

**State of Illinois  
CARROLL, JO DAVIESS, AND STEPHENSON  
COUNTIES REGIONAL OFFICE OF EDUCATION #8  
FINANCIAL AUDIT**

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**For the Year Ended June 30, 2011**

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**Performed as Special Assistant Auditors for  
the Office of the Auditor General**

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**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8**

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OFFICIALS

Regional Superintendent:

Current (Effective June 16, 2011)

Honorable Aaron Mercier

During the audit period (Retired effective June 15, 2011)

Honorable Marie Stiefel

Assistant Superintendent:

Current (Effective June 16, 2011)

Marie Stiefel

During the audit period (through June 15, 2011)

Aaron Mercier

Office is located at:

500 N. Rush St.  
Stockton, Illinois 61085

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8**

**FINANCIAL REPORT SUMMARY**

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

**AUDITOR'S REPORTS**

The auditor's 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	2	1
Repeated audit findings	1	0
Prior recommendations implemented		
Or not repeated	0	0

Details of the audit finding are presented in a separate report section.

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
		FINDINGS (GOVERNMENT AUDITING STANDARDS)	Compliance
11-1	9a	Departure from Generally Accepted Accounting Principle	Material Weakness
11-2	9c	Controls over Financial Statement Preparation	Significant Deficiency

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

-N/A-

**EXIT CONFERENCE**

An informal exit conference was held with agency personal on September 21, 2011. Attending were Aaron Mercier, Regional Superintendent, and Tonya Lofgren, Senior Accountant with Wipfli LLP.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8**

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**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 was performed by Wipfli LLP.

Based on their audit, the auditors expressed a qualified opinion on the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic financial statements due to GASB Statement No. 45 noncompliance.

## INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of and for the year ended June 30, 2011, which collectively comprise the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As more fully described in Finding 11-1, management did not recognize and disclose postemployment benefits other than pensions (OPEB) in their financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2011. This statement requires a systematic, accrual basis measurement and recognition of other postemployment benefit (OPEB) expense over a period that approximates employees' years of service. The Statement also requires the information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The effects of this departure from accounting principles generally accepted in the United States of America on the financial statements of the Carroll, Jo Daviess and Stephenson Counties Regional Office of Education #8 is not reasonably determinable. In our opinion, disclosure of that information is required to conform with the accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of not providing net OPEB obligations in the Statement of Net Assets and Statement of Activities, as described in the preceding paragraph, 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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Regional Office of Education #8 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Regional Office of Education #8's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Regional Office of Education #8's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2012 on our consideration of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 12 through 25 and 63 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic financial statements. The accompanying supplemental information, such as the combining and individual nonmajor fund financial statements, budgetary comparison schedules and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dixon, Illinois  
May 22, 2012

**INDEPENDENT AUDITOR'S 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 William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of and for the year ended June 30, 2011, which collectively comprise the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic financial statements and have issued our report thereon dated May 22, 2012. The report on governmental and business-type activities was qualified because the Regional Office of Education #8 did not recognize and disclose postemployment benefits other than pensions (OPEB) in their financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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.

**Internal Control Over Financial Reporting**

Management of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

*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. We consider the deficiency described in finding 11-1 in the accompanying Schedule of Findings and Responses to be a material weakness.

*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. We consider the deficiency described in finding 11-2 in the accompanying Schedule of Findings and Responses to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 11-1.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education No. 8's responses to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education No. 8's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the entity and the Illinois State Board of Education is not intended to be and should not be used by anyone other than these specified parties.

Dixon, Illinois  
May 22, 2012

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year Ended June 30, 2011

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Section I: Summary of Auditor's Results:

*Financial Statements*

Type of auditor's report issued: Qualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?                      X   yes                   no

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**SCHEDULE OF FINDINGS AND RESPONSES (Continued)**  
Year Ended June 30, 2011

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Section II: Financial Statement Findings:

**FINDING NO 11-1 – Departure from Generally Accepted Accounting Principle (Repeated from FY 2010 – No. 10-1)**

**Criteria/Specific Requirement:**

The Illinois Administrative Code (74 Ill. Adm. Code 420.320 (c) (1) and (2)) requires that each Regional Office of Education (ROE) maintain the accounting records necessary to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB), requires that employers recognize and disclose OPEB expense. Net OPEB obligations, if any, should be reported as liabilities (or assets if overfunded) in the financial statements. For financial reporting purposes, an actuarial valuation is required to measure and disclose the annual OPEB cost. In certain circumstances, an alternative measurement method can be applied instead of obtaining an actuarial valuation.

**Condition:**

The Carroll, Jo Daviess, and Stephenson Counties ROE #8 (ROE #8) participates in a defined benefit OPEB plan that provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. Under accrual accounting, the cost of OPEB, and any related OPEB liability, should generally be recorded in the period when the exchange for the employees' services occurs, rather than when the benefits are paid. Currently, the ROE #8's OPEB plan is financed on a pay-as-you-go basis, and as such, the financial statements do not report the financial effects of OPEB until the promised benefits are paid. The ROE #8 did not obtain an actuarial valuation of its postemployment benefits other than pensions liability, or apply the alternative measurement method in order to be in compliance with GASB Statement No. 45.

In the absence of the actuarial valuation, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the liabilities, fund balances, and expenditures of ROE #8 as of June 30, 2011.

**Effect:**

Failure to apply the accounting and reporting requirements of GASB Statement No. 45 could result in misstatements of the ROE #8's financial statements. This could also result in inaccurate and incomplete disclosure of the OPEB plan description, the funding policy, and the annual OPEB and net OPEB obligation.

**Cause:**

According to Regional Office management, noncompliance with GASB Statement No. 45 was due to budget restraints and the overall complexity of the pronouncement.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**SCHEDULE OF FINDINGS AND RESPONSES (Continued)**  
Year Ended June 30, 2011

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**FINDING NO 11-1 – Departure from Generally Accepted Accounting Principle (Repeated from FY 2010 – No. 10-1) (Continued):**

**Auditor's Recommendation:**

We recommend the ROE #8 obtain or perform an actuarial valuation of its other postemployment benefit liability to be in compliance with GASB Statement No. 45 and include all disclosures required by the Statement in its financial statements.

**Management's Response:**

Regional Office of Education #8 understands the nature of this finding and has contracted with a firm to provide the actuarial valuation to come into compliance.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**SCHEDULE OF FINDINGS AND RESPONSES (Continued)**  
Year Ended June 30, 2011

Section II – Financial Statement Findings:

**FINDING NO 11-2 – Controls Over Financial Statement Preparation**

**Criteria/Specific Requirement:**

The Carroll, Jo Daviess and Stephenson Counties Regional Office of Education #8 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting for disbursements and receipts. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, deferred revenue, and interfund loans.
- Several adjustments were required to present financial statements in accordance with generally accepted accounting principles.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

**Auditor's Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #8 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**SCHEDULE OF FINDINGS AND RESPONSES (Continued)**  
Year Ended June 30, 2011

Section II – Financial Statement Findings (Continued):

**FINDING NO 11-2 – Controls Over Financial Statement Preparation (Continued)**

**Management's Response:**

Regional Office of Education #8 understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. Regional Office of Education #8 accepts the degree of risk associated with this condition because the added expense of seeking additional expertise to prepare and/or review financial statements would take away from the funds available to provide educational services to students and teachers. The cost of hiring and training additional staff or contracting services outweighs the benefit. If additional resources are made available through the State of Illinois, the Regional Office will consider seeking the services of an accountant to review the financial statements and related disclosures for completeness and accuracy.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
Year Ended June 30, 2011**

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Corrective Action Plan:

**FINDING NO 11-1 – Departure from Generally Accepted Accounting Principle**

**Condition:**

The Carroll, Jo Daviess, and Stephenson Counties ROE #8 (ROE #8) participates in a defined benefit OPEB plan that provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. Under accrual accounting, the cost of OPEB, and any related OPEB liability, should generally be recorded in the period when the exchange for the employees' services occurs, rather than when the benefits are paid. Currently, the ROE #8's OPEB plan is financed on a pay-as-you-go basis, and as such, the financial statements do not report the financial effects of OPEB until the promised benefits are paid. The ROE #8 did not obtain an actuarial valuation of its postemployment benefits other than pensions liability, or apply the alternative measurement method in order to be in compliance with GASB Statement No. 45.

In the absence of the actuarial valuation, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the liabilities, fund balances, and expenditures of ROE #8 as of June 30, 2011.

**Plan:**

Regional Office of Education #8 understands the nature of this finding and has contracted with a firm to provide the actuarial valuation to come into compliance.

**Anticipated Completion Date:**

June 30, 2012

**Name of Contact Person:**

Honorable Aaron Mercier, Regional Superintendent

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
June 30, 2011

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Corrective Action Plan

**FINDING NO 11-2 – Controls Over Financial Statement Preparation**

**Condition:**

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting for disbursements and receipts. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, deferred revenue, and interfund loans.
- Several adjustments were required to present financial statements in accordance with generally accepted accounting principles.

**Plan:**

Regional Office of Education #8 understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. Regional Office of Education #8 accepts the degree of risk associated with this condition because the added expense of seeking additional expertise to prepare and/or review financial statements would take away from the funds available to provide educational services to students and teachers. The cost of hiring and training additional staff or contracting services outweighs the benefit. If additional resources are made available through the State of Illinois, the Regional Office will consider seeking the services of an accountant to review the financial statements and related disclosures for completeness and accuracy.

**Anticipated Completion Date:**

Ongoing

**Name of Contact Person:**

Honorable Aaron Mercier, Regional Superintendent

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2011

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<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
10-1	Departure from Generally Accepted Accounting Principle	Repeat 11-1

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011

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Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's financial statements, which follow.

During fiscal year 2011 the Regional Office of Education #8 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 19 to the financial statements. Because of these reclassifications the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

### **2011 FINANCIAL HIGHLIGHTS**

General Fund revenues increased from \$1,050,947 in fiscal year 2010 to \$2,173,577 in fiscal year 2011, while General Fund expenditures also increased from \$1,055,053 in fiscal year 2010 to \$2,052,149 in fiscal year 2011. The General Fund is made up of four sub funds: Counties Support, ROE Programs and Services, Medical Reimbursement and Special Services. The increase in revenues and expenditures can be attributed to the program reclassification due to the implementation of GASB 54. ROE Programs and Services and Medical Reimbursement programs were reclassified into the General fund due to the lack of specific designation.

Education Fund revenues increased from \$3,202,513 in 2010 to \$3,475,197 in 2011. This increase is due to the recognition of 2010 revenues during this current fiscal year because of the delayed receipt of State funding. Expenses decreased from \$3,565,976 in 2010 to \$2,966,805 in 2011. This decrease is due to the delayed receipt of State funding in several of the programs.

The Education Fund is made up of twelve different grant funds the Regional Office receives through the State Board of Education along with other sources. Some grants are new or increased while others decreased or were not funded in fiscal year 2011. The following grant program was added in fiscal year 2011:

Vision and Hearing Grant

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 as a whole and present an overall view of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's finances.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
June 30, 2011

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The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 acts solely as an agent or custodian for the benefit of those outside of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplemental information further explains and supports the financial statements with information about the Illinois Municipal Retirement Fund Schedule of Funding Progress.

