund balances are unassigned: General, County, EIU, Truants Alternative/Optional Education, Adult Education and Family Literacy, and Regional Safe Schools.

**M. Net Position**

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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**M. Net Position** (Continued)

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.

**N. Budget Information**

The Regional Office of Education No. 3 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education or other granting authority; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the Education Fund do not have separate budgets.

Comparisons of budgeted and actual results for the following programs are presented as supplementary information: ROE/ISC Operations, Truants Alternative/Optional Education, Adult Education & Family Literacy, Regional Safe Schools, McKinney Education for Homeless Children, Title II - Teacher Quality - Leadership Grant, Title I - School Improvement System of Support, and Early Childhood Block Grant.

**O. Cash and Cash Equivalents**

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

**P. Inventory**

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.



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

**NOTES TO FINANCIAL STATEMENTS**

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

**Q. Capital Assets**

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost. Leasehold improvements are capitalized if the cost exceeds \$3,000 and the improvements are expenses of the ROE rather than the property owner. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Computer equipment	3 years
Automobiles	5 years
Other equipment	5 years
Office furniture	10 years
Leasehold improvements	10 years
Food Service Equipment	10 years

**R. Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the Regional Office of Education No. 3's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education No. 3's OPEB Plan and additions to/deductions from the Regional Office of Education No. 3's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 3's Plan. For this purpose, the Regional Office of Education No. 3's Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**S. Compensated Absences**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**T. 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.

**U. Revenue from Federal and State Grants**

Revenues from federal and State grant awards are recorded net of the amount due to the State or federal agency for unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the State or federal agency are carried over to the following year project and are recorded as liabilities.

**V. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension or OPEB expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the government fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay for liabilities of the current year. Revenues are not available if they are received more than 60 days after the end of the fiscal year. Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of net difference between projected and actual earnings on pension plan investments and OPEB.

**2. DEPOSITS AND INVESTMENTS**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**2. DEPOSITS AND INVESTMENTS** (Continued)

**A. Bank Deposits**

At June 30, 2019, the carrying amount of the Regional Office of Education No. 3's Government-wide deposits were \$1,697,463, and the bank balances were \$2,451,033. Of the total bank balances as of June 30, 2019, \$295,751 was secured by federal depository insurance, \$2,119,683 was collateralized by securities pledged by the Regional Office of Education No. 3's financial institution in the name of the Regional Office, and \$35,599 was under-collateralized.

**a. Custodial Credit Risk**

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

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

**B. Investments**

The Regional Office of Education No. 3's, only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2019, the Regional Office of Education No. 3 had investments with carrying and fair value of \$0 invested in the Illinois Funds Money Market Fund.

The bank balance invested in the Illinois Funds Money Market Fund was \$2,616. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 3's governmental activities.

**a. Credit Risk**

At June 30, 2019, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

**b. Interest Rate Risk**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**2. DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

**c. Concentration of Credit Risk**

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio with the exception of cash equivalents and U.S. Treasury securities. Further certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

**3. CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the Regional Office of Education No. 3 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases are capitalized when purchased for business-type activities. The following table provides a summary of changes in capital assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Office equipment and furniture	\$ 59,060	\$ 2,474	\$ 11,779	\$ 49,755
Computer equipment	61,789	20,738	4,515	78,012
Other equipment and leasehold improvements	116,132	59,608	32,162	143,578
Less accumulated depreciation	<u>(187,123)</u>	<u>(24,907)</u>	<u>(42,480)</u>	<u>(169,550)</u>
Governmental activities capital assets, net	<u>\$ 49,858</u>	<u>\$ 57,913</u>	<u>\$ 5,976</u>	<u>\$ 101,795</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Office equipment and furniture	\$ 14,349	\$ 10,020	\$ -	\$ 24,369
Computer equipment	17,192	-	1,652	15,540
Other equipment and leasehold improvements	4,650	11,000	4,650	11,000
Less accumulated depreciation	<u>(36,191)</u>	<u>(1,031)</u>	<u>(6,302)</u>	<u>(30,920)</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 19,989</u>	<u>\$ -</u>	<u>\$ 19,989</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2019 of \$24,907 and \$1,031 was charged to governmental activities - instructional services and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

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

**NOTES TO FINANCIAL STATEMENTS**

**4. DEFINED BENEFIT PENSION PLAN – ILLINOIS MUNICIPAL RETIREMENT FUND**

**A. IMRF Plan Description**

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

**B. Benefits Provided**

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**4. DEFINED BENEFIT PENSION PLAN – ILLINOIS MUNICIPAL RETIREMENT FUND** (Continued)

**C. Employees Covered by Benefit Terms**

As of December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	24
Inactive plan members entitled to but not yet receiving benefits	29
Active plan members	<u>23</u>
Total	<u><u>76</u></u>

**D. Contributions**

As set by statute, the Regional Office of Education No. 3’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 3’s annual contribution rate for calendar year 2018 was 13.60%. For the fiscal year ended June 30, 2019, the Regional Office of Education No. 3 contributed \$92,667 to the plan. The Regional Office of Education No. 3 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**E. Net Pension Liability**

The Regional Office of Education No. 3’s net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**F. Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

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

**NOTES TO FINANCIAL STATEMENTS**

**4. DEFINED BENEFIT PENSION PLAN – ILLINOIS MUNICIPAL RETIREMENT FUND** (Continued)

**F. Actuarial Assumption** (Continued)

- For **Non-Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	37%	7.15%
International equity	18%	7.25%
Fixed income	28%	3.75%
Real estate	9%	6.25%
Alternative investments	7%	3.20-8.50%
Cash equivalents	<u>1%</u>	2.50%
Total	<u>100%</u>	

