

State of Illinois

**Carroll, Jo Daviess, and Stephenson
Counties Regional Office of Education #8**

Financial Audit

For the Year Ended June 30, 2014

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

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

For the Year Ended June 30, 2014

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Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

For the Year Ended June 30, 2014

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Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

For the Year Ended June 30, 2014

Officials

Regional Superintendent:
(current and during the audit period)

Honorable Aaron Mercier

Assistant Superintendent:
(current and during the audit period)

Chris Shockey

Office is located at:

27 S. State Avenue, Suite 101
Freeport, Illinois 61032

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

For the Year Ended June 30, 2014

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 | 1 | 1 |
| Repeated audit findings | 1 | 1 |
| Prior recommendations implemented or not repeated | - | 1 |

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

Summary of Findings and Responses

| Item No. | Page | Description | Finding Type |
|----------|------|---|------------------------|
| | | <i>Findings (Government Auditing Standards)</i> | |
| 2014-001 | 9a | Controls over Financial Statement Preparation | Significant Deficiency |

Exit Conference

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on April 7, 2015. Attending were Aaron Mercier, Regional Superintendent, and Tonya Lofgren, Senior Accountant with Wipfli LLP. Responses to the recommendations were provided by Aaron Mercier, Regional Superintendent.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

For the Year Ended June 30, 2014

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 an unmodified opinion on the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic financial statements.

Independent Auditor's Report

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of and for the year ended June 30, 2014, and the related notes to the financial statements, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of June 30, 2014, and the respective changes in financial position, and , where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Funding Progress and Post-Employment Benefits Other Than Pension Schedule of Funding Progress on pages 12 through 25 and 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic financial statements. The combining schedules of accounts, the combining 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 schedules of accounts, the combining fund financial statements, budgetary comparison schedules and the Schedule of Disbursements to School District Treasurers and Other Entities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the combining fund financial statements, budgetary comparison schedules and the Schedule of Disbursements to School District Treasurers and Other Entities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2015 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control over financial reporting and compliance.

Wipfli LLP

Dixon, Illinois
April 7, 2015

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of and for the year ended June 30, 2014, and the related notes to the financial statements, 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 April 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8’s internal control. 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2014-001 that we consider 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional Office of Education #8's Response to Finding

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Dixon, Illinois
April 7, 2015

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Schedule of Findings and Responses

Year Ended June 30, 2014

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted?

yes no

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Schedule of Findings and Responses

Year Ended June 30, 2014

Section II: Financial Statement Findings

Finding No. 2014-001 – Controls Over Financial Statement Preparation (Repeat of findings 13-001, 12-2 and 11-2)

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 of Education #8's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Condition

The Regional Office of Education #8 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #8 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #8 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education #8's financial information prepared by the Regional Office of Education #8, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, not all entries were provided to reconcile the Regional Office of Education #8's grant activity, such as posting grant receivables and unearned revenue.
- Several adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Schedule of Findings and Responses

Year Ended June 30, 2014

Finding No. 2014-001 – Controls Over Financial Statement Preparation (Repeat of findings 13-001, 12-2 and 11-2) (Continued)

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 fully comply with these requirements.

Auditor's Recommendation

As part of internal control over the preparation of financial statements, the Regional Office of Education #8 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #8's activities and operations.

Management's Response

The Regional Office of Education understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. Regional Office of Education #8 has taken steps to address this issue; we have consolidated accounts into one ledger, consolidated banking relationship, and have clarified job roles of accounting staff within the ROE. The ROE 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, 2014

Corrective Action Plan

Finding No. 2014-001 – Controls Over Financial Statement Preparation

Condition

The Regional Office of Education #8 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #8 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #8 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education #8's financial information prepared by the Regional Office of Education #8, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, not all entries were provided to reconcile the Regional Office of Education #8's grant activity, such as posting grant receivables and unearned revenue.
- Several adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Plan

The Regional Office of Education understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. Regional Office of Education #8 has taken steps to address this issue; we have consolidated accounts into one ledger, consolidated banking relationship, and have clarified job roles of accounting staff within the ROE. The ROE 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, 2014

| Finding Number | Condition | Current Status |
|-----------------------|---|-----------------------|
| 2013-001 | Controls over Financial Statement Preparation | Repeated |

Management's Discussion and Analysis

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Management's Discussion and Analysis

June 30, 2014

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, 2014. 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.

2014 Financial Highlights

General Fund revenues decreased from \$2,074,677 in fiscal year 2013 to \$1,972,880 in fiscal year 2014, while General Fund expenditures increased from \$1,961,444 in fiscal year 2013 to \$2,020,945 in fiscal year 2014. The General Fund is made up of four sub funds: Counties Support, ROE Programs and Services, Medical Reimbursement and Special Services. The overall decrease in revenues can be attributed to the reallocation of some of the programs in the Programs and Services fund and the revenue from those programs to align with the intergovernmental agreement and fewer transfers among funds, which is somewhat offset with an increase in in-kind contributions from the State of Illinois due to the hiring of a full time assistant superintendent and his salary and benefits and the timing of the revenues received from County Support. The overall increase in expenditures can be attributed to the reallocation of the Programs and Services fund, along with the increase in in-kind payments.

Education Fund revenues decreased from \$3,468,740 in 2013 to \$3,149,314 in 2014 while Education Fund expenditures also decreased from \$3,470,589 in fiscal year 2013 to \$3,144,436 in fiscal year 2014. The decrease in revenues and expenditures is due largely to the state funding being received and expended within the same fiscal year with little or no prior year carryover, along with reduced and/or zero funding in some programs.

The Education Fund is made up of eleven different grant funds the Regional Office receives through the State Board of Education along with other sources. Some grants increased while others decreased or were not funded in fiscal year 2014.

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 Position 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

June 30, 2014

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 and Post-Employment Benefits Other Than Pension.

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

June 30, 2014

| Figure A-1 Major Features of the Government-wide and fund Financial Statements | | | | |
|---|--|--|---|--|
| | Government-wide Statements | Fund Statements | | |
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| 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"> • Statement of Net Position • Statement of Activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Fund Net Position • Statement of Cash Flows | <ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position |
| 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

June 30, 2014

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 Position 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 position and how it has changed. Net position – the difference between Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's assets, deferred outflows of resources and liabilities and deferred inflows of resources – 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 position 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

June 30, 2014

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 Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, 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

June 30, 2014

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 Position and a Statement of Changes in Fiduciary Net Position.

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

Government-Wide Financial Analysis

Net position 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 \$1,222,392 as of June 30, 2014.