Other Supplemental Information provides detailed information about the major and nonmajor funds.

Figure A-1 summarizes the major features of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's financial statements, including the portion of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's activities they cover and the types of information they contain.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 June 30, 2011

<b>Figure A-1 Major Features of the Government-wide and fund Financial Statements</b>				
	<b>Government-wide Statements</b>	<b>Fund Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire Regional Office of Education #8 (except fiduciary funds)	The activities of Regional Office of Education #8 that are not proprietary or fiduciary, such as grants and statutory funds	Activities Regional Office of Education #8 operates similar to private businesses: workshops	Instances in which Regional Office of Education #8 administers resources on behalf of someone else, such as the distributive fund and Parriott Scholarship Trust
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of Net Assets</li> <li>• Statement of Revenues, Expenses, and Changes in Fund Net Assets</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Assets</li> <li>• Statement of Changes in Fiduciary Net Assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

June 30, 2011

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**REPORTING CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES REGIONAL OFFICE OF EDUCATION #8'S FINANCIAL ACTIVITIES**

*Government-wide Financial Statements*

The government-wide financial statements report information about Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net assets and how they have changed. Net assets – the difference between Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's assets and liabilities – are one way to measure Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's financial health or financial position. Over time, increases or decreases in Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net assets are an indicator of whether financial position is improving or deteriorating. To assess Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's overall health, additional non-financial factors, such as changes in Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's grant funding and the condition of facilities need to be considered.

In the government-wide financial statements, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's activities are divided into two categories:

- *Governmental activities:* Most of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic services are included here, such as grants and statutory funds. Federal and state grant proceeds finance most of these activities.
- *Business-type activities:* Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 charges fees to help cover the costs of certain services it provides. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's Workshop Fund is included here.

*Fund Financial Statements*

The fund financial statements provide more detailed information about Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's funds, focusing on its most significant or "major" funds – not Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 as a whole. Funds are accounting devices Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 uses to keep track of specific sources of funding and spending on particular programs.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

June 30, 2011

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Some funds are required by state law. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 has three kinds of funds:

- 1) *Governmental funds*: Most of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's programs.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's governmental funds include the General Fund and Special Revenue Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

- 2) *Proprietary funds*: Services for which Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. Carroll, Jo Daviess, and Stephenson Counties Regional office of Education #8's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 currently has one Enterprise Fund, the Workshop Fund.

The required financial statements for proprietary funds include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows.

- 3) *Fiduciary funds*: Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 is the trustee for assets that belong to others. These funds include Private-Purpose Trust Funds and Agency Funds.
  - Private-Purpose Trust Funds – These are funds that exist to account for the E.H. Parriott Scholarship Trust Principal and Interest that provide scholarships for individual students.
  - Agency Funds – These are funds through which Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 administers and accounts for certain federal and/or state grants on behalf of others.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

June 30, 2011

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Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, assets exceeded liabilities by \$950,724 as of June 30, 2011.

A portion of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net assets (4%) reflects its investment in capital assets (e.g., furniture and equipment), less any related debt used to acquire those assets that are still outstanding. Although Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net assets for the fiscal year ended June 30, 2011 and 2010:

- The cost of all governmental activities was \$5,057,381 and \$4,679,435 for 2011 and 2010, respectively.
- Federal and State governments subsidized certain governmental activities with grants and contributions of \$3,570,448 and \$3,155,191 for 2011 and 2010, respectively.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
June 30, 2011

<u>2011</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets	\$ 2,247,613	\$ 67,802	\$ 2,315,415
Capital assets, net of accumulated depreciation	40,045	-0-	40,045
Total assets	<u>2,287,658</u>	<u>67,802</u>	<u>2,355,460</u>
Current liabilities	<u>1,404,736</u>	<u>-0-</u>	<u>1,404,736</u>
Net assets			
Invested in capital assets, net of related debt	40,045	-0-	40,045
Unrestricted	788,274	67,802	856,076
Restricted for educational purposes	<u>54,603</u>	<u>-0-</u>	<u>54,603</u>
Total net assets	<u>\$ 882,922</u>	<u>\$ 67,802</u>	<u>\$ 950,724</u>
<u>2010</u>			
Current assets	\$ 2,024,086	\$ 73,190	\$ 2,097,276
Capital assets, net of accumulated depreciation	56,610	-0-	56,610
Total assets	<u>2,080,696</u>	<u>73,190</u>	<u>2,153,886</u>
Current liabilities	<u>1,320,636</u>	<u>1,989</u>	<u>1,322,625</u>
Net assets			
Invested in capital assets, net of related debt	56,610	-0-	56,610
Unrestricted	686,356	71,201	757,557
Restricted for educational purposes	<u>17,094</u>	<u>-0-</u>	<u>17,094</u>
Total net assets	<u>\$ 760,060</u>	<u>\$ 71,201</u>	<u>\$ 831,261</u>

The largest portion of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net assets is unrestricted. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Unrestricted net assets were \$856,076 at year end.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

June 30, 2011

**Changes in net assets.** Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's total revenue for the fiscal year ended June 30, 2011 was \$5,222,773. The total cost of all programs and services was \$5,103,310. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and 2010:

<u>2011</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ -0-	\$ 42,326	\$ 42,326
Operating grants and contributions	3,570,448	-0-	3,570,448
General revenues			
Local sources	1,238,881	-0-	1,238,881
On-behalf payment	370,914	-0-	370,914
Investment earnings	-0-	204	204
Total revenues	<u>5,180,243</u>	<u>42,530</u>	<u>5,222,773</u>
<b>Expenses:</b>			
Education			
Salaries	1,866,727	-0-	1,866,727
Employee benefits	401,787	-0-	401,787
Purchased services	901,031	44,659	945,690
Supplies and materials	63,089	1,270	64,359
Other objects	4,181	-0-	4,181
Depreciation	16,565	-0-	16,565
Payments to other governments	1,431,512	-0-	1,431,512
Capital outlay	1,575	-0-	1,575
Administrative			
On-behalf payments	370,914	-0-	370,914
Total expenses	<u>5,057,381</u>	<u>45,929</u>	<u>5,103,310</u>
Change in net assets	122,862	(3,399)	119,463
Net assets, beginning	<u>760,060</u>	<u>71,201</u>	<u>831,261</u>
Net assets, ending	<u>\$ 882,922</u>	<u>\$ 67,802</u>	<u>\$ 950,724</u>

State source revenues account for 70% of the total revenue. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's expenses primarily relate to education, which account for 93% of the total expenses.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

June 30, 2011

<u>2010</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ -0-	\$ 82,009	\$ 82,009
Operating grants and contributions	3,155,191	15,030	3,170,221
General revenues			
Local sources	1,285,356	-0-	1,285,356
On-behalf payment	377,092	-0-	377,092
Investment earnings	-0-	396	396
	<u>4,817,639</u>	<u>97,435</u>	<u>4,915,074</u>
Total revenues			
<b>Expenses:</b>			
Education			
Salaries	1,283,631	-0-	1,283,631
Employee benefits	253,527	-0-	253,527
Purchased services	1,876,424	80,211	1,956,635
Supplies and materials	80,192	4,042	84,234
Other objects	21,633	-0-	21,633
Depreciation	17,205	-0-	17,205
Payments to other governments	766,499	4,850	771,349
Capital outlay	3,232	-0-	3,232
Administrative			
On-behalf payments	377,092	-0-	377,092
	<u>4,679,435</u>	<u>89,103</u>	<u>4,768,538</u>
Total expenses			
Change in net assets	138,204	8,332	146,536
Net assets, beginning	<u>621,856</u>	<u>62,869</u>	<u>684,725</u>
Net assets, ending	<u>\$ 760,060</u>	<u>\$ 71,201</u>	<u>\$ 831,261</u>

State source revenues account for 67% of the total revenue. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's expenses primarily relate to education, which account for 92% of the total expenses.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

June 30, 2011

**Governmental Activities**

Revenues for governmental activities were \$5,180,243 and \$4,817,639 and expenses were \$5,057,381 and \$4,679,435 for 2011 and 2010, respectively.

The following tables present the cost of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's functional governmental activities. The tables also show each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's residents by each of these functions.

	<b>Total Expenses</b>	<b>Net (Expenses) Revenues</b>
<b><u>2011</u></b>		
Education		
Salaries	\$ 1,866,727	\$ (555,656)
Employee benefits	401,787	(204,192)
Purchased services	901,031	(276,277)
Supplies and materials	63,089	(13,662)
Other objects	4,181	(4,181)
Depreciation	16,565	(16,565)
Payments to other governments	1,431,512	(45,369)
Capital Outlay	1,575	(117)
Administrative		
On-behalf payments	370,914	(370,914)
Total expenses	\$ 5,057,381	\$ (1,486,933)
<b><u>2010</u></b>		
Education		
Salaries	\$ 1,283,631	\$ (159,949)
Employee benefits	253,527	(25,846)
Purchased services	1,876,424	(894,218)
Supplies and materials	80,192	(39,640)
Other objects	21,633	(2,562)
Depreciation	17,205	(17,205)
Payments to other governments	766,499	(10,420)
Capital Outlay	3,232	2,688
Administrative		
On-behalf payments	377,092	(377,092)
Total expenses	\$ 4,679,435	\$ (1,524,244)

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

June 30, 2011

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Net cost of governmental activities (\$1,486,933), was financed by general revenues, which are made up of primarily local sources (\$1,238,881) and on-behalf payments (\$370,914) for 2011.

Net cost of governmental activities (\$1,524,244), was financed by general revenues, which are made up of primarily local sources (\$1,285,356), and on-behalf payments (\$377,092) for 2010.

**Business-Type Activities**

Revenues for business-type activities were \$42,530 and \$97,435 and expenses were \$45,929 and \$89,103 for 2011 and 2010, respectively. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's business-type activities include the Workshop Fund. Revenues of these activities were comprised of charges for services and investment income.

**INDIVIDUAL FUND ANALYSIS**

As previously noted, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 as a whole is reflected in its governmental funds, as well. As Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 completed the year, its governmental funds reported a combined fund balance of \$842,877, above last year's ending fund balances of \$196,576.

**Governmental Fund Highlights**

The General Fund fund balance increased from \$14,065 in 2010 to \$788,274 in 2011. The increase in fund balance was large in comparison to expenditures of \$2,052,149. The General Fund includes the Special Services accounts, which reflect revenue and expenses for Freeport Alternative High School (FAHS). There is an exchange of funds between Freeport District #145 and the Regional Office, since District #145 receives the State Aid the Regional Office generates but in turn reimburses the ROE for payroll costs for FAHS. There is a time delay between billings and payment, which creates fluctuation from year to year in the fund balance.

The Education Fund fund balance decreased from \$160,867 in 2010 to \$14,845 in 2011. The Education Fund is primarily made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see a funding increase.

Over the various programs that make up the fund, total revenues exceeded expenditures by \$508,392 thus increasing the fiscal year 2011 balance from \$(493,547) as restated, see Note 19, to \$14,845. In consideration that the total Education Fund revenue is \$3,475,197, \$508,392 is only a modest change. The increase in revenues is primarily due to delayed state revenue payments which were shown as deferred revenues on the balance sheet during the prior year. They were recognized as revenues during this current fiscal year. The fund balance of \$14,845 represents a carryover primarily comprised of local donations and is designated for specific projects of the Early Intervention program, which serves birth-to-three-year old children with disabilities and their families and the Hearing and Vision grant which provides hearing and vision services to preschool children.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 June 30, 2011

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**Proprietary Fund Highlights**

Workshop Fund net assets decreased from \$71,201 at June 30, 2010, to \$67,802 at June 30, 2011, representing a decrease of approximately 4.77%. The Workshop Fund's assets are primarily made up of funds the Regional Office receives and expends in providing for-credit college course work and workshops for professional development.