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

**NOTES TO FINANCIAL STATEMENTS**

**4. DEFINED BENEFIT PENSION PLAN – ILLINOIS MUNICIPAL RETIREMENT FUND** (Continued)

**G. Single Discount Rate**

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

**H. Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Balances at December 31, 2017</b>	\$ 4,620,327	\$ 4,620,253	\$ 74
<b>Changes for the year:</b>			
Service Cost	68,828	-	68,828
Interest on the total pension liability	340,841	-	340,841
Differences between expected and actual experience of the total pension liability	(90,054)	-	(90,054)
Contributions - employer	-	110,723	(110,723)
Contributions - employees	-	36,636	(36,636)
Changes of assumptions	141,467	-	141,467
Net investment income	-	(321,752)	321,752
Benefit payments, including refunds of employee contributions	(220,396)	(220,396)	-
Other (net transfer)	-	(6,003)	6,003
Net changes	<u>240,686</u>	<u>(400,792)</u>	<u>641,478</u>
<b>Balances at December 31, 2018</b>	<u>\$ 4,861,013</u>	<u>\$ 4,219,461</u>	<u>\$ 641,552</u>



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

**NOTES TO FINANCIAL STATEMENTS**

**4. DEFINED BENEFIT PENSION PLAN – ILLINOIS MUNICIPAL RETIREMENT FUND** (Continued)

**I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<b>1% Lower (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Higher (8.25%)</b>
Net Pension Liability (Asset)	<u>\$ 1,283,357</u>	<u>\$ 641,552</u>	<u>\$ 115,061</u>

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

For the year ended June 30, 2019, the Regional Office of Education No. 3 recognized pension expense of \$123,283. At June 30, 2019, the Regional Office of Education No. 3 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Deferred Amounts Related to Pensions</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ -	\$ 83,217
Assumption changes	95,981	50,081
Net difference between projected and actual earnings on pension plan investments	<u>383,071</u>	<u>-</u>
Total Deferred Amount to be Recognized in Pension Expense in Future Periods	479,052	133,298
<b>Pension Contributions Made Subsequent to the Measurement Date</b>	<u>37,432</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<u>\$ 516,484</u>	<u>\$ 133,298</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**4. DEFINED BENEFIT PENSION PLAN – ILLINOIS MUNICIPAL RETIREMENT FUND** (Continued)

**J. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions** (Continued)

\$37,432 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2020.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 67,793
2020	72,701
2021	72,707
2022	<u>132,553</u>
Total	<u>\$ 345,754</u>

**5. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

**A. Plan Description**

The Regional Office of Education No. 3 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2018>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

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

**NOTES TO FINANCIAL STATEMENTS**

**5. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS** (Continued)

**B. Benefits Provided**

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

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the State of Illinois.

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

**NOTES TO FINANCIAL STATEMENTS**

**5. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)**

**C. Contributions**

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018 was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer

**D. 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, 2019, the State of Illinois contributions recognized by the Regional Office of Education No. 3 were based on the State's proportionate share of collective net pension liability associated with the Regional Office of Education No. 3, and the Regional Office of Education No. 3 recognized revenue and expenditures of \$469,684 in pension contributions from the State of Illinois.

**E. 2.2 Formula Contributions**

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ending June 30, 2019 were \$3,770 and are deferred because they were paid after the June 30, 2018 measurement date.

**F. Federal and Special Trust Fund Contributions**

When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 3, there is a statutory requirement for the Regional Office of Education No. 3 to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Public Act 100-0340 set the employer contribution rate on salaries paid from federal funds to be the employer normal cost rate effective for fiscal year 2018. Previously, the employer contribution rate on salaries paid from federal funds was equal to the State's contribution rate and were much higher. Since these contributions are normal cost contributions, which are considered employer specific liability contributions under GASB 68, the "federal funds" contributions are no longer includable for purposes of allocating collective pension amounts. Any change in proportionate share resulting from this statutory change for individual employers will be recognized and amortized over the remaining services lives of all members beginning in fiscal year 2018.

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

**NOTES TO FINANCIAL STATEMENTS**

**5. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS** (Continued)

**F. Federal and Special Trust Fund Contributions** (Continued)

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$94,449 were paid from federal and special trust funds that required employer contributions of \$9,303. These contributions are deferred because they were paid after the June 30, 2018 measurement date.

**G. Employer Retirement Cost Contributions**

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 3 is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the Regional Office of Education No. 3 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent, no payments for salary increases over 3 percent and no payments for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2019, the Regional Office of Education No. 3 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 73,004
State's proportionate share of the net pension liability associated with the employer	<u>5,001,080</u>
Total	<u><u>\$ 5,074,084</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**5. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS** (Continued)

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The Regional Office of Education No. 3's proportion of the net pension liability was based on the Regional Office of Education No. 3's share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the Regional Office of Education No. 3's proportion was 0.0000936611 percent, which was a decrease of 0.0010116747 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Regional Office of Education No. 3 recognized pension expense of \$469,684 and revenue of \$469,684 for support provided by the State. For the year ended June 30, 2019, the Regional Office of Education No. 3 recognized pension expense of \$22,917. At June 30, 2019, the Regional Office of Education No. 3 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Deferred Amounts Related to Pensions</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ 1,467	\$ 16
Net difference between projected and actual earnings on pension plan investments	-	224
Changes of assumptions	3,202	2,069
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>383,481</u>	<u>600,349</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	388,150	602,658
<b>Employer Contributions Made Subsequent to the Measurement Date</b>	<u>13,073</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<u><u>\$ 401,223</u></u>	<u><u>\$ 602,658</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**5. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS** (Continued)

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

\$13,073 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education No. 3 as a reduction of their net pension liabilities in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 11,093
2021	10,603
2022	(49,464)
2023	(124,862)
2024	<u>(61,878)</u>
Total	<u>\$ (214,508)</u>

**I. Actuarial Assumptions**

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	varies by amount of service credit
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

In the June 30, 2018 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2017 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully generational basis using projection table MP-2014.