A portion of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net position (2.46%) 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 position for the fiscal years ended June 30, 2014 and 2013:

- The cost of all governmental activities was \$5,205,271 and \$5,478,434 for 2014 and 2013, respectively.
- Federal and State governments subsidized certain governmental activities with grants and contributions of \$3,566,746 and \$3,923,951 for 2014 and 2013, respectively.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Management's Discussion and Analysis

June 30, 2014

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| 2014 | | | |
| Current assets | \$ 2,089,492 | \$ 110,290 | \$ 2,199,782 |
| Capital assets, net of accumulated depreciation | 30,126 | - | 30,126 |
| Total assets | 2,119,618 | 110,290 | 2,229,908 |
| Current liabilities | 965,165 | 6,856 | 972,021 |
| Noncurrent liabilities | 35,495 | - | 35,495 |
| Net position | | | |
| Invested in capital assets, net of related debt | 30,126 | - | 30,126 |
| Unrestricted | 995,985 | 103,434 | 1,099,419 |
| Restricted for educational purposes | 92,847 | - | 92,847 |
| Total net position | \$ 1,118,958 | \$ 103,434 | \$ 1,222,392 |
| 2013 | | | |
| Current assets | \$ 2,175,262 | \$ 87,803 | \$ 2,263,065 |
| Capital assets, net of accumulated depreciation | 41,478 | - | 41,478 |
| Total assets | 2,216,740 | 87,803 | 2,304,543 |
| Current liabilities | 1,010,679 | 646 | 1,011,325 |
| Noncurrent liabilities | 36,135 | - | 36,135 |
| Net position | | | |
| Invested in capital assets, net of related debt | 41,478 | - | 41,478 |
| Unrestricted | 1,041,264 | 87,157 | 1,128,421 |
| Restricted for educational purposes | 87,184 | - | 87,184 |
| Total net position | \$ 1,169,926 | \$ 87,157 | \$ 1,257,083 |

The largest portion of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net position is unrestricted. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Unrestricted net position was \$1,099,419 at year end.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Management's Discussion and Analysis

June 30, 2014

Changes in net position. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's total revenue for the fiscal year ended June 30, 2014 was \$5,290,087. The total cost of all programs and services was \$5,324,778. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and 2013:

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------------|
| 2014 | | | |
| Revenues | | | |
| Program revenues | | | |
| Charges for services | \$ - | \$ 135,784 | \$ 135,784 |
| Operating grants and contributions | 3,566,746 | - | 3,566,746 |
| General revenues | | | |
| Local sources | 965,904 | - | 965,904 |
| On-behalf payment | 617,082 | - | 617,082 |
| Investment earnings | 4,571 | - | 4,571 |
| Total revenues | 5,154,303 | 135,784 | 5,290,087 |
| Expenses | | | |
| Education | | | |
| Salaries | 1,701,913 | 57,931 | 1,759,844 |
| Employee benefits | 504,756 | 4,546 | 509,302 |
| Purchased services | 876,618 | 52,428 | 929,046 |
| Supplies and materials | 115,074 | 4,602 | 119,676 |
| Other objects | 2,706 | - | 2,706 |
| Depreciation | 14,625 | - | 14,625 |
| Payments to other governments | 1,341,406 | - | 1,341,406 |
| Capital outlay | 31,091 | - | 31,091 |
| Administrative | | | |
| On-behalf payments | 617,082 | - | 617,082 |
| Total expenses | 5,205,271 | 119,507 | 5,324,778 |
| Excess/(Deficiency) of revenues over expenditures | (50,968) | 16,277 | (34,691) |
| Other Financing Sources (Uses) | | | |
| Transfers in (out) | - | - | - |
| Change in net position | (50,968) | 16,277 | (34,691) |
| Net position, beginning | 1,169,926 | 87,157 | 1,257,083 |
| Net position, ending | \$ 1,118,958 | \$ 103,434 | \$ 1,222,392 |

State source revenues account for 63.84% of the total revenue. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's expenses primarily relate to education, which account for 88.41% of the total expenses.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Management's Discussion and Analysis

June 30, 2014

| 2013 | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------------|
| Revenues | | | |
| Program revenues | | | |
| Charges for services | \$ - | \$ 100,507 | \$ 100,507 |
| Operating grants and contributions | 3,923,951 | - | 3,923,951 |
| General revenues | | | |
| Local sources | 1,215,679 | - | 1,215,679 |
| On-behalf payment | 443,751 | - | 443,751 |
| Investment earnings | 9,666 | - | 9,666 |
| Total revenues | 5,593,047 | 100,507 | 5,693,554 |
| Expenses | | | |
| Education | | | |
| Salaries | 1,887,205 | 15,107 | 1,902,312 |
| Employee benefits | 415,941 | 2,372 | 418,313 |
| Purchased services | 1,100,771 | 84,434 | 1,185,205 |
| Supplies and materials | 124,247 | 2,554 | 126,801 |
| Other objects | 7,624 | - | 7,624 |
| Depreciation | 12,240 | - | 12,240 |
| Payments to other governments | 1,477,467 | - | 1,477,467 |
| Capital outlay | 9,188 | - | 9,188 |
| Administrative | | | |
| On-behalf payments | 443,751 | - | 443,751 |
| Total expenses | 5,478,434 | 104,467 | 5,582,901 |
| Excess/(Deficiency) of revenues over expenditures | 114,613 | (3,960) | 110,653 |
| Other Financing Sources (Uses) | | | |
| Transfers in (out) | (5,168) | 5,168 | - |
| Change in net position | 109,445 | 1,208 | 110,653 |
| Net position, beginning | 1,060,481 | 85,949 | 1,146,430 |
| Net position, ending | \$ 1,169,926 | \$ 87,157 | \$ 1,257,083 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Management's Discussion and Analysis (Continued)

June 30, 2014

Governmental Activities

Revenues for governmental activities were \$5,154,303 and \$5,593,047 and expenses were \$5,205,271 and \$5,478,434 for 2014 and 2013, 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.

| | Total Expenses | Net (Expenses) Revenues |
|-------------------------------|---------------------------|--|
| 2014 | | |
| Education | | |
| Salaries | \$ 1,701,913 | \$ (467,889) |
| Employee benefits | 504,756 | (265,926) |
| Purchased services | 876,618 | (200,607) |
| Supplies and materials | 115,074 | (45,362) |
| Other objects | 2,706 | (2,706) |
| Depreciation | 14,625 | (14,625) |
| Payments to other governments | 1,341,406 | - |
| Capital outlay | 31,091 | (24,328) |
| Administrative | | |
| On-behalf payments | 617,082 | (617,082) |
| Total expenses | \$ 5,205,271 | \$ (1,638,525) |

| | Total Expenses | Net (Expenses) Revenues |
|-------------------------------|---------------------------|--|
| 2013 | | |
| Education | | |
| Salaries | \$ 1,887,205 | \$ (716,825) |
| Employee benefits | 415,941 | (172,818) |
| Purchased services | 1,100,771 | (179,902) |
| Supplies and materials | 124,247 | (19,379) |
| Other objects | 7,624 | (1,915) |
| Depreciation | 12,240 | (12,240) |
| Payments to other governments | 1,477,467 | (17,954) |
| Capital outlay | 9,188 | 10,301 |
| Administrative | | |
| On-behalf payments | 443,751 | (443,751) |
| Total expenses | \$ 5,478,434 | \$ (1,554,483) |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Management's Discussion and Analysis

June 30, 2014

Net cost of governmental activities (\$1,638,525), was financed by general revenues, which are made up of primarily local sources (\$965,904) and on-behalf payments (\$617,082) for 2014.

Net cost of governmental activities (\$1,554,483), was financed by general revenues, which are made up of primarily local sources (\$1,215,679), and on-behalf payments (\$443,751) for 2013.