The Workshop Fund operating revenues have decreased from \$97,039 in fiscal year 2010 to \$42,326 in fiscal year 2011. Revenue in the Workshop Fund is largely dependent on participation in the ROE workshops, which varies from year to year. Some additional factors are that most of the workshops are offered during the summer which spans two fiscal years; the revenue can be affected by which fiscal year a workshop is offered in. Also, some years not as many teachers are up for teaching certificate renewal, which requires attending professional development activities.

**BUDGETARY HIGHLIGHTS**

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 is not required to create a budget for overall operations. They are required to prepare budgets for most of the grants they receive. Over the course of the year, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 amended several of the grant budgets within the Education Fund. Budgets for grant programs are adjusted because of an increase or decrease in funding due to changes at the State level or to better allocate funds received to meet the needs of the program.

**CAPITAL ASSETS**

As of June 30, 2011, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 had invested \$320,502 in capital assets, including furniture and equipment. Total depreciation expense for the year was \$16,565.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2011:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Furniture and Equipment	<u>\$40,045</u>	<u>\$ -0-</u>	<u>\$40,045</u>

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2010:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Furniture and equipment	<u>\$56,610</u>	<u>\$ -0-</u>	<u>\$56,610</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

June 30, 2011

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Additional information on Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's capital assets can be found in Note 8 of this report.

**ECONOMIC FACTORS BEARING ON CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES REGIONAL OFFICE OF EDUCATION #8'S FUTURE**

At the time these financial statements were prepared and audited, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 was aware of several existing circumstances that could significantly affect its financial health in the future.

A substantial proportion of the Regional Office funds come from State grants and programs. From year to year, the Regional Office does not know until the State Budget is finalized, sometime between May to August, whether a program will be funded or at what level. For the past seven years, the State Budget has been a difficult process due to increased spending and finding the needed sources of revenue to meet the budget.

The continuing economic downturn that started in the summer of 2008 will have a major impact on both State and County revenues that support the Regional Office operations. The Governor has called upon all State agencies to reduce their spending during the current fiscal year below the approved budget due to projected revenue shortfalls.

One could expect that for FY12, there may be flat funding of programs or the elimination of some grant programs.

**CONTACTING CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES REGIONAL OFFICE OF EDUCATION #8'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's citizens, taxpayers, customers, and creditors with a general overview of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's finances and to demonstrate Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, 500 North Rush Street, Stockton, Illinois 61085.

## **BASIC FINANCIAL STATEMENTS**

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**STATEMENT OF NET ASSETS**

June 30, 2011

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
<b>ASSETS</b>	<b><u>Activities</u></b>	<b><u>Activities</u></b>	<b><u>Total</u></b>
Current assets:			
Cash and cash equivalents	\$ 1,242,713	\$ 67,802	\$ 1,310,515
Due from other governments	<u>1,004,900</u>	<u>-</u>	<u>1,004,900</u>
Total current assets	2,247,613	67,802	2,315,415
Non-current assets:			
Capital assets, being depreciated, net	<u>40,045</u>	<u>-</u>	<u>40,045</u>
Total assets	<u>2,287,658</u>	<u>67,802</u>	<u>2,355,460</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,126,319	-	1,126,319
Accrued payroll and employee benefits	91,456	-	91,456
Due to other governments	125,906	-	125,906
Deferred revenue	<u>61,055</u>	<u>-</u>	<u>61,055</u>
Total current liabilities	<u>1,404,736</u>	<u>-</u>	<u>1,404,736</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	40,045	-	40,045
Unrestricted	788,274	67,802	856,076
Restricted for educational purposes	<u>54,603</u>	<u>-</u>	<u>54,603</u>
Total net assets	<u>\$ 882,922</u>	<u>\$ 67,802</u>	<u>\$ 950,724</u>

The accompanying notes are an integral part of the financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Operating		Primary Government		Total
		Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Education:						
Salaries	\$ 1,866,727	\$ -	\$ 1,311,071	\$ (555,656)	\$ -	\$ (555,656)
Employee benefits	401,787	-	197,595	(204,192)	-	(204,192)
Purchased services	901,031	-	624,754	(276,277)	-	(276,277)
Supplies and materials	63,089	-	49,427	(13,662)	-	(13,662)
Other objects	4,181	-	-	(4,181)	-	(4,181)
Depreciation	16,565	-	-	(16,565)	-	(16,565)
Payments to other governments	1,431,512	-	1,386,143	(45,369)	-	(45,369)
Capital outlay	1,575	-	1,458	(117)	-	(117)
Administrative:						
On-behalf payments	370,914	-	-	(370,914)	-	(370,914)
Total governmental activities	5,057,381	-	3,570,448	(1,486,933)	-	(1,486,933)
Business-type activities:						
Other	45,929	42,326	-	-	(3,603)	(3,603)
<b>Total primary government</b>	<b>\$ 5,103,310</b>	<b>\$ 42,326</b>	<b>\$ 3,570,448</b>	<b>(1,486,933)</b>	<b>(3,603)</b>	<b>(1,490,536)</b>
General revenues:						
Local sources				1,238,881	-	1,238,881
On-behalf payments				370,914	-	370,914
Investment earnings				-	204	204
Total general revenue				1,609,795	204	1,609,999
<b>CHANGES IN NET ASSETS</b>				122,862	(3,399)	119,463
<b>NET ASSETS, BEGINNING OF YEAR</b>				760,060	71,201	831,261
<b>NET ASSETS, END OF YEAR</b>				<b>\$ 882,922</b>	<b>\$ 67,802</b>	<b>\$ 950,724</b>

The accompanying notes are an integral part of the financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2011

	Special Revenue			
	<u>General</u> <u>Fund</u>	<u>Education</u> <u>Fund</u>	<u>Other</u> <u>Nonmajor</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 828,405	\$ 409,092	\$ 42,049	\$ 1,279,546
Due from other funds	122,750	-	-	122,750
Due from other governments	<u>69,981</u>	<u>934,919</u>	<u>-</u>	<u>1,004,900</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,021,136</u>	<u>\$ 1,344,011</u>	<u>\$ 42,049</u>	<u>\$ 2,407,196</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Cash overdraft	\$ -	\$ 36,833	\$ -	\$ 36,833
Accounts payable	-	1,124,028	2,291	1,126,319
Accrued expenses	91,456	-	-	91,456
Due to other governments	125,906	-	-	125,906
Due to other funds	15,500	107,250	-	122,750
Deferred revenue	-	61,055	-	61,055
Total liabilities	<u>232,862</u>	<u>1,329,166</u>	<u>2,291</u>	<u>1,564,319</u>
 <b>FUND BALANCES</b>				
Restricted	-	14,845	39,758	54,603
Assigned	438	-	-	438
Unassigned	<u>787,836</u>	<u>-</u>	<u>-</u>	<u>787,836</u>
Total fund balances	<u>788,274</u>	<u>14,845</u>	<u>39,758</u>	<u>842,877</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,021,136</u>	<u>\$ 1,344,011</u>	<u>\$ 42,049</u>	<u>\$ 2,407,196</u>

The accompanying notes are an integral part of the financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**

June 30, 2011

**Total fund balances of governmental funds (page 29)** \$ 842,877

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

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported  
in the funds. This is the cost of capital assets (\$320,502)  
net of accumulated depreciation (\$280,457). 40,045

**Net assets of governmental activities (page 27)** \$ 882,922

The accompanying notes are an integral part of the financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2011

	Special Revenue			Total Governmental Funds
	General Fund	Education Fund	Other Nonmajor Funds	
<b>REVENUES:</b>				
Local sources	\$1,095,312	\$ 106,168	\$ 37,401	\$ 1,238,881
State sources	651,991	3,141,095	942	3,794,028
Federal sources	55,360	227,934	-	283,294
On-behalf payments	370,914	-	-	370,914
Total revenues	2,173,577	3,475,197	38,343	5,687,117
<b>EXPENDITURES:</b>				
Education:				
Salaries	1,170,637	693,925	2,165	1,866,727
Employee benefits	188,017	213,659	111	401,787
Purchased services	263,802	620,263	16,966	901,031
Supplies and materials	9,658	50,811	2,620	63,089
Other objects	4,181	-	-	4,181
Payments to other governments	45,369	1,386,143	-	1,431,512
On-behalf payments	370,914	-	-	370,914
Capital outlay	(429)	2,004	-	1,575
Total expenditures	2,052,149	2,966,805	21,862	5,040,816
<b>NET CHANGE IN FUND BALANCES</b>	121,428	508,392	16,481	646,301
<b>FUND BALANCE, BEGINNING OF YEAR</b>				
<b>RESTATED SEE NOTE 19</b>	666,846	(493,547)	23,277	196,576
<b>FUND BALANCE, END OF YEAR</b>	\$ 788,274	\$ 14,845	\$ 39,758	\$ 842,877

The accompanying notes are an integral part of the financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2011

**Net change in fund balances (page 31)** \$ 646,301

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

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. This is the excess of  
depreciation expense (\$16,565) over capitalized fixed assets  
placed in service (\$-0-) in the current year. (16,565)

Revenues in the Statement of Activities in the prior year that did  
not provide current financial resources were not reported as  
revenues in the funds (506,874)

**Change in net assets of governmental activities (page 28)** \$ 122,862

The accompanying notes are an integral part of the financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
June 30, 2011

	<b>Business-Type Activities - Enterprise Fund <u>Workshops</u></b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ <u>67,802</u>
 <b>NET ASSETS</b>	
Unrestricted	\$ <u><u>67,802</u></u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
Year Ended June 30, 2011

	<b>Business-Type Activities - Enterprise Fund <u>Workshops</u></b>
Operating revenues:	
Charges for services	\$ 42,326
Total operating revenues	42,326
Operating expenses:	
Education:	
Purchased services	44,659
Supplies and materials	1,270
Total operating expenses	45,929
Operating loss	(3,603)
Nonoperating revenue:	
Investment income	204
Loss before contributions, gains/losses, and transfers	(3,399)
<b>Total net assets, beginning of year</b>	<b>71,201</b>
<b>Total net assets, end of year</b>	<b>\$ 67,802</b>

The accompanying notes are an integral part of the financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year Ended June 30, 2011

	<b>Business-Type Activities - Enterprise Fund <u>Workshops</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from workshops and grants	\$ 42,326
Payments to suppliers and providers of goods and services	<u>(47,918)</u>
Net cash used for operating activities	<u>(5,592)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	<u>204</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 (5,388)
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>73,190</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u>\$ 67,802</u>
 <b>Reconciliation of operating loss to net cash used for operating activities:</b>	
Operating loss	\$ (3,603)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Change in assets and liabilities:	
Decrease in accounts payable	<u>(1,989)</u>
 <b>Net cash used for operating activities</b>	 <u>\$ (5,592)</u>