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

**NOTES TO FINANCIAL STATEMENTS**

**5. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS** (Continued)

**I. Actuarial Assumptions** (Continued)

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	15.0%	6.70%
U.S. equities small/mid cap	2.0%	7.90%
International equities developed	13.6%	7.00%
Emerging market equities	3.4%	9.40%
U.S. bonds core	8.0%	2.20%
U.S. bonds high yield	4.2%	4.40%
International debt developed	2.2%	1.30%
Emerging international debt	2.6%	4.50%
Real estate	16.0%	5.40%
Commodities (real return)	4.0%	1.80%
Hedge funds (absolute return)	14.0%	3.90%
Private equity	15.0%	10.20%
Total	<u>100%</u>	



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

**NOTES TO FINANCIAL STATEMENTS**

**5. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS** (Continued)

**J. Discount Rate**

At June 30, 2018, the discount rate used to measure the total pension liability was 7.00 percent, which was the same as the June 30, 2017 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefits recipients. Tier 1's liability is partially-funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

**K. Sensitivity of the Regional Office of Education No. 3's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Regional Office of Education No. 3's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Employer's proportionate share of the net pension liability	<u>\$ 89,553</u>	<u>\$ 73,004</u>	<u>\$ 59,694</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**5. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS** (Continued)

**L. TRS Fiduciary Net Position**

Detailed information about the TRS's fiduciary net position as of June 30, 2018 is available in the separately issued TRS Comprehensive Annual Financial Report.

**6. TEACHER'S HEALTH INSURANCE SECURITY FUND**

**A. THIS Plan Description**

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

**B. Benefits Provided**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**6. TEACHER'S HEALTH INSURANCE SECURITY FUND (Continued)**

**C. On-Behalf Contributions to the THIS Fund**

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 3. For the year ended June 30, 2019, State of Illinois contributions recognized by the Regional Office of Education No. 3 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 3, and recognized revenue and expenditures of \$51,986 in OPEB contributions from the State of Illinois.

**D. Employer Contributions to THIS Fund**

The Regional Office of Education No. 3 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92 percent during the year ended June 30, 2019, and 0.88 and 0.84 percent during the years ended June 30, 2018 and 2017, respectively. For the year ended June 30, 2019, the Regional Office of Education No. 3 paid \$5,980 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2018 and 2017, the Regional Office of Education No. 3 paid \$5,904 and \$5,844 to the THIS Fund, respectively, which was 100 percent of the required contribution.

**E. Further Information on the THIS Fund**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**6. TEACHER'S HEALTH INSURANCE SECURITY FUND (Continued)**

**F. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

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

**NOTES TO FINANCIAL STATEMENTS**

**6. TEACHER'S HEALTH INSURANCE SECURITY FUND** (Continued)

**G. Single Discount Rate**

Projected benefit payments were discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

**H. Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate**

The following presents the Regional Office of Education No. 3's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	<b>1% Decrease (2.62%)</b>	<b>Current Discount Rate (3.62%)</b>	<b>1% Increase (4.62%)</b>
Employer's proportionate share of the collective net OPEB liability	\$ 896,484	\$ 745,700	\$ 626,468

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

**NOTES TO FINANCIAL STATEMENTS**

**6. TEACHER'S HEALTH INSURANCE SECURITY FUND** (Continued)

**I. Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following table shows the Regional Office of Education No. 3's collective net OPEB liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	<u>1% Decrease*</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase**</u>
Employer's proportionate share of the collective net OPEB liability	\$ 604,551	\$ 745,700	\$ 935,599

\*One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate rate of 3.86% in 2026 for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

\*\*One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

**J. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the Regional Office of Education No. 3 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 3. The amount recognized by the Regional Office of Education No. 3 as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Regional Office of Education No. 3 were as follows:

Employer's proportionate share of the collective net OPEB liability	\$ 745,700
State's proportionate share of the collective net OPEB liability associated with the employer	<u>1,001,384</u>
<b>Total</b>	<u><u>\$ 1,747,084</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**6. TEACHER'S HEALTH INSURANCE SECURITY FUND** (Continued)

**J. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and was rolled forward to the June 30, 2018 measurement date. The Regional Office of Education No. 3's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 3's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 3, actuarially determined. At June 30, 2018, the Regional Office of Education No. 3's proportion was 0.002830 percent, which was a decrease of 0.000194 percent from its proportion measured as of June 30, 2017 (0.003024 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2019, the Regional Office of Education No. 3 recognized OPEB expense of \$51,986 and revenue of \$51,986 for support provided by the State. For the year ending June 30, 2019, the Regional Office of Education No. 3 recognized OPEB expense of \$46,776. At June 30, 2019, the Regional Office of Education No. 3 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,676
Changes of assumptions	-	108,586
Net difference between projected and actual earnings on earnings on OPEB plan investments	-	23
Changes in proportion and differences between employer contributions and proportionate share of contributions	76,310	49,231
Employer contributions subsequent to the measurement date	5,980	-
Total Deferred Amounts Related to OPEB	\$ 82,290	\$ 160,516

\$5,980 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 3 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 3's OPEB expense as follows:

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

**NOTES TO FINANCIAL STATEMENTS**

**6. TEACHER’S HEALTH INSURANCE SECURITY FUND** (Continued)

**J. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

<b>Year Ending June 30,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	\$ (13,037)
2021	(13,037)
2022	(13,037)
2023	(13,037)
2024	(13,031)
Thereafter	(19,027)
Total	\$ (84,206)

**K. THIS Fiduciary Net Position**

Detailed information about the THIS Fund fiduciary net position as of June 30, 2018, is available in the separately issued THIS Financial Report.

**7. RISK MANAGEMENT**

The Regional Office of Education No. 3 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education No. 3 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.



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

**NOTES TO FINANCIAL STATEMENTS**

**8. INTERFUND ACTIVITY**

**Due To/From Other Funds**

Interfund due to/from other fund balances at June 30, 2019 consist of the following individual due to/from other funds in the governmental fund Balance Sheet and proprietary fund Statement of Net Position. The balances between governmental funds were eliminated in the government-wide Statement of Net Position. The balances between governmental and business-type activities were not eliminated in the government-wide Statement of Net Position. The loans were used to cover cash shortages in the Education Fund.