Business-Type Activities

Revenues for business-type activities were \$135,784 and \$100,507 and expenses were \$119,507 and \$104,467 for 2014 and 2013, 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 \$1,124,327, a decrease from last year's ending fund balances of \$1,164,583.

Governmental Fund Highlights

The General Fund fund balance decreased from \$1,077,399 in 2013 to \$1,031,480 in 2014. The decrease in fund balance was large in comparison to expenditures of \$2,020,945. This decrease in fund balance is due largely to interfund transfers as stated in Note 11.

The Education Fund fund balance increased from \$5,810 in 2013 to \$8,542 in 2014. 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 decreased or discontinued while others see a funding increase.

Over the various programs that make up the fund, total revenues exceeded expenditures by \$2,732 thus increasing the fiscal year 2014 balance from \$5,810 to \$8,542. In consideration that the total Education Fund revenue is \$3,149,314, \$2,732 is only a modest change.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Management's Discussion and Analysis

June 30, 2014

The fund balance of \$8,542 represents a carryover primarily comprised of local donations 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 program which provides hearing and vision services to preschool children.

Proprietary Fund Highlights

Workshop Fund net position increased from \$87,157 at June 30, 2013, to \$103,434 at June 30, 2014, representing an increase of approximately 18.68%. 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 increased from \$100,507 in fiscal year 2013 to \$135,784 in fiscal year 2014. 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. It is required to prepare budgets for most of the grants it receives. Over the course of the year, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 amended some 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, 2014, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 had invested \$3,273 in capital assets, including furniture and equipment. Total depreciation expense for the year was \$14,625.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2014:

| | Governmental Activities | Business-Type Activities | Total |
|-------------------------|------------------------------------|-------------------------------------|--------------|
| Furniture and Equipment | \$30,126 | \$ - | \$30,126 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Management's Discussion and Analysis

June 30, 2014

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2013:

| | Governmental Activities | Business-Type Activities | Total |
|-------------------------|------------------------------------|-------------------------------------|--------------|
| Furniture and equipment | \$41,478 | \$ - | \$41,478 |

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 and August, whether a program will be funded or at what level. For the past eight 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 up 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 FY15, there may be flat or reduced funding of some of the grant programs that rely on State of Illinois funding.

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, 27 S. State Avenue, Freeport, Illinois 61032.

Basic Financial Statements

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Statement of Net Position

June 30, 2014

| | Primary Government | | |
|--|----------------------------|-----------------------------|--------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,714,429 | \$ 72,208 | \$ 1,786,637 |
| Due from other governments | 375,063 | \$ 38,082 | 413,145 |
| Total current assets | 2,089,492 | 110,290 | 2,199,782 |
| Non-current assets: | | | |
| Capital assets, being depreciated, net | 30,126 | - | 30,126 |
| Total assets | 2,119,618 | 110,290 | 2,229,908 |
| Liabilities | | | |
| Current liabilities: | | | |
| Cash overdraft | 107,351 | - | 107,351 |
| Accounts payable | 59,343 | 6,856 | 66,199 |
| Accrued payroll and employee benefits | 127,818 | - | 127,818 |
| Due to other governments | 18,928 | - | 18,928 |
| Unearned revenue | 651,725 | - | 651,725 |
| Total current liabilities | 965,165 | 6,856 | 972,021 |
| Noncurrent liabilities: | | | |
| IMRF pension obligation | 27,926 | - | 27,926 |
| Other postemployment benefits obligation | 7,569 | - | 7,569 |
| Total noncurrent liabilities | 35,495 | - | 35,495 |
| Total liabilities | 1,000,660 | 6,856 | 1,007,516 |
| Net Position | | | |
| Net investment in capital assets | 30,126 | - | 30,126 |
| Unrestricted | 995,985 | 103,434 | 1,099,419 |
| Restricted for educational purposes | 92,847 | - | 92,847 |
| Total net position | \$ 1,118,958 | \$ 103,434 | \$ 1,222,392 |

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

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Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Statement of Activities

Year Ended June 30, 2014

| Functions/Programs | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | |
|--|--------------------|-------------------------|-----------------------------|--|-----------------------------|---------------------|
| | Expenses | Operating | | Primary Government | | Total |
| | | Charges for Services | Grants and Contributions | Governmental Activities | Business-Type Activities | |
| Primary government: | | | | | | |
| Governmental activities: | | | | | | |
| Education: | | | | | | |
| Salaries | \$1,701,913 | \$ - | \$ 1,234,024 | \$ (467,889) | \$ - | \$ (467,889) |
| Employee benefits | 504,756 | - | 238,830 | (265,926) | - | (265,926) |
| Purchased services | 876,618 | - | 676,011 | (200,607) | - | (200,607) |
| Supplies and materials | 115,074 | - | 69,712 | (45,362) | - | (45,362) |
| Other objects | 2,706 | - | - | (2,706) | - | (2,706) |
| Depreciation | 14,625 | - | - | (14,625) | - | (14,625) |
| Payments to other governments | 1,341,406 | - | 1,341,406 | - | - | - |
| Capital outlay | 31,091 | - | 6,763 | (24,328) | - | (24,328) |
| Administrative: | | | | | | |
| On-behalf payments | 617,082 | - | - | (617,082) | - | (617,082) |
| Total governmental activities | 5,205,271 | - | 3,566,746 | (1,638,525) | - | (1,638,525) |
| Business-type activities: | | | | | | |
| Other | 119,507 | 135,784 | - | - | 16,277 | 16,277 |
| Total primary government | \$5,324,778 | \$ 135,784 | \$ 3,566,746 | (1,638,525) | 16,277 | (1,622,248) |
| General revenues and transfers: | | | | | | |
| Local sources | | | | 965,904 | - | 965,904 |
| Interfund transfers | | | | - | - | - |
| On-behalf payments | | | | 617,082 | - | 617,082 |
| Investment earnings | | | | 4,571 | - | 4,571 |
| Total general revenues and transfers | | | | 1,587,557 | - | 1,587,557 |
| Changes in Net Position | | | | (50,968) | 16,277 | (34,691) |
| Net Position, Beginning of Year | | | | 1,169,926 | 87,157 | 1,257,083 |
| Net Position, End of Year | | | | \$ 1,118,958 | \$ 103,434 | \$ 1,222,392 |

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, 2014

| | Special Revenue | | | Total Governmental Funds |
|--|---------------------|-------------------|----------------------------|--------------------------------|
| | General Fund | Education Fund | Other Nonmajor Funds | |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,103,802 | \$ 526,322 | \$ 84,305 | \$ 1,714,429 |
| Due from other funds | - | - | - | - |
| Due from other governments | 74,424 | 300,639 | - | 375,063 |
| Total Assets | \$ 1,178,226 | \$ 826,961 | \$ 84,305 | \$ 2,089,492 |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Cash overdraft | \$ - | \$ 107,351 | \$ - | \$ 107,351 |
| Accounts payable | - | 59,343 | - | 59,343 |
| Accrued expenses | 127,818 | - | - | 127,818 |
| Due to other governments | 18,928 | - | - | 18,928 |
| Due to other funds | - | - | - | - |
| Unearned revenue | - | 651,725 | - | 651,725 |
| Total liabilities | 146,746 | 818,419 | - | 965,165 |
| Fund Balances | | | | |
| Restricted | - | 8,542 | 84,305 | 92,847 |
| Assigned | 450 | - | - | 450 |
| Unassigned | 1,031,030 | - | - | 1,031,030 |
| Total fund balances | 1,031,480 | 8,542 | 84,305 | 1,124,327 |
| Total Liabilities and Fund Balances | \$ 1,178,226 | \$ 826,961 | \$ 84,305 | \$ 2,089,492 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position