The accompanying notes are an integral part of the financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
June 30, 2011

	<u>Private-Purpose</u> <u>Trusts</u>	<u>Agency</u> <u>Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 111,791	\$ 3,762
Investments	930,309	-
Rent receivable	11,777	-
Interest receivable	2,261	-
Due from other funds	17,401	-
Property and equipment, net	732,926	-
Total assets	1,806,465	3,762
<b>LIABILITIES</b>		
Accounts payable	6,834	-
Due to other funds	17,401	-
Deposits	1,500	-
Due to other governmental units	-	3,762
Deferred revenue	11,560	-
Total liabilities	37,295	3,762
<b>NET ASSETS</b>		
Held in trust for other purposes	\$ 1,769,170	\$ -

The accompanying notes are an integral part of the financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
Year Ended June 30, 2011

	<b>Private-Purpose Trusts</b>
<b>ADDITIONS:</b>	
Local sources	
Rent	\$ 115,951
CRP payment	1,911
Interest and dividends	29,464
Unrealized gain on investments	24,731
Total additions	<u>172,057</u>
<b>DEDUCTIONS:</b>	
Purchased services	39,950
Supplies and materials	187
Scholarships	74,250
Depreciation	6,367
Total deductions	<u>120,754</u>
<b>EXCESS OF ADDITIONS OVER DEDUCTIONS</b>	<u>51,303</u>
<b>OTHER FINANCING SOURCES (USES):</b>	
Transfers in	130,801
Transfers out	<u>(130,801)</u>
Total other financing sources (uses)	<u>-</u>
<b>CHANGES IN NET ASSETS</b>	51,303
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,717,867</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,769,170</u>

The accompanying notes are an integral part of the financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 is an entity that is a result of an Education Service Region becoming a Regional Office of Education as of August 7, 1995. The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education #8 encompasses Carroll, Jo Daviess, and Stephenson Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The functions of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 include, but are not limited to the following:

- Processing teachers' certificates
- Teaching initial and refresher classes for school bus drivers within Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8
- Review life/safety requirements for schools in conjunction with the State of Illinois
- Issuing newsletters regarding new Illinois life/safety requirements
- Monitoring compliance with State laws and Department of Education policies and procedures
- Providing directions to teachers and school officials on science, art and teaching methods
- Implementing the State Board of Education's Policy Programs
- Encouraging camaraderie among teachers through the teachers' institute

The Regional Office of Education #8's reporting entity includes all related organizations for which the Regional Office of Education #8 exercises oversight responsibility in accordance with Statement No. 14 of the Governmental Accounting Standards Board.

The Superintendent has developed criteria to determine whether outside agencies with activities which benefit the citizens served by the Regional Office of Education #8 should be included within its financial reporting entity. The criteria includes, but is not limited to whether the Superintendent (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability or fiscal matters (i.e., financial budget approval, management of assets, etc.). The Superintendent has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the financial statements. In addition, the Superintendent is not aware of any entity which would exercise such oversight which would result in the Regional Office of Education #8 being considered a component unit of the entity.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Regional Office of Education #8 is the Administrative Agent for two joint agreements – the Jo Daviess-Carroll Area Vocational Center and the Eagle Ridge Vocational Delivery System. These joint agreements are not considered part of the Regional Office of Education #8's GAAP reporting entity and are not included in these financial statements.

The Jo Daviess-Carroll Area Vocational Center provides advanced vocational training to high school juniors and seniors and adults seeking retraining.

The Eagle Ridge Vocational Delivery System includes all the Jo Daviess County school districts and the West Carroll school districts in Carroll County. It allocates state vocational funding among member districts and updates vocational programs into sequential programs leading to marketable skills. The Delivery System reimburses the Regional Office of Education #8 for certain administrative costs.

**Basis of Presentation**

**Government-wide Financial Statements** – The Statement of Net Assets and the Statement of Activities report information on all of the activities of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental and local revenues.

The Statement of Net Assets presents Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for any debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non major funds are consolidated into a single column within the governmental funds in the financial section of the basic financial statements and are detailed in the supplemental information.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 report the following major governmental funds:

The General Fund is the operating fund of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8. The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The following funds are the general funds of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8:

Counties Support – used to account for monies received for, and payment of, expenditures in connection with general administration activities. The source of these monies is from the three county boards for which the Regional Office of Education #8 serves.

ROE Programs and Services – an intergovernmental agreement used to provide services and programs such as criminal background investigations on substitute teachers and centralized scoring of standardized tests. This Intergovernmental Agreement is also used as an umbrella organization for grants and cooperative bidding.

Medical Reimbursement – collection of payroll deduction from participating employees. The Regional Superintendent is responsible for reimbursing the cost of employee's medical expenses.

Special Services – used to account for various miscellaneous expenditures as approved by the Regional Office of Education #8. Revenues are primarily derived from interest earnings or invested cash and reimbursements from other entities for administration and accounting for miscellaneous grants and programs.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 which include:

Truants Alternative/Optional Ed. – used to account for grant monies received for, and payment of, expenses of the Truants Alternative Program.

Early Childhood Block Grants – used to account for grant monies received for, and payment of, expenses for developing and operating programs for parents of young children.

Regional Safe Schools – used to account for grant monies received for, and payment of, alternative programs for disruptive youths in grades 6-12.

Learning Technology Center – used to account for grant monies received for, and payment of, the expenses associated with the Learning Technology Center.

Early Intervention Infants/Toddlers – used to account for grant monies received for and payment of, expenses for an early intervention program for special needs children. Program is also called Community Access Point/System Point of Entry (CAP/SPOE).

Title II – Teacher Quality – Leadership Grant – used to account for grant monies received for, and payment of, expenditures incurred in providing workshops to improve teacher quality.

ROE/ISC Operations – used to account for grant monies received for, and payment of, assisting schools in all areas of school improvement.

Workforce Investment Act – used to account for grant monies received for, and expenditures incurred to provide financial and technical assistance to qualified recipients in order to support workforce investment activities.

McKinney Homeless Grant – used to ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children.

Beginning Teacher Induction Pilot Program – used to account for grant monies received for, and expenditures incurred to support, programs associated with assisting new teachers.

Title I Reading First Part B – funding to support all Carroll/Jo Daviess/Stephenson districts and grades in reading initiatives and public workshops.

Hearing and Vision – Used to account for grant monies received for, and payment of, expenses for conducting hearing and vision screenings for preschool children.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 reports the following nonmajor governmental funds:

General Educational Development – used to account for resources accumulated for, and payment of, expenses of administering the General Educational Development test. Statute requires excess funds accumulated for periods exceeding three years to be transferred into the Institute Fund.

Bus Driver – used to account for resources accumulated for, and payment of, expenses of issuing school bus driver permits and administering school bus driver training.

Supervisory – used to account for resources accumulated for, and payment of, expenses of providing supervisory service in the Regional Office of Education #8.

Institute – used to account for resources accumulated for, and payment of, expenses of administering teachers' institutes, workshops, and meetings. All funds generated remain restricted until expended only on the aforementioned activities.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 report the following major proprietary fund:

Workshops – used to account for workshops associated with various grant programs.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 also reports fiduciary funds which focus on net assets and changes in net assets. They include the following:

The Private-Purpose Trust Fund is used to account for assets held by the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 under trust agreements which require income earned to be used to benefit individuals through scholarship awards. The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 private-purpose trust funds include the following:

E.H. Parriott Scholarship Trust Principal – used to maintain the trust principal. Income is used to pay for scholarships.

E.H. Parriott Scholarship Trust Income – used to account for day-to-day operations of farm and to pay out scholarships from investment and farm income.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Agency Fund is used to account for assets held by the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets, equal liabilities, and does not involve measurement of results of operations. The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 agency funds include the following:

Distributive – State and Federal funds are distributed by the Illinois State Board of Education to the Regional Office of Education #8. The Regional Office of Education #8 is responsible for forwarding these monies to local school districts and others in Carroll, Jo Daviess, and Stephenson Counties.

Distributive Interest – used to account for interest earned on flow-through funds to be distributed to local school districts received from the Illinois State Board of Education. The Superintendent uses the interest money to develop inservice activities and other innovative programs, with the consent of all affected school boards and other entities.

**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 provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 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 funding resources available to finance the program. It is Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned, if any.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 maintains its financial records on the cash basis. The financial statements of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 are prepared by making memorandum adjusting entries to the cash basis financial records.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Balances**

Fund Balance is the difference between assets and liabilities 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 assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a Nonspendable fund balance.

Restricted Fund Balance – the portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements or contracts: Hearing and Vision Grant and Early Intervention Infants/Toddlers. The following funds are restricted by Illinois Statute: General Educational Development, Bus Driver, Supervisory and Institute.

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

Assigned Fund Balance – The Portion of a Governmental Fund’s net assets 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 account comprises assigned fund balance: Medical Reimbursement.

Unassigned Fund Balance – available expendable resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following: Counties Support, Special Services, and ROE Programs and Services.

**Net Assets**

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

Invested in capital assets – Consists of capital assets, net of accumulated depreciation.

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities and Fund Equity**

The following accounting policies are followed in preparing the balance sheet:

Cash and investments – The cash and investment balances of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 are valued at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from other governments – Due from other governments represents amounts due from the Illinois State Board of Education.

Capital assets – Capital assets, which include furniture and equipment, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 as assets with an initial, individual cost in excess of \$1,500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 5-10 years.

Property, plant and equipment in the private-purpose trust fund are recorded at cost.

Property, plant and equipment are depreciated in the private-purpose trust fund using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20
Equipment	10

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting**

The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 prepares a budget for each of its grants and for the support it receives from its three counties. Some of these budgets cover different periods than the Regional Office of Education #8's fiscal year.

The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's accounting records must be sophisticated enough to both (1) assure and demonstrate compliance with each budget during the period it covers and (2) permit the reporting of the financial position and results of operations of each fund and fund type in GAAP financial statements covering its fiscal year.

Budgetary comparisons and budgetary compliance are discussed in Note 8.

**NOTE 2 – ON-BEHALF PAYMENTS**

Salaries of the Regional Superintendent and his first assistant are paid by the State of Illinois. All other salaries with the exception of employees paid by the Special Services Fund, are paid by Carroll, Jo Daviess, and Stephenson Counties. Pension plan contributions associated with these salaries are also paid respectively, by the State of Illinois and Carroll, Jo Daviess, and Stephenson Counties. Employees of the Special Services Fund and the applicable pension plan contributions are paid by the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8.

A breakdown of the on-behalf payments are as follows:

Regional Superintendent – salary	\$ 96,435
Regional Superintendent – benefits (includes state paid insurance)	22,191
Assistant Regional Superintendent – salary	83,175
Assistant Regional Superintendent – benefits (includes state paid insurance)	23,747
THIS on-behalf payments	5,335
TRS on-behalf payments	<u>140,031</u>
Total on-behalf payments	<u>\$ 370,914</u>

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTE 3 – DEPOSITS AND INVESTMENTS**

The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's cash and cash equivalents are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The deposit and investment of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 monies is governed by the provisions of the Illinois Compiled Statutes.

Deposits

At June 30, 2011, the carrying amount of the Regional Office of Education #8's deposits was \$1,426,068 (net of cash overdrafts) and the bank balance was \$1,559,997.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's deposits may not be returned. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 does not have a deposit policy for custodial credit risk. As of June 30, 2011, all of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's name.