Fund	Due from Other Funds	Due to Other Funds
General Fund		
Truants Alternative/Optional Education EBF	\$ 22,575	\$ -
Education Fund		
Truants Alternative/Optional Education	-	10,139
Adult Education & Family Literacy	-	8,876
Regional Safe School	-	3,560
McKinney Education for Homeless Children	-	66,159
Early Childhood Block Grant	-	1,661
Proprietary Fund		
Enterprise Fund Workshops	67,820	-
Totals	\$ 90,395	\$ 90,395

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

**NOTES TO FINANCIAL STATEMENTS**

**9. ON BEHALF PAYMENTS**

Bond County, Christian County, Effingham County, and Fayette County paid certain benefits on behalf of the Regional Office of Education No. 3. The benefits paid on the Regional Office of Education No. 3's behalf for the year ended June 30, 2019, were as follows:

Bond County		
Office Staff Benefits	\$	802
Christian County		
Office Staff Benefits		7,476
Effingham County		
Office Staff Benefits		6,496
Fayette County		
Office Staff Benefits		15,665
	\$	<u>30,439</u>

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

Regional Superintendent - salary	\$	117,600
Regional Superintendent - benefits (includes State paid insurance)		35,514
Assistant Regional Superintendent - salary		105,840
Assistant Regional Superintendent - benefits (includes State paid insurance)		34,804
	\$	<u>293,758</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

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

**NOTES TO FINANCIAL STATEMENTS**

**9. ON BEHALF PAYMENTS** (Continued)

The Regional Office of Education No. 3 also recorded \$469,684 in revenue and expenses as on behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense and \$51,986 in revenues and expenses as on behalf payments from ISBE for the Regional Office's share of the Teacher Health Insurance Security (THIS) Fund OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 3 has not included any on behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

Bond, Christian, Effingham and Fayette		
County on behalf payments	\$	30,439
State of Illinois on behalf payments		293,758
ROE No. 3's share of TRS pension expense		469,684
ROE No. 3's share of THIS OPEB expense		51,986
Total	<u>\$</u>	<u>845,867</u>

**10. OPERATING LEASE**

The Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3 has entered into operating leases through June 30, 2019 for its Alternative Education Programs to provide classroom space for the FOCUS and New Approach Schools and office space for grant programs. The Bond, Christian, Effingham Fayette, and Montgomery 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, 2019. Rent expense for 2019 totaled \$97,500. Unless written notice is given to the party desiring to terminate the lease, these lease contracts are automatically renewed on an annual basis. The rent expense is determined at the annual renewal.

The Bond, Christian, Effingham, Fayette, and Montgomery Counties Regional Office of Education No. 3 has entered into operating lease agreements for five copiers. Rent expense for 2019 totaled \$7,608. Future minimum rentals are as follows for the year ending June 30:

2020	\$	8,323
2021		6,694
2022		1,956
2023		780
2024		780
Thereafter		65
Total	<u>\$</u>	<u>18,598</u>

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

**NOTES TO FINANCIAL STATEMENTS**

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

The Regional Office of Education No. 3's General Fund, Education Fund, Nonmajor Special Revenue Funds, Proprietary Fund, and Fiduciary Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund:

Illinois State Board of Education	<u>\$ 75</u>
-----------------------------------	--------------

Education Fund:

Illinois State Board of Education	185,141
Illinois Community College Board	<u>14,147</u>
Total Education Fund	<u><u>199,288</u></u>

Nonmajor Special Revenue Funds:

Local Governments	<u>40</u>
-------------------	-----------

Proprietary Fund:

Local Governments	24,895
Regional Offices of Education	<u>3,396</u>
Total Proprietary Fund	<u><u>28,291</u></u>

Fiduciary Fund:

Illinois Department of Revenue	1,570,227
	<u>\$ 1,797,921</u>

Due to Other Governments:

Education Fund:

Local Governments	\$ 17
Regional Offices of Education	<u>22,239</u>
Total Education Fund	<u><u>22,256</u></u>

Fiduciary Fund:

Local Governments	1,570,227
	<u>\$ 1,592,483</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**12. LONG-TERM LIABILITY ACTIVITY**

Changes in long-term liabilities during the fiscal year were as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Net pension liability - TRS	\$ 844,456	\$ -	\$ 771,452	\$ 73,004
Net pension liability - IMRF	74	641,478	-	641,552
Net OPEB liability - THIS	784,840	-	39,140	745,700
Total long-term liabilities	<u>\$ 1,629,370</u>	<u>\$ 641,478</u>	<u>\$ 810,592</u>	<u>\$ 1,460,256</u>

Payments on the net pension liabilities and the net OPEB liabilities are made by the government funds.

**13. DEFICIT FUND BALANCE/NET POSITION**

The following individual funds carried a deficit fund balance as of June 30, 2019:

Truants Alternative/Optional Education	\$30,976
Adult Education & Family Literacy	\$6,294
Regional Safe Schools	\$7,505

The Regional Office of Education No. 3 anticipates that they will collect monies that are not yet recognized as revenue.

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

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

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

**(UNAUDITED)**

**For the years ended June 30, 2019, 2018, 2017, 2016, and 2015**

**(Amounts presented are for the calendar years ended  
December 31, 2018, 2017, 2016, 2015, and 2014)**

Calendar year ended December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>					
Service cost	\$ 68,828	\$ 78,911	\$ 102,279	\$ 47,482	\$ 96,369
Interest on the total pension liability	340,841	339,366	326,221	176,324	269,662
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience of the total pension liability	(90,054)	(46,009)	(56,649)	171,345	101,080
Changes of assumptions	141,467	(137,697)	-	-	134,807
Benefit payments, including refunds of employee contributions	<u>(220,396)</u>	<u>(199,327)</u>	<u>(170,481)</u>	<u>(116,039)</u>	<u>(87,834)</u>
<b>Net change in total pension liability</b>	240,686	35,244	201,370	279,112	514,084
<b>Total pension liability - beginning</b>	<u>4,620,327</u>	<u>4,585,083</u>	<u>4,383,713</u>	<u>4,104,601</u>	<u>3,590,517</u>
<b>Total pension liability - ending (A)</b>	<u><u>4,861,013</u></u>	<u><u>4,620,327</u></u>	<u><u>4,585,083</u></u>	<u><u>4,383,713</u></u>	<u><u>4,104,601</u></u>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	110,723	110,535	111,917	111,979	123,623
Contributions - employees	36,636	35,428	35,145	38,434	36,672
Net investment income	(321,752)	606,692	316,325	(25,749)	204,565
Benefit payments, including refunds of employee contributions	(220,396)	(199,327)	(170,481)	(116,039)	(87,834)
Other (net transfer)	<u>(6,003)</u>	<u>(3,281)</u>	<u>(4,859)</u>	<u>3,623</u>	<u>(2,702)</u>
<b>Net change in plan fiduciary net position</b>	(400,792)	550,047	288,047	12,248	274,324
<b>Plan fiduciary net position - beginning</b>	<u>4,620,253</u>	<u>4,070,206</u>	<u>3,782,159</u>	<u>3,769,911</u>	<u>3,495,587</u>
<b>Plan fiduciary net position - ending (B)</b>	<u>4,219,461</u>	<u>4,620,253</u>	<u>4,070,206</u>	<u>3,782,159</u>	<u>3,769,911</u>
<b>Net pension liability - ending (A) - (B)</b>	<u>\$ 641,552</u>	<u>\$ 74</u>	<u>\$ 514,877</u>	<u>\$ 601,554</u>	<u>\$ 334,690</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	86.80%	100.00%	88.77%	86.28%	91.85%
<b>Covered Payroll</b>	\$ 814,142	\$ 787,287	\$ 781,000	\$ 854,076	\$ 814,920
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	78.80%	0.01%	65.93%	70.43%	41.07%