June 30, 2014

Total fund balances of governmental funds \$ 1,124,327

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

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported
in the funds. This is the cost of capital assets (\$353,998)
net of accumulated depreciation (\$323,872). 30,126

Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the funds:

| | | |
|--|-------------|----------|
| IMRF pension obligation | \$ (27,926) | |
| Other postemployment benefits obligation | (7,569) | (35,495) |

Net position of governmental activities \$ 1,118,958

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, 2014

| | Special Revenue | | | Total Governmental Funds |
|--|--------------------|-------------------|----------------------------|--------------------------------|
| | General Fund | Education Fund | Other Nonmajor Funds | |
| Revenues | | | | |
| Local sources | \$ 866,042 | \$ 73,266 | \$ 31,167 | \$ 970,475 |
| State sources | 489,756 | 2,886,718 | 942 | 3,377,416 |
| Federal sources | - | 189,330 | - | 189,330 |
| On-behalf payments | 617,082 | - | - | 617,082 |
| Total revenues | 1,972,880 | 3,149,314 | 32,109 | 5,154,303 |
| Expenditures | | | | |
| Education: | | | | |
| Salaries | 918,510 | 778,191 | 5,212 | 1,701,913 |
| Employee benefits | 254,237 | 250,303 | 856 | 505,396 |
| Purchased services | 162,971 | 696,697 | 16,950 | 876,618 |
| Supplies and materials | 37,838 | 71,076 | 6,160 | 115,074 |
| Other objects | 2,706 | - | - | 2,706 |
| Payments to other governments | - | 1,341,406 | - | 1,341,406 |
| On-behalf payments | 617,082 | - | - | 617,082 |
| Capital outlay | 27,601 | 6,763 | - | 34,364 |
| Total expenditures | 2,020,945 | 3,144,436 | 29,178 | 5,194,559 |
| Excess/(Deficiency) of revenues over expenditures | (48,065) | 4,878 | 2,931 | (40,256) |
| Other Financing Sources (Uses) | | | | |
| Transfers in (out) | 2,146 | (2,146) | - | - |
| Net Change in Fund Balances | (45,919) | 2,732 | 2,931 | (40,256) |
| Fund Balance, Beginning of Year | 1,077,399 | 5,810 | 81,374 | 1,164,583 |
| Fund Balance, End of Year | \$1,031,480 | \$ 8,542 | \$ 84,305 | \$ 1,124,327 |

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, 2014

Net change in fund balances \$ (40,256)

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.

| | | | |
|----------------|----|----------|----------|
| Capital outlay | \$ | 3,273 | |
| Depreciation | | (14,625) | (11,352) |

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

| | | | |
|--|--|-----|-----|
| Decrease in IMRF pension obligation | | 640 | |
| Change in other postemployment benefits obligation | | - | 640 |

Change in net position of governmental activities \$ (50,968)

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Statement of Net Position Proprietary Funds

June 30, 2014

| | Business-Type Activities - Enterprise Fund Workshops |
|----------------------------|---|
| <hr/> Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 72,208 |
| Due from other governments | 38,082 |
| <hr/> Total current assets | <hr/> 110,290 |
| <hr/> Liabilities | |
| Current liabilities: | |
| Accounts payable | 6,856 |
| <hr/> Net Position | |
| Unrestricted | \$ 103,434 |
| <hr/> <hr/> | |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds

Year Ended June 30, 2014

| | Business-Type Activities - Enterprise Fund Workshops |
|--|---|
| Operating income: | |
| Charges for services | \$ 135,784 |
| Total operating revenues | 135,784 |
| Operating expenses: | |
| Education: | |
| Salaries | 57,931 |
| Employee benefits | 4,546 |
| Purchased services | 52,428 |
| Supplies and materials | 4,602 |
| Total operating expenses | 119,507 |
| Operating income (loss) | 16,277 |
| Change in net position | 16,277 |
| Total net position, beginning of year | 87,157 |
| Total net position, end of year | \$ 103,434 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Statement of Cash Flows Proprietary Funds

Year Ended June 30, 2014

| | Business-Type Activities - Enterprise Fund Workshops |
|---|---|
| Cash Flows From Operating Activities | |
| Receipts from workshops and grants | \$ 97,702 |
| Payments to employees | (62,477) |
| Payments to suppliers and providers of goods and services | (50,820) |
| Net cash provided by (used for) operating activities | (15,595) |
| Cash Flows From Noncapital Financing Activities | |
| Operating transfers in | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | (15,595) |
| Cash and Cash Equivalents, Beginning of Year | 87,803 |
| Cash and Cash Equivalents, End of Year | \$ 72,208 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | |
| Operating Income (Loss) | \$ 16,277 |
| Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities: | |
| Change in assets and liabilities: | |
| Change in due from other governments | (38,082) |
| Change in accounts payable | 6,210 |
| Net cash provided by (used for) operating activities | \$ (15,595) |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Statement of Fiduciary Net Position Fiduciary Funds

June 30, 2014

| | Private-Purpose Trusts | Agency Funds |
|----------------------------------|---------------------------|-----------------|
| Assets | | |
| Cash and cash equivalents | \$ 179,378 | \$ 4,218 |
| Investments | 1,057,133 | - |
| Rent receivable | 16,736 | - |
| Interest receivable | 1,969 | - |
| Due from other funds | 17,401 | - |
| Property and equipment, net | 716,252 | - |
| Total assets | 1,988,869 | 4,218 |
| Liabilities | | |
| Accounts payable | 8,281 | - |
| Due to other funds | 17,401 | - |
| Deposits | 2,000 | - |
| Due to other governmental units | - | 4,218 |
| Unearned revenue | 13,411 | - |
| Total liabilities | 41,093 | 4,218 |
| Net Position | | |
| Held in trust for other purposes | \$ 1,947,776 | \$ - |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended June 30, 2014

| | Private-Purpose Trusts |
|--|-----------------------------------|
| Additions | |
| Local sources | |
| Rent | \$ 142,213 |
| CRP payment | 1,330 |
| Interest and dividends | 33,719 |
| Miscellaneous income | - |
| Realized gain on investments | 34,899 |
| Unrealized gain on investments | 2,972 |
| Total additions | 215,133 |
| Deductions | |
| Purchased services | 54,936 |
| Scholarships | 74,500 |
| Depreciation | 5,569 |
| Total deductions | 135,005 |
| Excess of Additions Over Deductions | 80,128 |
| Other Financing Sources (Uses): | |
| Transfers in | 156,897 |
| Transfers out | (156,897) |
| Total other financing sources (uses) | - |
| Changes in Net Position | 80,128 |
| Net Position, Beginning of Year | 1,867,648 |
| Net Position, End of Year | \$ 1,947,776 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

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.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

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.