A reconciliation of cash for the primary government is as follows:

	<b>Carrying Amount</b>
Cash – Primary Government	\$1,310,515
Cash – Private – Purpose Trusts	111,791
Cash – Agency	<u>3,762</u>
 Total	 <u>\$1,426,068</u>

Investments – Private-Purpose Trusts

Investments of the E.H. Parriott Scholarship Trust Funds are held in a trust account. These investments are carried in marketable securities with readily determinable fair values based on quoted prices in active markets in the Statement of Fiduciary Net Assets. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Changes in Fiduciary Net Assets.

Interest Rate Risk – Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk and Concentration of Credit Risk – Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 does not have a formal investment policy that would limit its investment choices or would limit the amount Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 may invest in one issuer.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

At June 30, 2011, investments included the following:

	<u>Morningstar Rating</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Principal fund			
Cash equivalents			
Mutual funds			
First American Prime Obligation Fund Class Y	Unrated	\$ 18,606	\$ 18,606
Fixed income investments			
Mutual funds			
Nuveen Core Bond Fund Class I	***	400,200	422,544
Oppenheimer Com Str Tr Fd Y	**	2,994	2,994
Nuveen Inflation Pro Sec Class I	****	55,055	63,186
Total fixed income investments		<u>458,249</u>	<u>488,724</u>
Equity investments			
Mutual funds			
American Century Capital Value Class Inv	***	30,020	30,020
Fidelity Advance Diversified International Class A	**	33,475	33,475
Nuveen Equity Index Fund Class I	***	40,362	43,509
Nuveen Mid Cap Growth Opp Fund Class I	****	3,500	3,718
Nuveen Mid Cap Value Fund Class I	***	3,270	3,270
Nuveen Mid Cap Index Fund Class I	****	6,128	7,426
Nuveen Real Estate Securities Fund Class I	*****	11,139	11,139
T Rowe Price Growth Stock Class Adv	****	32,700	45,012
T Rowe Price Small Cap Value Fund	****	5,504	6,396
Total equity investments		<u>166,098</u>	<u>183,965</u>
Total principal fund		<u>642,953</u>	<u>691,295</u>
Income fund			
Cash equivalents			
Mutual funds			
First American Prime Obligation Fund class Y	Unrated	25,129	25,129
Fixed income investments			
Mutual funds			
American Century International Bond Fund	***	8,825	8,825
Nuveen Core Bond Fd CI I	***	137,208	139,924
Nuveen High Income Bond Fund Class I	***	10,827	10,827
Nuveen Inflation Pro Sec CI I	****	14,723	15,237
Nuveen Short Term Bond Fund CI I	***	90,643	91,723
Total fixed income investments		<u>262,226</u>	<u>266,536</u>
Total income fund		<u>287,355</u>	<u>291,665</u>
Total investments		<u>\$ 930,308</u>	<u>\$ 982,960</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTE 4 – EMPLOYEE BENEFIT PLAN**

The Regional Office of Education #8's employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by Carroll, Jo Daviess, and Stephenson Counties and the Regional Office of Education #8 through grant monies on behalf of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education staff employees and grant coordinators.

- a. Occupy a job normally requiring 600 hours or more per year;
- b. Are paid on a regular payroll from County or Regional Office of Education #8 funds;
- c. Were under age sixty when first entering employment; and
- d. Are not covered by another State created retirement system for the same service.

Employees not qualifying above are considered as "nonparticipating employees" and are covered under Social Security.

The Regional Superintendent and Assistant Regional Superintendent of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 are paid by the State of Illinois. Certain staff employees of the Regional Office of Education #8's office are employed and paid by Carroll, Jo Daviess, or Stephenson Counties (other support staff and grant coordinators are paid by the Region through grant monies). Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education has no separate employee benefit plan.

Illinois Municipal Retirement Fund

*Plan Description.* The Regional Office of Education #8'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 #8's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, the Regional Office of Education #8's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 used by the Regional Office of Education #8 was 9.31 percent of annual covered payroll. The Regional Office of Education #8 annual required contribution rate for calendar year 2010 was 10.41 percent. The Regional Office of Education #8 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For fiscal year ending June 30, 2011, the Regional Office of Education #8's annual pension cost of \$113,490 for the Regular plan was equal to the Regional Office of Education #8's required and actual contributions.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTE 4 – EMPLOYEE BENEFIT PLAN (CONTINUED)**

<b>TREND INFORMATION</b>			
<b>Actuarial Valuation Date</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
06/30/11	113,490	100%	\$15,979
06/30/10	102,076	100%	716
12/31/08	111,932	100%	-0-

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #8's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #8's Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 74.95 percent funded. The actuarial accrued liability for benefits was \$1,501,170 and the actuarial value of assets was \$1,125,091, resulting in an underfunded actuarial accrued liability (UAAL) of \$376,079. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$992,222 and the ratio of the UAAL to the covered payroll was 38 percent.

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

**NOTE 5 – RETIREMENT PLANS**

Teachers' Retirement System of the State of Illinois

The Regional Office of Education #8 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

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**NOTE 5 – RETIREMENT PLANS (CONTINUED)**

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #8's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #8. For the year ended June 30, 2011, the State of Illinois contributions were based on 23.10 percent of creditable earnings, not paid from federal funds, and the Regional Office of Education #8 recognized revenue and expenditures of \$140,031 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010, and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings were 23.38 percent (\$146,765) and 17.08 percent (\$75,896), respectively.

The Regional Office of Education #8 makes other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 was \$2,512. Contributions for the years ending June 30, 2010 and June 30, 2009, were \$2,578 and \$2,577, respectively.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #8, there is a statutory requirement for the Regional Office of Education #8 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009 the employer contribution was 23.38 and 17.08 percent of salaries paid from federal and special trusts funds, respectively. For the years ended June 30, 2011, June 30, 2010 and June 30, 2009, there were no salaries that qualified for this plan.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTE 5 – RETIREMENT PLANS (CONTINUED)**

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

- **Early Retirement Option.** The Regional Office of Education #8 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. The maximum employer ERO contribution is 117.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2011, June 30, 2010, and June 30, 2009, the Regional Office of Education #8 paid no employer contributions under the Early Retirement Option.
  
- **Salary increases over 6 percent and excess sick leave.**

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases up to 6 percent. For the years ended June 30, 2011, June 30, 2010 and June 30, 2009, the Regional Office of Education #8 did not make any contributions to TRS for salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511). For the years ended June 30, 2011, June 30, 2010, and June 30, 2009, the Regional Office of Education #8 did not make any contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Website at [www.trs.illinois.gov](http://www.trs.illinois.gov).

Teacher Health Insurance Security Fund

The Regional Office of Education #8 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

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**NOTE 5 – RETIREMENT PLANS (CONTINUED)**

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

- **On behalf contributions to THIS Fund**

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #8. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$5,335.

State contributions intended to match active member contributions during the year ended June 30, 2010 was 0.84 percent of pay. State contributions on behalf of the Regional Office of Education #8 employees was \$5,273.

Had the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 recognized revenue and expenditures for the State contributions intended to match active member contributions during the year ended June 30, 2009 under the current standards, the contribution match would have been .84 percent of pay, or \$5,216.

- **Employer contributions to THIS Fund**

The Regional Office of Education #8 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2011, and 0.63 percent during the years June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the Regional Office of Education #8 paid \$2,512 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the Regional Office of Education #8 paid \$2,800 and \$2,799 to the THIS Fund, respectively, which was 100 percent of the required contribution.

- **Further information on THIS Fund**

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTE 6 – REVOLVING LINE OF CREDIT**

The Regional Office of Education #8 has a \$125,000 revolving line of credit, which with an outstanding balance of \$-0- at June 30, 2011. Bank advances on the credit line are payable on demand and carry an interest rate of 6.0%. The credit line is secured by substantially all assets.

**NOTE 7 – BUDGETARY COMPARISONS AND BUDGETARY COMPLIANCE**

To demonstrate compliance with applicable budgetary requirements, GAAP financial statements generally include comparisons of actual results of operations to budgeted amounts for individual funds for which a budget is adopted for the period covered by the budget. Regional Office of Education #8 did not formally adopt a budget for the year ended June 30, 2011 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and federal programs. Budgets for the Regional Office of Education #8's State and federal grant funds cover various periods. Budgetary comparisons for those periods are presented on page 68 for the ROE Programs and Services Fund and pages 71-75 for the following grants: Truants Alternative/Optional Ed., Early Childhood Block Grant – Age 3 to 5, Early Childhood Block Grant – Preschool for All, Early Childhood Block Grant – Birth to Age 3, Regional Safe Schools, Learning Technology Center, Title II – Teacher Quality-Leadership Grant, ROE/ISC Operations, McKinney Homeless Grant, Beginning Teach Induction Pilot Program, and Title I Reading First Part B.

To qualify for reimbursement, grant expenditures must be obligated by the end of the applicable budget period and liquidated within 90 days thereafter. To qualify for reimbursement, grant expenditures must also not exceed approved budgeted amounts for a particular function (Improvement of Instruction Services, General Administration, Fiscal Services, etc.) and object (Salaries, Employee Benefits, Purchased Services, etc.) account code combinations by the greater of \$1,000 or 20% of the approved budgeted amount. Amendments to shift amounts from one function/object account code combination to another must be submitted to the ISBE for approval by 30 days prior to the end of the applicable budget period.

All grant expenditure amounts for which the Regional Office of Education #8 claimed reimbursement, and for which grant revenue is reported in these financial statements, were obligated and liquidated on a timely basis. All such expenditure amounts were within the function/object account classification limits of final approved amended budgets.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTE 8 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2011 is as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Governmental activities:				
Furniture and equipment	\$ 320,502	\$ -0-	\$ -0-	\$ 320,502
Less accumulated depreciation	<u>(263,892)</u>	<u>(16,565)</u>	<u>-0-</u>	<u>(280,457)</u>
Total capital assets, net	<u>\$ 56,610</u>	<u>\$ (16,565)</u>	<u>\$ -0-</u>	<u>\$ 40,045</u>

Depreciation expense was charged as follows:

Governmental activities:

    Education:

        Depreciation expense

\$ 16,565

Fiduciary Fund:

    Private-Purpose Trust Fund

        E.H. Parriott Scholarship Trust Principal Fund:

    Farmland and land improvements

\$ 600,000

\$ -0-

\$ -0-

\$ 600,000

    Farm building improvements

284,638

6,994

-0-

291,632

    Total capital assets, at cost

884,638

6,994

-0-

891,632

    Less accumulated depreciation

(152,339)

(6,367)

-0-

(158,706)

        Total capital assets, net

\$ 732,299

\$ 627

\$ -0-

\$ 732,926

Depreciation expense was charged as follows:

Fiduciary Fund:

    Private-Purpose Trust Fund

        E.H. Parriott Scholarship Trust Principal Fund

        Depreciation expense

\$ 6,367

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables at June 30, 2011 were:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Education Fund		
Truants Alternative/Optional Ed.	\$ -0-	\$ 56,250
Early Intervention Infants/Toddlers	-0-	51,000
General Fund		
Special Services	-0-	14,000
Medical Reimbursement	-0-	1,500
ROE Programs and Services	122,750	-0-
Private-Purpose Trust Fund		
Expendable Trust Fund		
E.H. Parriott Scholarship Trust Income	17,401	-0-
Nonexpendable Trust Fund		
E.H. Parriott Scholarship Trust Principal	-0-	17,401
	<u>          </u>	<u>          </u>
Total	<u>\$ 140,151</u>	<u>\$ 140,151</u>

**NOTE 10 - TRANSFERS**

Fiscal year ended June 30, 2011, interfund transfers were:

<u>Fund</u>	<u>In</u>	<u>Out</u>
Private-Purpose Trust Fund		
E.H. Parriott Scholarship Trust Income	\$ 130,801	\$ -0-
E.H. Parriott Scholarship Trust Principal	-0-	130,801
	<u>          </u>	<u>          </u>
Total	<u>\$ 130,801</u>	<u>\$ 130,801</u>

**NOTE 11 - DISPOSITION OF DISTRIBUTIVE FUND INTEREST**

Interest earned on the investment of the Distributive Fund is remitted by the Regional Office of Education #8 to the Carroll, Jo Daviess, Stephenson Education Intergovernmental Agreement.