**Notes to Schedule:**

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

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

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

**For the years ended June 30, 2019, 2018, 2017, 2016, and 2015**

**(Amounts presented are for the calendar years ended December 31, 2018, 2017, 2016, 2015, and 2014)**

<b>Calendar Year Ended December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a Percentage of Covered Payroll</b>
2014	\$ 122,487	\$ 123,623	\$ (1,136)	\$ 814,920	15.17%
2015	109,834	111,979	(2,145)	854,076	13.11%
2016	111,917	111,917	-	781,000	14.33%
2017	110,535	110,535	-	787,287	14.04%
2018	110,723	110,723	-	814,142	13.60%

**Notes to Schedule:**

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

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate\***

***Valuation Date:***

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

**Methods and Assumptions Used to Determine 2018 Contribution Rates:**

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	25 year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%
Salary Increases:	3.75% to 14.50%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.



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

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

**For the years ended June 30, 2019, 2018, 2017, 2016, and 2015**

**(Amounts presented are for the calendar years ended December 31, 2018, 2017, 2016, 2015, and  
2014)**

**Methods and Assumptions Used to Determine 2018 Contribution Rates: (Concluded)**

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

***Other Information:***

There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag between valuation and rate setting.

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

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

**For the years ended June 30, 2019, 2018, 2017, 2016, and 2015  
(Amounts presented are for the years ended June 30, 2018, 2017, 2016, 2015, and 2014)**

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Employer's proportion of the net pension liability	0.0000936611%	0.0011053358%	0.0005850993%	0.0005696699%	0.0005551387%
Employer's proportionate share of the net pension liability	\$ 73,004	\$ 844,456	\$ 461,854	\$ 373,191	\$ 337,848
State's proportionate share of the net pension liability associated with the employer	<u>5,001,080</u>	<u>5,151,070</u>	<u>4,888,245</u>	<u>3,110,988</u>	<u>2,428,738</u>
Total	<u>\$ 5,074,084</u>	<u>\$ 5,995,526</u>	<u>\$ 5,350,099</u>	<u>\$ 3,484,179</u>	<u>\$ 2,766,586</u>
Employer's covered payroll	\$ 670,951	\$ 695,723	\$ 615,844	\$ 481,735	\$ 400,502
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.9%	121.4%	75.0%	77.5%	84.4%
Plan fiduciary net position as a percentage of the total pension liability	40.0%	39.3%	36.4%	41.5%	43.0%

\* The amounts presented were determined as of the prior fiscal year end.

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

**TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF ILLINOIS -  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(UNAUDITED)  
For the years ended June 30,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily-required contribution	\$ 13,073	\$ 10,961	\$ 45,539	\$ 22,659	\$ 19,962	\$ 19,807
Contributions in relation to the statutorily-required contribution	<u>13,073</u>	<u>10,961</u>	<u>45,539</u>	<u>22,659</u>	<u>19,962</u>	<u>19,807</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 650,007	\$ 670,951	\$ 695,723	\$ 615,844	\$ 481,735	\$ 400,502
Contributions as a percentage of covered payroll	2.0%	1.6%	6.5%	3.7%	4.1%	4.9%

**Notes to Schedule:**

The information on both TRS schedules will accumulate until a full 10 year trend is presented as required by GASB Statement No. 68.

**Changes of assumptions**

For the 2018, 2017, and 2016 measurement years, the assumed investment rate of return was 7.0 percent including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including and inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

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

**TEACHER'S HEALTH INSURANCE SECURITY FUND -  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(UNAUDITED)**

**For the years ended June 30,**

<u>Fiscal Year Ended June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contribution as a Percentage of Covered Payroll</u>
2019	\$ 5,980	\$ 5,980	\$ -	\$ 650,007	0.92%
2018	5,904	5,904	-	670,951	0.88%
2017	5,844	5,844	-	695,723	0.84%
2016	4,927	4,927	-	615,844	0.80%

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

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

**TEACHERS' HEALTH INSURANCE SECURITY FUND -  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE  
OF THE COLLECTIVE NET OPEB LIABILITY  
(UNAUDITED)**

**For the years ended June 30, 2019, 2018, and 2017  
(Amounts presented are for the years ended June 30, 2018, 2017, and 2016)**

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	0.002830%	0.003024%	0.002644%
Employer's proportionate share of the collective net OPEB liability	\$ 745,700	\$ 784,840	\$ 722,760
State's proportionate share of the collective net OPEB liability associated with the employer	<u>1,001,384</u>	<u>1,030,608</u>	<u>1,002,250</u>
<b>Total</b>	<u>\$ 1,747,084</u>	<u>\$ 1,815,448</u>	<u>\$ 1,725,010</u>
Employer's covered payroll	\$ 670,951	\$ 695,723	\$ 615,844
Employer's proportionate share of the collective net OPEB liability as a percentage of covered payroll	111.14%	112.81%	117.36%
Plan fiduciary net position as a percentage of the collective total OPEB liability	-0.07%	-0.17%	-0.22%

\*The amounts presented for each fiscal year were determined as of the prior fiscal year end.