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

Net investment in capital assets 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 position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

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

Note 1 **Summary of Significant Accounting Policies**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Each of the Regional Office of Education #8's Special Revenue Funds has been established as a separate fund in accordance with the fund structure required by the State of Illinois for local educational agencies. A brief description of the Special Revenues Funds follows:

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.

System of Statewide Support Foundational Services (SOSS) – used to account for grant monies received for, and payment of expenses, under the Statewide System of Support Foundational Services Grant Program.

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

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).

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.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Title II – Teacher Quality – Leadership Program – used to account for grant monies received, and expenditures incurred to support, programs associated with assisting new teachers.

Child Nutrition – used to account for student payments and ISBE funds received, and payment of expenses, for food services for the Recreation Afterschool Program (RAP).

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.

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.

Proprietary Funds

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

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

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 also reports fiduciary funds which focus on net position and changes in net position. 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.

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.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

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 measurable 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 inflows of resources in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements.

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

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

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.

Governmental Fund Balances

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

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

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

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

Assigned Fund Balance – the portion of a Governmental Fund’s fund balance that is denoted for 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.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

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 or other local governments.

Capital assets – Capital assets, which include furniture and equipment, are reported in the government-wide Statement of Net Position. 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:

| Assets | Years |
|----------------------------|--------------|
| Buildings and improvements | 20 |
| Equipment | 10 |

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.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Budgets and Budgetary Accounting (Continued)

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 9.

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 | \$104,784 |
| Regional Superintendent – benefits (includes state paid insurance) | 34,924 |
| Assistant Regional Superintendent – salary | 94,320 |
| Assistant Regional Superintendent – benefits (includes state paid insurance) | 31,882 |
| THIS on-behalf payments | 7,483 |
| TRS on-behalf payments | 343,689 |
| <hr/> | |
| Total on-behalf payments | \$617,082 |

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.

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 deposits and investments of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 monies are governed by the provisions of the Illinois Compiled Statutes.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 3 Deposits and Investments

Deposits

At June 30, 2014, the carrying amount of the Regional Office of Education #8's deposits was \$1,862,882 (net of cash overdrafts) and the bank balance was \$1,946,408.

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, 2014, \$1,946,408 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:

| | Carrying Amount |
|-------------------------------|----------------------------|
| Cash – Primary Government | \$1,679,286 |
| Cash – Private-Purpose Trusts | 179,378 |
| Cash – Agency | 4,218 |
| Total | \$1,862,882 |

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 Position. Unrealized gains and losses are included in the change in net position in the accompanying Statement of Changes in Fiduciary Net Position.

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 Regional Office of Education #8

Notes to Financial Statements

Note 3 Deposits and Investments

At June 30, 2014, investments included the following:

| | Morningstar Rating | Carrying Amount | Market Value |
|--|-----------------------|---------------------|---------------------|
| Principal fund | | | |
| Cash equivalents | | | |
| Mutual funds | | | |
| First American Prime Obligation Fund Class Y | Unrated | \$ 16,198 | \$ 16,198 |
| Fixed income investments | | | |
| Mutual funds | | | |
| Driehaus Active Income Fund | ** | 25,898 | 26,091 |
| Eaton Vance Global MacRo Fd Cl I | ** | 16,593 | 17,320 |
| Nuveen Core Plus Bond I | **** | 10,413 | 10,413 |
| Nuveen Funds Core Bond Fund I | *** | 111,337 | 111,337 |
| Nuveen High Income Bond Fd Cl I | **** | 17,809 | 17,828 |
| Nuveen Inflation Pro Sec Class I | **** | 49,478 | 49,478 |
| Nuveen Short Term Bond Fund Cl I | *** | 108,062 | 108,062 |
| Pimco Total Return Fund Inst | **** | 108,062 | 108,062 |
| Ridgeworth Inst US Gov Sec Ult Shrt | **** | 72,719 | 73,006 |
| T Rowe Price Intl Bond Fund | ** | 29,203 | 29,203 |
| Total fixed income investments | | 549,574 | 550,800 |
| Equity investments | | | |
| Mutual funds | | | |
| American Century Capital Value Class Inv | *** | 18,290 | 18,290 |
| John Hancock Funds III Disciplined V I | ***** | 16,773 | 16,773 |
| Morgan Dempsey Small Micro Cap Value | ** | 11,182 | 11,182 |
| Neuberger Berman Genesis Instl Fund | *** | 19,038 | 19,038 |
| Nuveen Mid Cap Index Fund Class I | **** | 4,782 | 4,782 |
| Scout International Fund | *** | 24,993 | 24,993 |
| T Rowe Price Growth Stock Fund #40 | **** | 15,366 | 15,366 |
| T Rowe Price Sm Cap Value | ** | 5,504 | 5,504 |
| Turner Spectrum Fund Instl | **** | 32,320 | 32,320 |
| Total equity investments | | 148,248 | 148,248 |
| Total principal fund | | 714,020 | 715,246 |
| Income fund | | | |
| Cash equivalents | | | |
| Mutual funds | | | |
| First American Prime Obligation Fund Class Y | Unrated | 23,658 | 23,658 |
| Fixed income investments | | | |
| Mutual funds | | | |
| Eaton Vance Global Macro Fund | ** | 9,678 | 10,070 |
| Nuveen Core Plus Bond I | **** | 139,731 | 139,731 |
| Nuveen High Income Bond Fund Class I | **** | 13,133 | 13,133 |
| Nuveen Inflation Pro Sec Cl I | **** | 15,591 | 15,591 |
| Nuveen Short Term Bond Fund Cl I | *** | 95,891 | 95,891 |
| Ridgeworth Inst US Gov Sec Ult Shrt | **** | 32,266 | 32,380 |
| T Rowe Price Intl Bond Fund | ** | 13,165 | 13,165 |
| Total fixed income investments | | 319,455 | 319,961 |
| Total income fund | | 343,113 | 343,619 |
| Total investments | | \$ 1,057,133 | \$ 1,058,865 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

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.

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 annual required contribution rate for calendar year 2013 used by the Regional Office of Education #8 was 12.18 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.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 4 Employee Benefit Plan

Annual Pension Cost. The required contribution for calendar year 2013 was \$132,147.

| Three-Year Trend Information for the Regular Plan | | | |
|--|----------------------------------|--------------------------------------|-------------------------------|
| Actuarial Valuation Date | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 12/31/13 | \$132,147 | 100% | \$27,926 |
| 6/30/13 | 149,451 | 100% | 28,566 |
| 6/30/12 | 120,907 | 100% | 19,899 |

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% 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, 2011 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 94.14 percent funded. The actuarial accrued liability for benefits was \$1,995,707 and the actuarial value of assets was \$1,878,778, resulting in an underfunded actuarial accrued liability (UAAL) of \$116,929. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$1,084,947 and the ratio of the UAAL to the covered payroll was 11 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.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

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.