**NOTE 12 - LEASES**

The E.H. Parriott Scholarship Trust is the lessor of several parcels of farm land and attached buildings under various separate lease arrangements ranging from month-to-month rentals on buildings to 3-year noncancellable leases on farm land. Rental income for the fiscal year ended June 30, 2011 was \$115,951. Minimum future rental income on the above noncancellable leases on farm land as of June 30, 2011 were:

<u>Year Ended June 30,</u>	
2012	\$ 100,829
2013	113,840
2014	<u>81,091</u>
Total	<u>\$ 295,760</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
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**NOTE 13 - DUE TO/FROM OTHER GOVERNMENTS**

The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's General, Special Revenue, and Agency Funds have funds due to and due from various other governmental units which consist of the following:

Due from Other Governments

General

Special Services

Other local entities - payroll \$ 64,999

ROE Programs and Services

Other local entities - payroll 4,982

Education

Learning Technology Center

Illinois State Board of Education 1

Truants Alternative/Optional Ed

Illinois State Board of Education 136,198

Workforce Investment Act

Partners for Employment 7,319

Early Intervention Infants/Toddlers

Illinois Department of Human Services 46,800

Early Childhood Block Grants

Illinois State Board of Education 712,468

Hearing and Vision Grant

Illinois Department of Public Health 6,645

Regional Safe Schools

Illinois State Board of Education 25,488

Total \$ 1,004,900

Due to Other Governments

General Fund

ROE Programs and Services

Other entities and local school districts \$ 125,906

Agency Fund

Distributive Fund

Other entities and local school districts 3,762

Total \$ 129,668

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #8  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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**NOTE 14 – OPERATING LEASES:**

On July 1, 2009, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 entered into a lease agreement with Freeport School District #145 for real property located at 302 West Exchange Street in Freeport, Illinois. The term of the lease is thirty-six months effective July 1, 2009 with original rent at \$2,560 per month. An addendum to the lease was entered into on December 3, 2010 which lowered the rent amount to \$2,338 beginning July 1, 2010. The lease will continue after the original term on a month-to-month basis unless written notice of cancellation is given by either party at least sixty days prior to the end of the original term. Rent increases would then be at the discretion of the Freeport School District. However, notice must be given to the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 sixty days prior to any rent increase.

On June 1, 2011, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 entered into a lease agreement with Stockton Community Unit School District #206 for office space located at 500 North Rush Street in Stockton, Illinois. The term of the lease is twelve months effective June 1, 2011 with original rent of \$16,000 annually. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 will pay \$2,576 of the annual rent. The remaining \$13,424 will be paid individually by Carroll, Jo Daviess, and Stephenson Counties.

On December 1, 2009, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 entered into a lease agreement with Schmitt Partners, L.P. for office space located at 2317 E. Lincolnway Suite C in Sterling, Illinois. The term of the lease is twelve months from July 1, 2011 to June 30, 2012 with rent of \$455 per month.

On June 9, 2009, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 entered into a lease agreement with Oehlert Rentals LLC for office space located at 1770 West State Street in Sycamore, Illinois. The term of the lease is twelve months effective July 1, 2009 with original rent at \$523 per month. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 has an option to renew the lease for an additional thirty-six month term with a base rental of \$570 per month.

Total future minimum lease commitment at June 30, 2011 is as follows:

2012	\$ 42,362
2013	-0-
2014	-0-
2015	-0-
2016 and later years	-0-
	\$ 42,362

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

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**NOTE 15 - RISK MANAGEMENT**

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

**NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS**

In 2011, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Regional Office of Education implemented these standards during the current year, however there was no significant impact of the implementation of GASB No. 59 or No. 62 on the financial statements.

**NOTE 17 – DEPARTURE FROM GENERALLY ACCEPTED ACCOUNT PRINCIPLES**

The Regional Office of Education #8 did not recognize and disclose postemployment benefits other than pensions (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in their financial statements. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

The Regional Office has continued to account for post-employment benefits other than pensions on a pay as you go basis and these financial statements therefore exclude a liability for benefits employees have currently earned that will be paid at retirement.

**NOTE 18 – SUBSEQUENT EVENTS**

The management of Regional Office of Education #8 has evaluated subsequent events through May 22, 2012, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2011 have been incorporated herein. There are no subsequent events that require disclosure.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

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**NOTE 19 – RECLASSIFICATIONS**

As a result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, at June 30, 2011, ROE/ISC Operations has been reclassified from the General Fund to the Education Fund.

The ROE/ISC Operations grant which supports the general operations of the Regional Office has historically been reported in the General Fund, however, because this funding is governed by a grant agreement with the grantor, the funding is restricted and is required to be reported as a special revenue fund. The ROE Programs and Services Fund and the Medical Reimbursement Fund were reclassified to the general fund because they do not meet the definition of a special revenue fund.

These reclassifications had the following effect on the beginning fund balance for the Education General, and Non-Major Special Revenue Funds:

	<b>Education Funds</b>
Fund Balance, July 1, 2010	\$160,867
Reclassification of ROE/ISC Operations	(18,085)
Reclassification of ROE Programs and Services	(636,329)
Fund Balance, July 1, 2010, Restated	(\$493,547)
<b>General Funds</b>	
Fund Balance, July 1, 2010	\$14,065
Reclassification of ROE/ISC Operations	18,085
Reclassification of ROE Programs and Services	636,329
Reclassification of Medical Reimbursement	(1,633)
Fund Balance, July 1, 2010, Restated	\$666,846
<b>Non-major Special Revenue Funds</b>	
Fund Balance, July 1, 2010	\$21,644
Reclassification of Medical Reimbursement	1,633
Fund Balance, July 1, 2010, Restated	\$23,277

**REQUIRED SUPPLEMENTAL INFORMATION**  
(Other than Management's Discussion and Analysis)

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**SCHEDULE OF FUNDING PROGRESS –**  
**ILLINOIS MUNICIPAL RETIREMENT FUND (Unaudited)**  
 June 30, 2011

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**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	\$1,125,091	\$1,501,170	\$376,079	74.95%	\$ 992,222	37.90%
12/31/09	1,507,500	1,784,808	277,308	84.46%	1,126,426	24.62%
12/31/08	1,587,378	1,763,988	176,610	89.99%	1,139,833	15.49%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$1,233,718.  
 On a market basis, the funded ratio would be 82.18%

**SUPPLEMENTAL INFORMATION**

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**GENERAL FUND**  
June 30, 2011

	<b>Counties</b>	<b>ROE</b>	<b>Medical</b>	<b>Special</b>	
	<b><u>Support</u></b>	<b><u>Programs</u></b>	<b><u>Reimbursement</u></b>	<b><u>Services</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,588	\$ 743,156	\$ 1,938	\$ 81,723	\$ 828,405
Due from other funds	-	122,750	-	-	122,750
Due from other governments	-	4,982	-	64,999	69,981
<b>TOTAL ASSETS</b>	<b><u>\$ 1,588</u></b>	<b><u>\$ 870,888</u></b>	<b><u>\$ 1,938</u></b>	<b><u>\$146,722</u></b>	<b><u>\$1,021,136</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accrued expenses	-	-	-	91,456	91,456
Due to other governments	-	125,906	-	-	125,906
Due to other funds	-	-	1,500	14,000	15,500
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>125,906</u></b>	<b><u>1,500</u></b>	<b><u>105,456</u></b>	<b><u>232,862</u></b>
<b>FUND BALANCES</b>					
Assigned	-	-	438	-	438
Unassigned	1,588	744,982	-	41,266	787,836
<b>TOTAL FUND BALANCES</b>	<b><u>1,588</u></b>	<b><u>744,982</u></b>	<b><u>438</u></b>	<b><u>41,266</u></b>	<b><u>788,274</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,588</u></b>	<b><u>\$ 870,888</u></b>	<b><u>\$ 1,938</u></b>	<b><u>\$146,722</u></b>	<b><u>\$1,021,136</u></b>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL FUND ACCOUNTS**  
Year Ended June 30, 2011

	<u>Counties</u> <u>Support</u>	<u>ROE</u> <u>Programs</u> <u>and Services</u>	<u>Medical</u> <u>Reim-</u> <u>bursement</u>	<u>Special</u> <u>Services</u>	<u>Totals</u>
<b>REVENUES:</b>					
Local sources	\$ 113,852	\$ 858,935	\$ 23,491	\$ 99,034	\$ 1,095,312
State sources	-	224,983	-	427,008	651,991
Federal sources	-	20,485	-	34,875	55,360
On-behalf payments	370,914	-	-	-	370,914
	<u>484,766</u>	<u>1,104,403</u>	<u>23,491</u>	<u>560,917</u>	<u>2,173,577</u>
Total revenues					
<b>EXPENDITURES:</b>					
Education:					
Salaries	75,392	618,513	-	476,732	1,170,637
Employee benefits	6,437	181,580	-	-	188,017
Purchased services	25,598	165,231	21,420	51,553	263,802
Supplies and materials	5,730	1,878	-	2,050	9,658
Other objects	-	-	-	4,181	4,181
Payments to other governments	-	30,048	-	15,321	45,369
On-behalf payments	370,914	-	-	-	370,914
Capital outlay	-	(1,500)	-	1,071	(429)
	<u>484,071</u>	<u>995,750</u>	<u>21,420</u>	<u>550,908</u>	<u>2,052,149</u>
Total expenditures					
<b>NET CHANGE IN FUND BALANCE</b>	695	108,653	2,071	10,009	121,428
<b>FUND BALANCE (DEFICIT),</b> <b>BEGINNING OF YEAR</b> <b>RESTATED - SEE NOTE 19</b>	<u>893</u>	<u>636,329</u>	<u>(1,633)</u>	<u>31,257</u>	<u>666,846</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,588</u>	<u>\$ 744,982</u>	<u>\$ 438</u>	<u>\$ 41,266</u>	<u>\$ 788,274</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND ACCOUNTS**  
Year Ended June 30, 2011