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

**Notes to Required Supplementary Information**

**Changes of Benefit Term**

In the June 30, 2019 actuarial valuation, there are no changes of benefit terms from the prior period.

**Changes of Assumptions**

For the 2018 and 2017 measurement years, the assumed investment rate of return was 0.0 percent, including an inflation rate of 2.75 percent. Salary increases were assumed to depend on service and range from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.

**SUPPLEMENTARY INFORMATION**

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

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2019**

	<u>General</u>	<u>County</u>	<u>EIU</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 132,792	\$ 54,391	\$ 4,606
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	75	-	-
	<u>132,867</u>	<u>54,391</u>	<u>4,606</u>
Total assets	<u>\$ 132,867</u>	<u>\$ 54,391</u>	<u>\$ 4,606</u>
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ -	\$ 3,267	\$ -
Total liabilities	<u>-</u>	<u>3,267</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Assigned	-	-	-
Unassigned	132,867	51,124	4,606
Total fund balances	<u>132,867</u>	<u>51,124</u>	<u>4,606</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 132,867</u>	<u>\$ 54,391</u>	<u>\$ 4,606</u>

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

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2019**

	Attendance Officer	Curriculum COOP	Truants Alternative/ Optional Education EBF
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,693	\$ 6,561	\$ 565,439
Accounts receivable	-	-	1,968
Due from other funds	-	-	22,575
Due from other governments	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 18,693</u>	<u>\$ 6,561</u>	<u>\$ 589,982</u>
<b>LIABILITIES</b>			
Salaries and benefits payable	\$ 716	\$ -	\$ 22,311
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>716</u>	<u>-</u>	<u>22,311</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	-	1,968
	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>			
Assigned	17,977	6,561	565,703
Unassigned	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>17,977</u>	<u>6,561</u>	<u>565,703</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,693</u>	<u>\$ 6,561</u>	<u>\$ 589,982</u>



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

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2019**

	Regional Safe Schools Program EBF	Tuition	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 263,083	\$ 67,118	\$ 1,112,683
Accounts receivable	-	-	1,968
Due from other funds	-	-	22,575
Due from other governments	-	-	75
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 263,083</u>	<u>\$ 67,118</u>	<u>\$ 1,137,301</u>
<b>LIABILITIES</b>			
Salaries and benefits payable	<u>\$ 8,749</u>	<u>\$ -</u>	<u>\$ 35,043</u>
Total liabilities	<u>8,749</u>	<u>-</u>	<u>35,043</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>1,968</u>
<b>FUND BALANCES</b>			
Assigned	254,334	67,118	911,693
Unassigned	-	-	188,597
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>254,334</u>	<u>67,118</u>	<u>1,100,290</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 263,083</u>	<u>\$ 67,118</u>	<u>\$ 1,137,301</u>

**BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY 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, 2019**

	<u>General</u>	<u>County</u>	<u>EIU</u>
Revenues:			
Local sources	\$ 129,671	\$ 250,442	\$ 181,515
Local sources-on-behalf payments	30,439	-	-
State sources	-	-	-
State sources-on-behalf payments	293,758	-	-
Interest	3,564	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	457,432	250,442	181,515
	<hr/>	<hr/>	<hr/>
Expenditures:			
Instructional services:			
Salaries and benefits	116,069	205,477	-
Purchased services	7,735	22,053	-
Supplies and materials	855	607	-
Pension expense	379	20,480	-
OPEB expense	602	-	-
On-behalf payments	324,197	-	-
Intergovernmental:			
Payments to other governments	-	-	178,115
Capital outlay	-	3,273	-
	<hr/>	<hr/>	<hr/>
Total expenditures	449,837	251,890	178,115
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	7,595	(1,448)	3,400
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Proceeds from sale of fixed assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	7,595	(1,448)	3,400
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	125,272	52,572	1,206
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 132,867	\$ 51,124	\$ 4,606
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY 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, 2019**

	<u>Attendance Officer</u>	<u>Curriculum COOP</u>	<u>Truants Alternative/ Optional Education EBF</u>
Revenues:			
Local sources	\$ 16,000	\$ -	\$ -
Local sources-on-behalf payments	-	-	-
State sources	-	-	488,419
State sources-on-behalf payments	-	-	-
Interest	-	-	134
	<hr/>	<hr/>	<hr/>
Total revenues	16,000	-	488,553
	<hr/>	<hr/>	<hr/>
Expenditures:			
Instructional services:			
Salaries and benefits	7,916	-	229,283
Purchased services	3,626	324	40,555
Supplies and materials	237	-	22,818
Pension expense	811	-	11,686
OPEB expense	-	-	1,419
On-behalf payments	-	-	-
Intergovernmental:			
Payments to other governments	-	-	-
Capital outlay	-	-	40,712
	<hr/>	<hr/>	<hr/>
Total expenditures	12,590	324	346,473
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	3,410	(324)	142,080
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Proceeds from sale of fixed assets	-	-	8,990
	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	8,990
	<hr/>	<hr/>	<hr/>
Net change in fund balances	3,410	(324)	151,070
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	14,567	6,885	414,633
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 17,977	\$ 6,561	\$ 565,703
	<hr/>	<hr/>	<hr/>

**BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY 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, 2019**

	Regional Safe Schools Program EBF	Tuition	Total
Revenues:			
Local sources	\$ 9,083	\$ 35,451	\$ 622,162
Local sources-on-behalf payments	-	-	30,439
State sources	434,510	-	922,929
State sources-on-behalf payments	-	-	293,758
Interest	-	-	3,698
	<hr/>	<hr/>	<hr/>
Total revenues	443,593	35,451	1,872,986
	<hr/>	<hr/>	<hr/>
Expenditures:			
Instructional services:			
Salaries and benefits	102,945	-	661,690
Purchased services	20,566	12,365	107,224
Supplies and materials	-	-	24,517
Pension expense	3,169	-	36,525
OPEB expense	1,146	-	3,167
On-behalf payments	-	-	324,197
Intergovernmental:			
Payments to other governments	244,028	-	422,143
Capital outlay	-	-	43,985
	<hr/>	<hr/>	<hr/>
Total expenditures	371,854	12,365	1,623,448
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	71,739	23,086	249,538
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Proceeds from sale of fixed assets	-	-	8,990
	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	8,990
	<hr/>	<hr/>	<hr/>
Net change in fund balances	71,739	23,086	258,528
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	182,595	44,032	841,762
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 254,334	\$ 67,118	\$ 1,100,290
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2019**