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

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

- **On-behalf Contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #8. For the year ended June 30, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #8 recognized revenue and expenditures of \$343,689 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013, and June 30, 2012, the contribution rates were 28.05 percent (\$263,357) and 24.91 percent (\$145,515), 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 total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$4,475. Contributions for the years ending June 30, 2013 and June 30, 2012, were \$4,669 and \$2,485, respectively.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 5 Retirement Plans

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

- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #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 has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same. For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent, respectively. For the years ended June 30, 2014, June 30, 2013, and June 30, 2012, there were no salaries that qualified for this plan.

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 under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2014, June 30, 2013, and June 30, 2012, 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, 2014, June 30, 2013 and June 30, 2012, 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 rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014). For the years ended June 30, 2014, June 30, 2013, and June 30, 2012, the Regional Office of Education #8 did not make any contributions to TRS for sick leave days granted in excess of the normal annual allotment.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 5 Retirement Plans

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Website at <http://trs.illinois.gov>.

Note 6 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 retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

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

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

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 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$7,483 and the Regional Office of Education recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2013 and June 30, 2012 were 0.92 percent and 0.88 percent of pay, respectively. State contributions on behalf of employees were \$7,405 and \$5,141, respectively.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 6 Teacher Health Insurance Security Fund

- **Employer contributions to THIS Fund**

The Regional Office of Education #8 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year ended June 30, 2014, 0.69 percent during the year ended June 30, 2013, and 0.66 percent during the year ended June 30, 2012. For the year ended June 30, 2014, the Regional Office of Education #8 paid \$5,555 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the Regional Office of Education #8 paid \$5,554 and \$2,828 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 found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/audit-reports/ABC-list.asp>. The 2014 report is listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

Note 7 Postemployment Pension Plan

Plan Description. In addition to providing the pension benefits described, ROE #8 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by ROE #8 and can be amended by ROE #8 through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the ROE #8 governmental funds.

Benefits Provided. ROE #8 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the ROE #8 retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the ROE #8 insurance provider.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 7 Postemployment Pension Plan

Membership

At June 30, 2013, membership consisted of:

| | |
|---|----|
| Retirees and Beneficiaries Currently Receiving Benefits | - |
| Terminated Employees Entitled to Benefits but not yet Receiving Them | - |
| Active vested plan members | 19 |
| Active nonvested plan members | 31 |
| <hr/> | |
| Total | 50 |
| <hr/> | |
| Participating Employers | 1 |

Funding Policy. ROE #8 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation. ROE #8 first had an actuarial valuation performed for the plan as of June 30, 2013 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2013. ROE #8's annual OPEB cost (expense) of \$3,819 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of June 30, 2013. ROE #8's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 was as follows (information for June 30, 2011 is not available as an actuarial valuation was performed for the first time as of June 30, 2012):

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|------------------------|--|---------------------|
| June 30, 2013 | \$3,819 | \$- | 0% | \$7,569 |
| June 30, 2012 | \$3,750 | \$- | 0% | \$3,750 |

The net OPEB obligation as of June 30, 2013, was calculated as follows:

| | |
|--|---------|
| Annual Required Contribution | \$3,819 |
| Interest on Net OPEB Obligation | - |
| Adjustment to Annual Required Contribution | - |
| <hr/> | |
| Annual OPEB Cost | 3,819 |
| Contributions Made | - |
| <hr/> | |
| Increase in Net OPEB Obligation | 3,819 |
| Net OPEB Obligation Beginning of Year | 3,750 |
| <hr/> | |
| Net OPEB Obligation End of year | \$7,569 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 7 Postemployment Pension Plan

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2012, was as follows:

| | |
|---|----------|
| Actuarial Accrued Liability (AAL) | \$22,181 |
| Actuarial Value of Plan Assets | - |
| Unfunded Actuarial Accrued Liability (UAAL) | 22,181 |
| Funded Ratio (Actuarial Value of Plan Assets/AAL) | 0.0% |
| Covered Payroll (Active Plan Members) | N/A |
| UAAL as a Percentage of Covered Payroll | 0.0% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012 actuarial valuation, the entry age cost method was used. The actuarial assumptions included a discount rate of 5.00% and an initial healthcare cost trend rate of 8.00% with a ultimate healthcare inflation rate of 6.00% increase for 2015 and later years. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the ROE #8 has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized using an open, level percentage of pay method. The remaining amortization period at June 30, 2012 was 30 years.

Per the actuary, ROE #8 only needs to obtain an actuarial valuation every three years. The ROE intends to get a valuation done as of June 30, 2015.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 8 Capital Assets

Capital assets activity for the year ended June 30, 2014 is as follows:

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|----------------------------------|-------------------------|-------------------|-------------|--------------------------|
| Governmental activities: | | | | |
| Furniture and equipment | \$ 350,725 | \$ 3,273 | \$ - | \$ 353,998 |
| Less accumulated depreciation | (309,247) | (14,625) | - | (323,872) |
| Total capital assets, net | \$ 41,478 | \$(11,352) | \$ - | \$ 30,126 |

Depreciation expense was charged as follows:

Governmental activities:

 Education:

 Depreciation expense \$ 14,625

Fiduciary Fund:

 Private-Purpose Trust Fund

 E.H. Parriott Scholarship Trust Principal Fund:

 Farmland and land improvements \$ 600,000

 Farm building improvements 291,632

Total capital assets, at cost **891,632**

Less accumulated depreciation **(169,811)**

Total capital assets, net **\$ 721,821**

Depreciation expense was charged as follows:

Fiduciary Fund:

 Private-Purpose Trust Fund

 E.H. Parriott Scholarship Trust Principal Fund

 Depreciation expense \$ 5,569

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 9 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, 2014 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 comparison schedules for those periods are presented for the ROE Programs and Services Fund, Truants Alternative/Optional Ed., Early Childhood Block Grant – Age 3 to 5, Early Childhood Block Grant – Birth to Age 3, Early Intervention – Infants / Toddlers, Regional Safe Schools, ROE/ISC Operations, McKinney Homeless Grant, Title II – Teacher Quality – Leadership Program, and System of Statewide Support Foundational Service.

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 Regional Office of Education #8

Notes to Financial Statements

Note 10 Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2014 were:

| Fund | Due From | Due To |
|---|------------------|------------------|
| Private-Purpose Trust Fund | | |
| Expendable Trust Fund | | |
| E.H. Parriott Scholarship Trust Income | \$ 17,401 | \$ - |
| Nonexpendable Trust Fund | | |
| E.H. Parriott Scholarship Trust Principal | - | 17,401 |
| Total | \$ 17,401 | \$ 17,401 |

The purpose of these balances is to transfer cash received from dividend income.