	<b>ROE Programs and Services</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Budgeted Amounts</b>			
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Local sources	\$ 950,300	\$ 950,300	\$ 858,935	\$ (91,365)
State sources	180,983	180,983	224,983	44,000
Federal sources	40,219	40,219	20,485	(19,734)
	<u>1,171,502</u>	<u>1,171,502</u>	<u>1,104,403</u>	<u>(67,099)</u>
<b>EXPENDITURES:</b>				
Education:				
Salaries	-	-	618,513	(618,513)
Employee benefits	-	-	181,580	(181,580)
Purchased services	1,018,800	1,018,800	165,231	853,569
Supplies and materials	9,000	9,000	1,878	7,122
Payments to other governments	96,000	96,000	30,048	65,952
Capital outlay	6,500	6,500	(1,500)	8,000
	<u>1,130,300</u>	<u>1,130,300</u>	<u>995,750</u>	<u>134,550</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 41,202</u>	<u>\$ 41,202</u>	108,653	<u>\$ (201,649)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>636,329</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 744,982</u>	

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUND ACCOUNTS**  
June 30, 2011

	<u>Truants Alternative/ Optional Ed.</u>	<u>Early Childhood Block Grants</u>	<u>Regional Safe Schools</u>	<u>Learning Technology Center</u>	<u>Hearing and Vision Grant</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 325,085	\$ -	\$ -	\$ -
Due from other governments	<u>136,198</u>	<u>712,468</u>	<u>25,488</u>	<u>1</u>	<u>6,645</u>
<b>TOTAL ASSETS</b>	<u>\$ 136,198</u>	<u>\$ 1,037,553</u>	<u>\$ 25,488</u>	<u>\$ 1</u>	<u>\$ 6,645</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash overdraft	\$ 3,336	\$ -	\$ 25,488	\$ 1	\$ 4,565
Accounts payable	76,612	1,037,553	-	-	-
Due to other funds	56,250	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>136,198</u>	<u>1,037,553</u>	<u>25,488</u>	<u>1</u>	<u>4,565</u>
<b>FUND BALANCES</b>					
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,080</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 136,198</u>	<u>\$ 1,037,553</u>	<u>\$ 25,488</u>	<u>\$ 1</u>	<u>\$ 6,645</u>

<u>Early Intervention Infants/ Toddlers</u>	<u>Title II - Teacher Quality - Leadership Grant</u>	<u>ROE/ISC Operations</u>	<u>Workforce Investment Act</u>	<u>McKinney Homeless Grant</u>	<u>Beginning Teacher Induction Pilot Program</u>	<u>Title I Reading First Part B</u>	<u>Totals</u>
\$ 16,965	\$ 4,164	\$ 26,064	\$ -	\$ 3,866	\$ 32,948	\$ -	\$ 409,092
46,800	-	-	7,319	-	-	-	934,919
<u>\$ 63,765</u>	<u>\$ 4,164</u>	<u>\$ 26,064</u>	<u>\$ 7,319</u>	<u>\$ 3,866</u>	<u>\$ 32,948</u>	<u>\$ -</u>	<u>\$ 1,344,011</u>
\$ -	\$ -	\$ -	\$ 3,443	\$ -	\$ -	\$ -	36,833
-	-	5,987	3,876	-	-	-	1,124,028
51,000	-	-	-	-	-	-	107,250
-	4,164	20,077	-	3,866	32,948	-	61,055
51,000	4,164	26,064	7,319	3,866	32,948	-	1,329,166
12,765	-	-	-	-	-	-	14,845
<u>\$ 63,765</u>	<u>\$ 4,164</u>	<u>\$ 26,064</u>	<u>\$ 7,319</u>	<u>\$ 3,866</u>	<u>\$ 32,948</u>	<u>\$ -</u>	<u>\$ 1,344,011</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
Year Ended June 30, 2011

	<u>Truants Alternative/ Optional Ed.</u>	<u>Early Childhood Block Grants</u>	<u>Regional Safe Schools</u>	<u>Learning Technology Center</u>	<u>Hearing and Vision Grant</u>
<b>REVENUES:</b>					
Local sources	\$ -	\$ 1,098	\$ -	\$ -	\$ 3,036
State sources	187,091	2,243,117	109,702	62,231	6,645
Federal sources	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>187,091</u>	<u>2,244,215</u>	<u>109,702</u>	<u>62,231</u>	<u>9,681</u>
<b>EXPENDITURES:</b>					
Education:					
Salaries	43,979	162,263	34,751	14,383	5,091
Employee benefits	11,790	24,720	15,556	8,637	1,352
Purchased services	10,136	400,172	25,672	3,497	1,104
Supplies and materials	-	37,853	3,509	230	54
Payments to other governments	73,708	1,264,904	-	29,032	-
Capital outlay	-	1,458	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>139,613</u>	<u>1,891,370</u>	<u>79,488</u>	<u>55,779</u>	<u>7,601</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>47,478</u>	<u>352,845</u>	<u>30,214</u>	<u>6,452</u>	<u>2,080</u>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR - RESTATED - SEE NOTE 19</b>	<u>(47,478)</u>	<u>(352,845)</u>	<u>(30,214)</u>	<u>(6,452)</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,080</u>

<u>Early Intervention Infants/ Toddlers</u>	<u>Title II - Teacher Quality - Leadership Grant</u>	<u>ROE/ISC Operations</u>	<u>Workforce Investment Act</u>	<u>McKinney Homeless Grant</u>	<u>Beginning Teacher Induction Pilot Program</u>	<u>Title I Reading First Part B</u>	<u>Totals</u>
\$ 14,846	\$ -	\$ -	\$ 87,188	\$ -	\$ -	\$ -	\$ 106,168
433,587	-	40,870	-	-	57,852	-	3,141,095
115,313	95,836	-	-	14,230	-	2,555	227,934
<u>563,746</u>	<u>95,836</u>	<u>40,870</u>	<u>87,188</u>	<u>14,230</u>	<u>57,852</u>	<u>2,555</u>	<u>3,475,197</u>
298,418	61,700	13,860	45,269	10,214	3,997	-	693,925
106,716	19,019	5,344	16,064	2,653	1,808	-	213,659
136,558	13,827	3,581	23,925	497	247	1,047	620,263
4,171	1,290	-	1,384	866	-	1,454	50,811
18,499	-	-	-	-	-	-	1,386,143
-	-	-	546	-	-	-	2,004
<u>564,362</u>	<u>95,836</u>	<u>22,785</u>	<u>87,188</u>	<u>14,230</u>	<u>6,052</u>	<u>2,501</u>	<u>2,966,805</u>
(616)	-	18,085	-	-	51,800	54	508,392
<u>13,381</u>	<u>-</u>	<u>(18,085)</u>	<u>-</u>	<u>-</u>	<u>(51,800)</u>	<u>(54)</u>	<u>(493,547)</u>
<u>\$ 12,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,845</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2011

	Truants Alternative/ Optional Ed.			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	136,198	136,198	187,091	50,893
Federal sources	-	-	-	-
Total revenues	136,198	136,198	187,091	50,893
<b>EXPENDITURES:</b>				
Education:				
Salaries	77,938	77,938	43,979	33,959
Employee benefits	32,884	32,884	11,790	21,094
Purchased services	24,126	24,126	10,136	13,990
Supplies and materials	1,250	1,250	-	1,250
Payments to other governments	-	-	73,708	(73,708)
Capital outlay	-	-	-	-
Total expenditures	136,198	136,198	139,613	(3,415)
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>47,478</b>	<b>\$ 47,478</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<b>(47,478)</b>	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ -</b>	

Early Childhood Block Grant Preschool for All				Early Childhood Block Grant Age 3 to 5			
Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ 1,098	\$ 1,098	\$ -	\$ -	\$ -	\$ -
351,601	351,601	546,075	194,474	1,043,053	1,043,053	1,182,966	139,913
-	-	-	-	-	-	-	-
351,601	351,601	547,173	195,572	1,043,053	1,043,053	1,182,966	139,913
16,037	16,037	19,185	(3,148)	83,670	83,670	75,896	7,774
2,795	2,795	3,344	(549)	3,412	3,412	2,779	633
63,209	63,209	57,268	5,941	58,875	58,875	6,533	52,342
2,910	2,910	4,000	(1,090)	24,612	24,612	29,144	(4,532)
266,650	266,650	336,203	(69,553)	872,484	872,484	928,701	(56,217)
-	-	-	-	-	-	-	-
351,601	351,601	420,000	(68,399)	1,043,053	1,043,053	1,043,053	-
\$ -	\$ -	127,173	\$ 263,971	\$ -	\$ -	139,913	\$ 139,913
		(127,173)				(139,913)	
		\$ -				\$ -	

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2011

Early Childhood Block Grant				
Birth to Age 3				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	428,317	428,317	514,076	85,759
Federal sources	-	-	-	-
	428,317	428,317	514,076	85,759
Total revenues	428,317	428,317	514,076	85,759
<b>EXPENDITURES:</b>				
Education:				
Salaries	89,300	89,300	67,182	22,118
Employee benefits	24,515	24,515	18,597	5,918
Purchased services	309,302	309,302	336,371	(27,069)
Supplies and materials	4,000	4,000	4,709	(709)
Payments to other governments	1,200	1,200	-	1,200
Capital outlay	-	-	1,458	(1,458)
	428,317	428,317	428,317	-
Total expenditures	428,317	428,317	428,317	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	85,759	<b>\$ 85,759</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			(85,759)	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ -</b>	

**Regional Safe  
Schools**

**Learning Technology Center**

<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
79,488	79,488	109,702	30,214	60,030	55,030	62,231	7,201
-	-	-	-	-	-	-	-
<u>79,488</u>	<u>79,488</u>	<u>109,702</u>	<u>30,214</u>	<u>60,030</u>	<u>55,030</u>	<u>62,231</u>	<u>7,201</u>
32,376	32,376	34,751	(2,375)	17,000	14,300	14,383	(83)
16,406	16,406	15,556	850	6,409	9,345	8,637	708
27,206	27,206	25,672	1,534	36,421	31,185	3,497	27,688
3,500	3,500	3,509	(9)	200	200	230	(30)
-	-	-	-	-	-	29,032	(29,032)
-	-	-	-	-	-	-	-
<u>79,488</u>	<u>79,488</u>	<u>79,488</u>	<u>-</u>	<u>60,030</u>	<u>55,030</u>	<u>55,779</u>	<u>(749)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>30,214</u>	<u>\$ 30,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,452</u>	<u>\$ 6,452</u>
		<u>(30,214)</u>				<u>(6,452)</u>	
		<u>\$ -</u>				<u>\$ -</u>	

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2011

	Title II - Teacher Quality Leadership Grant			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	100,000	100,000	95,836	(4,164)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>95,836</u>	<u>(4,164)</u>
<b>EXPENDITURES:</b>				
Education:				
Salaries	66,000	61,700	61,700	-
Employee benefits	18,179	19,019	19,019	-
Purchased services	15,601	18,021	13,827	4,194
Supplies and materials	220	1,260	1,290	(30)
Payments to other governments	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>95,836</u>	<u>4,164</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ (8,328)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ -</u>	

ROE/ISC  
Operations

<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
\$ -	\$ -	\$ -	\$ -
30,144	54,862	40,870	(13,992)
-	-	-	-
<u>30,144</u>	<u>54,862</u>	<u>40,870</u>	<u>(13,992)</u>
26,742	35,500	13,860	21,640
3,402	9,958	5,344	4,614
-	8,404	3,581	4,823
-	1,000	-	1,000
-	-	-	-
-	-	-	-
<u>30,144</u>	<u>54,862</u>	<u>22,785</u>	<u>32,077</u>
<u>\$ -</u>	<u>\$ -</u>	18,085	<u>\$ 18,085</u>
		<u>(18,085)</u>	
		<u>\$ -</u>	