	<u>ROE/ISC Operations</u>	<u>Truants Alternative/ Optional Education</u>	<u>Adult Education &amp; Family Literacy</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	-	30,976	14,147
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ 30,976</u>	<u>\$ 14,147</u>
<b>LIABILITIES</b>			
Salary and benefits payable	\$ -	\$ 20,837	\$ 5,271
Due to other funds	-	10,139	8,876
Due to other governments	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> 30,976	<hr/> 14,147
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	30,976	6,294
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	-	-
Unassigned	-	(30,976)	(6,294)
	<hr/>	<hr/>	<hr/>
Total fund balances (deficits)	<hr/> -	<hr/> (30,976)	<hr/> (6,294)
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 30,976</u>	<u>\$ 14,147</u>

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

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2019**

	Regional Safe Schools	McKinney Education for Homeless Children	Title II - Teacher Quality - Leadership Grant
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	7,505	88,398	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 7,505</u>	<u>\$ 88,398</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Salary and benefits payable	\$ 3,945	\$ -	\$ -
Due to other funds	3,560	66,159	-
Due to other governments	-	22,239	-
Unearned revenue	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>7,505</u>	<u>88,398</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	7,505	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	-	-
Unassigned	(7,505)	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances (deficits)	<u>(7,505)</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,505</u>	<u>\$ 88,398</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2019**

	Alternative Education Programs - Other	Title I School Improvement System of Support	Early Childhood Block Grant	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 55,422	\$ -	\$ -	\$ 55,422
Due from other governments	62	-	58,200	199,288
<b>Total assets</b>	<b>\$ 55,484</b>	<b>\$ -</b>	<b>\$ 58,200</b>	<b>\$ 254,710</b>
<b>LIABILITIES</b>				
Salary and benefits payable	\$ -	\$ -	\$ -	\$ 30,053
Due to other funds	-	-	1,661	90,395
Due to other governments	17	-	-	22,256
Unearned revenue	-	-	56,539	56,539
<b>Total liabilities</b>	<b>17</b>	<b>-</b>	<b>58,200</b>	<b>199,243</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	44,775
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	55,467	-	-	55,467
Unassigned	-	-	-	(44,775)
<b>Total fund balances (deficits)</b>	<b>55,467</b>	<b>-</b>	<b>-</b>	<b>10,692</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 55,484</b>	<b>\$ -</b>	<b>\$ 58,200</b>	<b>\$ 254,710</b>

**BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY 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, 2019**

	<u>ROE/ISC Operations</u>	<u>Truants Alternative/ Optional Education</u>	<u>Adult Education &amp; Family Literacy</u>
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	122,631	354,281	66,872
Federal sources	-	-	23,560
	<hr/>	<hr/>	<hr/>
Total revenues	122,631	354,281	90,432
	<hr/>	<hr/>	<hr/>
Expenditures:			
Instructional services:			
Salaries and benefits	52,211	266,145	71,284
Purchased services	42,630	69,054	15,211
Supplies and materials	10,197	24,094	-
Pension expense	22	10,303	-
OPEB expense	34	2,127	-
Intergovernmental:			
Payments to other governmental units	-	-	-
Capital outlay	17,537	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	122,631	371,723	86,495
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	(17,442)	3,937
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Proceeds from sale of capital assets	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	(17,442)	3,937
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	-	(13,534)	(10,231)
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	\$ -	\$ (30,976)	\$ (6,294)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY 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, 2019**

	Regional Safe Schools	McKinney Education for Homeless Children	Title II - Teacher Quality - Leadership Grant
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	79,006	-	-
Federal sources	-	412,500	1,704
	<u>79,006</u>	<u>412,500</u>	<u>1,704</u>
Total revenues			
	<u>79,006</u>	<u>412,500</u>	<u>1,704</u>
Expenditures:			
Instructional services:			
Salaries and benefits	47,343	131,917	-
Purchased services	31,662	15,438	1,704
Supplies and materials	-	42,465	-
Pension expense	-	9,234	-
OPEB expense	-	652	-
Intergovernmental:			
Payments to other governments	-	210,591	-
Capital outlay	-	2,203	-
	<u>79,005</u>	<u>412,500</u>	<u>1,704</u>
Total expenditures			
	<u>79,005</u>	<u>412,500</u>	<u>1,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>-</u>	<u>-</u>
Other financing sources:			
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1	-	-
Fund balances (deficits), beginning of year	<u>(7,506)</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ (7,505)</u>	<u>\$ -</u>	<u>\$ -</u>

**BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY 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, 2019**

	Alternative Education Programs - Other	Title I - School Improvement System of Support	Early Childhood Block Grant	Total
Revenues:				
Local sources	\$ 12,367	\$ -	\$ -	\$ 12,367
State sources	1,016	-	692,969	1,316,775
Federal sources	55,096	22,403	-	515,263
Total revenues	<u>68,479</u>	<u>22,403</u>	<u>692,969</u>	<u>1,844,405</u>
Expenditures:				
Instructional services:				
Salaries and benefits	-	-	466,550	1,035,450
Purchased services	64,865	20,500	65,065	326,129
Supplies and materials	4,780	1,903	45,765	129,204
Pension expense	-	-	49,656	69,215
OPEB expense	-	-	-	2,813
Intergovernmental:				
Payments to other governments	-	-	-	210,591
Capital outlay	670	-	18,425	38,835
Total expenditures	<u>70,315</u>	<u>22,403</u>	<u>645,461</u>	<u>1,812,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,836)</u>	<u>-</u>	<u>47,508</u>	<u>32,168</u>
Other financing sources:				
Proceeds from sale of capital assets	103	-	-	103
Net change in fund balances	(1,733)	-	47,508	32,271
Fund balances (deficits), beginning of year	<u>57,200</u>	<u>-</u>	<u>(47,508)</u>	<u>(21,579)</u>
Fund balances (deficits), end of year	<u>\$ 55,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,692</u>