Note 11 Transfers

For the fiscal year ended June 30, 2014, interfund transfers were:

| Fund | In | Out |
|---|---------------------|---------------------|
| Education Fund | | |
| Child Nutrition | \$ - | \$ 2,146 |
| General Fund | | |
| ROE Programs and Services | 105,931 | 1,136,808 |
| Special Services | 1,085,254 | 51,896 |
| Medical Reimbursement | - | 335 |
| Private-Purpose Trust Fund | | |
| E.H. Parriott Scholarship Trust Income | 156,897 | |
| E.H. Parriott Scholarship Trust Principal | | 156,897 |
| Total | \$ 1,348,082 | \$ 1,348,082 |

The purposes of these transfers were as follows:

1. Move the financial activity associated with various responsibility centers from ROE Programs and Services to Special Services. This is necessary to comply with a joint agreement with local school districts to administer programs on the districts' behalf. After the interfund transfers, the responsibility centers that represent these programs are the only ones in the ROE Programs and Services Fund.
2. Transfer out the unused portion of the Medical Reimbursement Fund revenues since all revenues must be spent.
3. Transfer all cash from separate checking accounts to one combined checking account.
4. Separate Child Nutrition activity from the ROE Programs and Services Fund per the agreement described above.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 12 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 Intergovernmental Agreement.

Note 13 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, 2014 was \$142,213.

Minimum future rental income on the above noncancellable leases on farm land as of June 30, 2014 was:

| Year Ended June 30, | |
|----------------------------|------------|
| 2015 | \$ 127,361 |
| 2016 | 105,959 |
| 2017 | 51,258 |
| Total | \$ 284,578 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 14 Due To/From Other Governments

The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's General, Special Revenue, Agency, and Proprietary 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 | \$ 53,868 |
|--------------------------------|-----------|

ROE Programs and Services

| | |
|--------------------------------|--------|
| Other local entities - payroll | 10,556 |
|--------------------------------|--------|

| | |
|------------------------------------|--------|
| Other local entity - start-up loan | 10,000 |
|------------------------------------|--------|

Education

Truants Alternative/Optional Education

| | |
|-----------------------------------|--------|
| Illinois State Board of Education | 11,356 |
|-----------------------------------|--------|

McKinney Homeless Grant

| | |
|--------------------|-------|
| Other local entity | 5,371 |
|--------------------|-------|

Title II - Teacher Quality Leadership Grant

| | |
|-----------------------------------|-------|
| Illinois State Board of Education | 1,800 |
|-----------------------------------|-------|

Workforce Investment Act

| | |
|-------------------------|--------|
| Partners for Employment | 10,339 |
|-------------------------|--------|

Early Intervention Infants/Toddlers

| | |
|---------------------------------------|--------|
| Illinois Department of Human Services | 96,329 |
|---------------------------------------|--------|

Hearing and Vision Grant

| | |
|--------------------------------------|-------|
| Illinois Department of Public Health | 4,053 |
|--------------------------------------|-------|

System of Statewide Support Foundational Services

| | |
|----------------------------|--------|
| US Department of Education | 10,179 |
|----------------------------|--------|

Child Nutrition

| | |
|-----------------------------------|----|
| Illinois State Board of Education | 20 |
|-----------------------------------|----|

Early Childhood Block Grants

| | |
|-----------------------------------|---------|
| Illinois State Board of Education | 161,192 |
|-----------------------------------|---------|

Proprietary

Workshop

| | |
|--------------------------------------|--------|
| Other local entities - workshop fees | 38,082 |
|--------------------------------------|--------|

| | |
|-------|------------|
| Total | \$ 413,145 |
|-------|------------|

Due to Other Governments

General Fund

ROE Programs and Services

| | |
|---|-----------|
| Other entities and local school districts | \$ 18,928 |
|---|-----------|

Agency Fund

Distributive Fund

| | |
|---|-----|
| Other entities and local school districts | 546 |
|---|-----|

Distributive Interest Fund

| | |
|--|-------|
| | 3,672 |
|--|-------|

| | |
|-------|-----------|
| Total | \$ 23,146 |
|-------|-----------|

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 15 Operating Leases

On July 1, 2012, 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, 2012 with original rent at \$2,338 per month. 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, 2012, 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, 2012 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. This lease was continued at May 31, 2013 on a month by month basis through August 31, 2013.

On July 1, 2013, 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, 2013 to July 1, 2014 with rent of \$465 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 renewed the lease on July 1, 2013 for twelve months with rent of \$523 per month.

On June 11, 2013, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 entered into a lease agreement with 27 State Centre LLC for office space located at 27 South State Avenue, Freeport, Illinois. The term of the lease is 10 years effective August 1, 2013, with original rent at \$2,268 per month with annual increases. A security deposit of \$5,833 upon the onset of the lease.

Total rent expense for the year was \$65,280.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Notes to Financial Statements

Note 15 Operating Leases

Total future minimum lease commitment at June 30, 2014 is as follows:

| | |
|----------------------|-----------|
| 2015 | \$ 56,175 |
| 2016 | 28,957 |
| 2017 | 29,794 |
| 2018 | 30,631 |
| 2019 and later years | 165,018 |
| | <hr/> |
| | \$310,575 |

Note 16 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 17 New Accounting Pronouncements

In 2014, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 implemented Governmental Accounting Standards Board (GASB) GASB Statement No. 66 - *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*, GASB Statement No. 67 - *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, and GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. These statements had no impact on the financial statements for Regional Office of Education #8. The Regional Office of Education also implemented GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This clarified GASB 63's presentation of deferred inflows and outflows of resources.

Note 18 Subsequent Events

The management of Regional Office of Education #8 has evaluated subsequent events through April 7, 2015, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2014 have been incorporated herein. There are no subsequent events that require disclosure.

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 and Post-Employment Benefits Other than Pension (Unaudited)

June 30, 2014

Schedule of Funding Progress – Illinois Municipal Retirement Fund

| 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) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| 12/31/13 | 1,878,778 | 1,995,707 | 116,929 | 94.14% | 1,084,947 | 10.78% |
| 12/31/12 | 1,560,363 | 1,900,264 | 339,901 | 82.11% | 1,087,974 | 31.24% |
| 12/31/11 | 1,306,834 | 1,634,082 | 327,248 | 79.97% | 928,216 | 35.26% |

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$2,230,714. On a market basis, the funded ratio would be 111.78%

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Carroll, Jo Daviess, and Stephenson Counties ROE #8. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Schedule of Funding Progress – Post-Employment Benefits Other Than Pension

| 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) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| 6/30/12 | \$ - | \$22,181 | \$22,181 | 0.0% | N/A | 0.0% |

Supplemental Information

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Combining Schedule of Accounts
General Fund

June 30, 2014

| | ROE | | | | |
|--|-----------------|--------------------------|---------------|---------------------|---------------------|
| | Counties | ROE | Medical | Special | Totals |
| | Support | Programs and Services | Reimbursement | Services | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 2,163 | \$ 1,971 | \$ 450 | \$ 1,099,218 | \$ 1,103,802 |
| Due from other funds | - | - | - | - | - |
| Due from other governments | - | 20,556 | - | 53,868 | 74,424 |
| Total Assets | \$ 2,163 | \$ 22,527 | \$ 450 | \$ 1,153,086 | \$ 1,178,226 |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accrued expenses | \$ - | \$ - | \$ - | \$ 127,818 | \$ 127,818 |
| Due to other governments | - | 18,928 | - | - | 18,928 |
| Due to other funds | - | - | - | - | - |
| Total Liabilities | - | 18,928 | - | 127,818 | 146,746 |
| Fund Balances | | | | | |
| Assigned | - | - | 450 | - | 450 |
| Unassigned | 2,163 | 3,599 | - | 1,025,268 | 1,031,030 |
| Total Fund Balances | 2,163 | 3,599 | 450 | 1,025,268 | 1,031,480 |
| Total Liabilities and Fund Balances | \$ 2,163 | \$ 22,527 | \$ 450 | \$ 1,153,086 | \$ 1,178,226 |