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2011

	<b>McKinney</b>			
	<b>Homeless Grant</b>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	17,345	17,345	14,230	(3,115)
Total revenues	<u>17,345</u>	<u>17,345</u>	<u>14,230</u>	<u>(3,115)</u>
<b>EXPENDITURES:</b>				
Education:				
Salaries	9,595	9,595	10,214	(619)
Employee benefits	3,600	3,600	2,653	947
Purchased services	3,150	3,150	497	2,653
Supplies and materials	1,000	1,000	866	134
Payments to other governments	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>17,345</u>	<u>17,345</u>	<u>14,230</u>	<u>3,115</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>-</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ -</u>	

**Beginning Teacher  
Induction Pilot Program**

<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
\$ -	\$ -	\$ -	\$ -
61,908	61,908	57,852	(4,056)
-	-	-	-
<u>61,908</u>	<u>61,908</u>	<u>57,852</u>	<u>(4,056)</u>
3,500	3,500	3,997	(497)
1,750	1,750	1,808	(58)
56,158	56,158	247	55,911
500	500	-	500
-	-	-	-
-	-	-	-
<u>61,908</u>	<u>61,908</u>	<u>6,052</u>	<u>55,856</u>
\$ -	\$ -	51,800	\$ 51,800
		(51,800)	
		<u>\$ -</u>	

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2011

	Title I Reading First Part B			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	11,087	11,087	2,555	(8,532)
Total revenues	11,087	11,087	2,555	(8,532)
<b>EXPENDITURES:</b>				
Education:				
Salaries	-	-	-	-
Employee benefits	-	-	-	-
Purchased services	10,337	10,087	1,047	9,040
Supplies and materials	750	1,000	1,454	(454)
Payments to other governments	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	11,087	11,087	2,501	8,586
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	54	<b>\$ 54</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			(54)	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ -</b>	

Total			
Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ -	\$ -	\$ 1,098	\$ 1,098
2,190,739	2,210,457	2,700,863	490,406
<u>128,432</u>	<u>128,432</u>	<u>112,621</u>	<u>(15,811)</u>
<u>2,319,171</u>	<u>2,338,889</u>	<u>2,814,582</u>	<u>475,693</u>
422,158	423,916	345,147	78,769
113,352	123,684	89,527	34,157
604,385	609,723	458,676	151,047
38,942	41,232	45,202	(3,970)
1,140,334	1,140,334	1,367,644	(227,310)
<u>-</u>	<u>-</u>	<u>1,458</u>	<u>(1,458)</u>
<u>2,319,171</u>	<u>2,338,889</u>	<u>2,307,654</u>	<u>31,235</u>
<u>\$ -</u>	<u>\$ -</u>	506,928	<u>\$ 506,928</u>
		<u>(506,928)</u>	
		<u>\$ -</u>	

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
 June 30, 2011

<b>ASSETS</b>	<b>General Educational Development</b>	<b>Bus Driver</b>	<b>Super- visory</b>	<b>Institute</b>	<b>Totals</b>
Cash and cash equivalents	\$ 6,161	\$ 4,300	\$ -	\$ 31,588	\$ 42,049
<b>TOTAL ASSETS</b>	<u>\$ 6,161</u>	<u>\$ 4,300</u>	<u>\$ -</u>	<u>\$ 31,588</u>	<u>\$ 42,049</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,291	\$ 2,291
<b>TOTAL LIABILITIES</b>	-	-	-	2,291	2,291
<b>FUND BALANCES</b>					
Restricted	6,161	4,300	-	29,297	39,758
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 6,161</u>	<u>\$ 4,300</u>	<u>\$ -</u>	<u>\$ 31,588</u>	<u>\$ 42,049</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
Year Ended June 30, 2011

	<u>General Educational Development</u>	<u>Bus Driver</u>	<u>Supervisory</u>	<u>Institute</u>	<u>Totals</u>
<b>REVENUES:</b>					
Local sources	\$ 9,501	\$ 2,847	\$ -	\$ 25,053	\$ 37,401
State sources	-	942	-	-	942
Total revenues	<u>9,501</u>	<u>3,789</u>	<u>-</u>	<u>25,053</u>	<u>38,343</u>
<b>EXPENDITURES:</b>					
Education:					
Salaries	2,165	-	-	-	2,165
Employee benefits	111	-	-	-	111
Purchased services	3,056	1,135	1,772	11,003	16,966
Supplies and materials	773	-	-	1,847	2,620
Total expenditures	<u>6,105</u>	<u>1,135</u>	<u>1,772</u>	<u>12,850</u>	<u>21,862</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,396	2,654	(1,772)	12,203	16,481
<b>FUND BALANCE, BEGINNING OF YEAR</b> <b>RESTATED - SEE NOTE 19</b>	<u>2,765</u>	<u>1,646</u>	<u>1,772</u>	<u>17,094</u>	<u>23,277</u>
<b>FUND BALANCE,</b> <b>END OF YEAR</b>	<u>\$ 6,161</u>	<u>\$ 4,300</u>	<u>\$ -</u>	<u>\$ 29,297</u>	<u>\$ 39,758</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PRIVATE-PURPOSE TRUST FUNDS**

June 30, 2011

	<b>E.H. Parriott Scholarship Trust Principal Fund</b>	<b>E.H. Parriott Scholarship Trust Income Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 111,791	\$ 111,791
Investments	642,953	287,356	930,309
Rent receivable	11,777	-	11,777
Interest receivable	1,598	663	2,261
Due from other funds	-	17,401	17,401
Property and equipment, net	732,926	-	732,926
Total assets	1,389,254	417,211	1,806,465
<b>LIABILITIES</b>			
Accounts payable	-	6,834	6,834
Due to other funds	17,401	-	17,401
Deposits	1,500	-	1,500
Deferred revenue	11,560	-	11,560
Total liabilities	30,461	6,834	37,295
<b>NET ASSETS</b>			
Held in trust for other purposes	\$ 1,358,793	\$ 410,377	\$ 1,769,170

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PRIVATE-PURPOSE TRUST FUNDS**  
Year Ended June 30, 2011

	<b>E.H. Parriott Scholarship Trust Principal Fund</b>	<b>E.H. Parriott Scholarship Trust Income Fund</b>	<b>Total</b>
<b>ADDITIONS:</b>			
Local sources			
Rent	\$ 115,951	\$ -	\$ 115,951
CRP payment	-	1,911	1,911
Interest and dividends	21,534	7,930	29,464
Unrealized gain on investments	24,126	605	24,731
Total additions	<u>161,611</u>	<u>10,446</u>	<u>172,057</u>
<b>DEDUCTIONS:</b>			
Purchased services	-	39,950	39,950
Supplies and materials	-	187	187
Scholarships	-	74,250	74,250
Depreciation	6,367	-	6,367
Total deductions	<u>6,367</u>	<u>114,387</u>	<u>120,754</u>
<b>EXCESS (DEFICIENCY) OF ADDITIONS OVER (UNDER) DEDUCTIONS</b>	<u>155,244</u>	<u>(103,941)</u>	<u>51,303</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	130,801	130,801
Transfers out	(130,801)	-	(130,801)
Total other financing sources (uses)	<u>(130,801)</u>	<u>130,801</u>	<u>-</u>
<b>CHANGES IN NET ASSETS</b>	24,443	26,860	51,303
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,334,350</u>	<u>383,517</u>	<u>1,717,867</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,358,793</u>	<u>\$ 410,377</u>	<u>\$ 1,769,170</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
 June 30, 2011

	<b>Distributive Fund</b>	<b>Distributive Interest Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 518	\$ 3,244	\$ 3,762
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to other governmental units	\$ 518	\$ 3,244	\$ 3,762

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**COMBINING STATEMENT OF CHANGES IN**  
**ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2011

	<u>Balance,</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2011</u>
<b>DISTRIBUTIVE FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 501	\$ 4,577,793	\$ 4,577,776	\$ 518
<b>LIABILITIES</b>				
Due to other governmental units	\$ 501	\$ 4,577,793	\$ 4,577,776	\$ 518
<b>DISTRIBUTIVE INTEREST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,656	\$ 588	\$ -	\$ 3,244
<b>LIABILITIES</b>				
Due to other governmental units	\$ 2,656	\$ 588	\$ -	\$ 3,244
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,157	\$ 4,578,381	\$ 4,577,776	\$ 3,762
<b>LIABILITIES</b>				
Due to other governmental units	\$ 3,157	\$ 4,578,381	\$ 4,577,776	\$ 3,762

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #8**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
Year Ended June 30, 2011

<u>Program</u>	Eagle Ridge Vocational Delivery System	Carroll-Jo Daviess- Stephenson ROE	East Dubuque School District #119	Galena Unit School District #120	Lena-Winslow Community Unit School District #202
General State Aid	\$ -	\$ 608,011	\$ -	\$ -	\$ -
ARRA - General State Aid - Government	-	55,360	-	-	-
Voc. Ed - Secondary Program Improvement	359,291	-	-	-	-
Voc. Ed - Agriculture Education	11,176	-	-	-	-
ROE School Bus Driver Training	-	942	-	-	-
Truants Alternative Optional Education	-	84,818	-	-	-
Regional Safe Schools	-	114,814	-	-	-
Early Childhood Block Grant	-	2,058,525	-	-	-
ROE/ISC Operations	-	73,005	-	-	-
Learning Technology Centers	-	62,230	-	-	-
Teacher & Administrators Mentoring Program	-	116,700	-	-	-
Voc. Ed - Perkins Title IIC Secondary	52,586	-	-	-	-
Title II - Teacher Quality - Leadership Grant	-	100,000	-	-	-
Jo Daviess County School Facilities Sales Tax	-	-	183,310	215,531	2,244
<b>Totals</b>	<b>\$ 423,053</b>	<b>\$ 3,274,405</b>	<b>\$ 183,310</b>	<b>\$ 215,531</b>	<b>\$ 2,244</b>

Pearl City Community Unit School District #200	River Ridge Community Unit School District #210	Scales Mound Community Unit School District #211	Stockton Community Unit School District #206	Warren Community Unit School District #205	West Carroll Community Unit School District #314	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 608,011
-	-	-	-	-	-	55,360
-	-	-	-	-	-	359,291
-	-	-	-	-	-	11,176
-	-	-	-	-	-	942
-	-	-	-	-	-	84,818
-	-	-	-	-	-	114,814
-	-	-	-	-	-	2,058,525
-	-	-	-	-	-	73,005
-	-	-	-	-	-	62,230
-	-	-	-	-	-	116,700
-	-	-	-	-	-	52,586
-	-	-	-	-	-	100,000
<u>1,046</u>	<u>132,687</u>	<u>64,166</u>	<u>162,374</u>	<u>118,179</u>	<u>781</u>	<u>880,318</u>
\$ <u>1,046</u>	\$ <u>132,687</u>	\$ <u>64,166</u>	\$ <u>162,374</u>	\$ <u>118,179</u>	\$ <u>781</u>	\$ <u>4,577,776</u>