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS  
For the year ended June 30, 2019**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 122,631	\$ 122,631	\$ 122,631
Total revenues	122,631	122,631	122,631
Expenditures:			
Salaries and benefits	71,700	52,349	52,211
Purchased services	37,431	36,482	42,630
Supplies and materials	12,000	9,200	10,197
Pension expense	-	-	22
OPEB Expense	-	-	34
Intergovernmental:			
Payments to other governmental units	-	7,000	-
Capital outlay	1,500	17,600	17,537
Total expenditures	122,631	122,631	122,631
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION  
For the year ended June 30, 2019**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 371,723	\$ 371,723	\$ 354,281
Total revenues	371,723	371,723	354,281
Expenditures:			
Salaries and benefits	255,333	278,387	266,145
Purchased services	110,390	69,466	69,054
Supplies and materials	6,000	23,870	24,094
Pension expense	-	-	10,303
OPEB expense	-	-	2,127
Total expenditures	371,723	371,723	371,723
Net change in fund balances	\$ -	\$ -	(17,442)
Fund balance (deficit), beginning of year			(13,534)
Fund balance (deficit), end of year			\$ (30,976)

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ADULT EDUCATION & FAMILY LITERACY  
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 62,935	\$ 62,935	\$ 66,872
Federal sources	23,560	23,560	23,560
Total revenues	86,495	86,495	90,432
Expenditures:			
Salaries and benefits	57,000	57,000	71,284
Purchased services	29,495	29,495	15,211
Total expenditures	86,495	86,495	86,495
Net change in fund balances	\$ -	\$ -	3,937
Fund balance (deficit), beginning of year			(10,231)
Fund balance (deficit), end of year			\$ (6,294)

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS  
For the year ended June 30, 2019**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 79,005	\$ 79,005	\$ 79,006
Total revenues	79,005	79,005	79,006
Expenditures:			
Salaries and benefits	47,343	47,343	47,343
Purchased services	31,662	31,662	31,662
Total expenditures	79,005	79,005	79,005
Net change in fund balances	\$ -	\$ -	1
Fund balance (deficit), beginning of year			(7,506)
Fund balance (deficit), end of year			\$ (7,505)

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
For the year ended June 30, 2019**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 356,668	\$ 436,700	\$ 412,500
Total revenues	356,668	436,700	412,500
Expenditures:			
Salaries and benefits	58,920	79,963	131,917
Purchased services	16,946	10,122	15,438
Supplies and materials	10,801	17,649	42,465
Pension expense	-	-	9,234
OPEB expense	-	-	652
Intergovernmental:			
Payments to other governmental units	270,001	328,235	210,591
Capital outlay	-	731	2,203
Total expenditures	356,668	436,700	412,500
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE II – TEACHER QUALITY – LEADERSHIP GRANT  
For the year ended June 30, 2019**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 1,704	\$ 1,704	\$ 1,704
Expenditures:			
Purchased services	1,704	1,704	1,704
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -



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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE I – SCHOOL IMPROVEMENT SYSTEM OF SUPPORT  
For the year ended June 30, 2019**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 95,000	\$ 102,500	\$ 22,403
Total revenues	95,000	102,500	22,403
Expenditures:			
Salaries and benefits	9,993	9,993	-
Purchased services	80,257	87,757	20,500
Supplies and materials	4,750	4,750	1,903
Total expenditures	95,000	102,500	22,403
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT  
For the year ended June 30, 2019**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 702,000	\$ 702,000	\$ 692,969
Total revenues	702,000	702,000	692,969
Expenditures:			
Salaries and benefits	556,812	516,190	466,550
Purchased services	92,182	87,000	65,065
Supplies and materials	42,406	80,455	45,765
Pension expense	-	-	49,656
Capital outlay	10,600	18,355	18,425
Total expenditures	702,000	702,000	645,461
Net change in fund balances	\$ -	\$ -	47,508
Fund balance (deficit), beginning of year			(47,508)
Fund balance, end of year			\$ -

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

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2019**

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 45,507	\$ 34,385	\$ 79,892
Accounts receivable	192	-	192
Due from other governments	-	40	40
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 45,699</u>	<u>\$ 34,425</u>	<u>\$ 80,124</u>
<b>FUND BALANCES</b>			
Restricted	<u>\$ 45,699</u>	<u>\$ 34,425</u>	<u>\$ 80,124</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>\$ 45,699</u>	<u>\$ 34,425</u>	<u>\$ 80,124</u>

**BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY 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, 2019**

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Total</u>
Revenues:			
Local sources	\$ 4,187	\$ 8,328	\$ 12,515
State sources	<u>-</u>	<u>1,459</u>	<u>1,459</u>
Total revenues	<u>4,187</u>	<u>9,787</u>	<u>13,974</u>
Expenditures:			
Purchased services	-	8,869	8,869
Supplies and materials	<u>32</u>	<u>-</u>	<u>32</u>
Total expenditures	<u>32</u>	<u>8,869</u>	<u>8,901</u>
Net change in fund balances	4,155	918	5,073
Fund balances, beginning of year	<u>41,544</u>	<u>33,507</u>	<u>75,051</u>
Fund balances, end of year	<u><u>\$ 45,699</u></u>	<u><u>\$ 34,425</u></u>	<u><u>\$ 80,124</u></u>

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

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
For the year ended June 30, 2019**

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>SCHOOL FACILITY OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 4,460,247	\$ (4,460,247)	\$ -
Due from other governments	<u>1,574,396</u>	<u>1,570,227</u>	<u>(1,574,396)</u>	<u>1,570,227</u>
Total assets	<u>\$ 1,574,396</u>	<u>\$ 6,030,474</u>	<u>\$ (6,034,643)</u>	<u>\$ 1,570,227</u>
LIABILITIES				
Due to other governments	<u>\$ 1,574,396</u>	<u>\$ 6,030,474</u>	<u>\$ (6,034,643)</u>	<u>\$ 1,570,227</u>
Total liabilities	<u>\$ 1,574,396</u>	<u>\$ 6,030,474</u>	<u>\$ (6,034,643)</u>	<u>\$ 1,570,227</u>