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, 2014

| | Counties Support | ROE Programs and Services | Medical Reim- bursement | Special Services | Totals |
|--|---------------------|------------------------------------|-------------------------------|---------------------|--------------------|
| Revenues | | | | | |
| Local sources | \$ 128,909 | \$ 542,629 | \$ 4,000 | \$ 190,504 | \$ 866,042 |
| State sources | - | 181,981 | - | 307,775 | 489,756 |
| Federal sources | - | - | - | - | - |
| On-behalf payments | 617,082 | - | - | - | 617,082 |
| Total revenues | 745,991 | 724,610 | 4,000 | 498,279 | 1,972,880 |
| Expenditures | | | | | |
| Education: | | | | | |
| Salaries | 69,680 | 433,320 | - | 415,510 | 918,510 |
| Employee benefits | 24,374 | 111,883 | - | 117,980 | 254,237 |
| Purchased services | 32,920 | 105,764 | 3,635 | 20,652 | 162,971 |
| Supplies and materials | 1,325 | 30,664 | - | 5,849 | 37,838 |
| Other objects | 2,191 | 395 | - | 120 | 2,706 |
| Payments to other governments | - | - | - | - | - |
| On-behalf payments | 617,082 | - | - | - | 617,082 |
| Capital outlay | - | 27,037 | - | 564 | 27,601 |
| Total expenditures | 747,572 | 709,063 | 3,635 | 560,675 | 2,020,945 |
| Excess/(Deficiency) of revenues over expenditures | (1,581) | 15,547 | 365 | (62,396) | (48,065) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in (out) | - | (1,030,877) | (335) | 1,033,358 | 2,146 |
| Net Change in Fund Balance | (1,581) | (1,015,330) | 30 | 970,962 | (45,919) |
| Fund Balance (Deficit), Beginning of Year | | | | | |
| | 3,744 | 1,018,929 | 420 | 54,306 | 1,077,399 |
| Fund Balance, End of Year | \$ 2,163 | \$ 3,599 | \$ 450 | \$1,025,268 | \$1,031,480 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Budgetary Comparison Schedule General Fund Accounts

Year Ended June 30, 2014

| | ROE Programs and Services Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|---|---------------------|--------------------|-------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | \$ 92,209 | \$ 92,209 | \$ 542,629 | \$ 450,420 |
| State sources | - | - | 181,981 | 181,981 |
| Federal sources | - | - | - | - |
| Total revenues | 92,209 | 92,209 | 724,610 | 632,401 |
| Expenditures | | | | |
| Education: | | | | |
| Salaries | 105,513 | 105,513 | 433,320 | (327,807) |
| Employee benefits | 21,388 | 21,388 | 111,883 | (90,495) |
| Purchased services | 66,753 | 66,753 | 105,764 | (39,011) |
| Supplies and materials | 8,656 | 8,656 | 30,664 | (22,008) |
| Other objects | - | - | 395 | (395) |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | 27,037 | (27,037) |
| Total expenditures | 202,310 | 202,310 | 709,063 | (506,753) |
| Excess/(Deficiency) of revenues over expenditures | (110,101) | (110,101) | 15,547 | 125,648 |
| Other Financing Sources (Uses) | | | | |
| Transfers in (out) | (829,310) | (829,310) | (1,030,877) | (201,567) |
| Net Change in Fund Balance | \$ (939,411) | \$ (939,411) | (1,015,330) | \$ (75,919) |
| Fund Balance (Deficit), Beginning of Year | | | 1,018,929 | |
| Fund Balance, End of Year | | | \$ 3,599 | |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Combining Schedule of Accounts
Education Fund Accounts

June 30, 2014

| | Truants Alternative/ Optional Ed. | Early Childhood Block Grants | Early Intervention Infants/ Toddlers | Regional Safe Schools | Hearing and Vision Grant | ROE/ISC Operations | Workforce Investment Act | McKinney Homeless Grant | Title II - Teacher Quality - Leadership Program | Child Nutrition | System of Statewide Support Foundational Service | Totals |
|--|---|---------------------------------------|---|-----------------------------|--------------------------------|-----------------------|--------------------------------|-------------------------------|---|--------------------|--|-------------------|
| Assets | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 1,267 | \$ 522,563 | \$ - | \$ 2,492 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 526,322 |
| Due from other governments | 11,356 | 161,192 | 96,329 | - | 4,053 | - | 10,339 | 5,371 | 1,800 | 20 | 10,179 | 300,639 |
| Total Assets | \$ 12,623 | \$ 683,755 | \$ 96,329 | \$ 2,492 | \$ 4,053 | \$ - | \$ 10,339 | \$ 5,371 | \$ 1,800 | \$ 20 | \$ 10,179 | \$ 826,961 |
| Liabilities and Fund Balances | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| Cash overdraft | \$ - | \$ - | \$ 86,820 | \$ - | \$ 3,140 | \$ - | \$ 9,234 | \$ 4,079 | \$ 1,800 | \$ - | \$ 2,278 | \$ 107,351 |
| Accounts payable | 12,623 | 32,030 | 1,881 | 2,492 | 19 | - | 1,105 | 1,292 | - | - | 7,901 | 59,343 |
| Due to other funds | - | - | - | - | - | - | - | - | - | - | - | - |
| Unearned revenue | - | 651,725 | - | - | - | - | - | - | - | - | - | 651,725 |
| Total liabilities | 12,623 | 683,755 | 88,701 | 2,492 | 3,159 | - | 10,339 | 5,371 | 1,800 | - | 10,179 | 818,419 |
| Fund Balances | | | | | | | | | | | | |
| Restricted | - | - | 7,628 | - | 894 | - | - | - | - | 20 | - | 8,542 |
| Total Liabilities and Fund Balances | \$ 12,623 | \$ 683,755 | \$ 96,329 | \$ 2,492 | \$ 4,053 | \$ - | \$ 10,339 | \$ 5,371 | \$ 1,800 | \$ 20 | \$ 10,179 | \$ 826,961 |

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, 2014

| | Truants Alternative/ Optional Ed. | Early Childhood Block Grants | Early Intervention Infants/ Toddlers | Regional Safe Schools | Hearing and Vision Grant | ROE/ISC Operations | Workforce Investment Act | McKinney Homeless Grant | Title II - Teacher Quality - Leadership Program | Child Nutrition | System of Statewide Support Found'l Svc | Totals |
|--|---|---------------------------------------|---|-----------------------------|--------------------------------|-----------------------|--------------------------------|-------------------------------|---|--------------------|--|------------------|
| Revenues | | | | | | | | | | | | |
| Local sources | \$ - | \$ - | \$ 3,474 | \$ - | \$ 2,916 | \$ - | \$ 58,464 | \$ - | \$ - | \$ 8,412 | \$ - | \$ 73,266 |
| State sources | 113,560 | 2,259,786 | 422,444 | 59,356 | 4,053 | 27,317 | - | - | - | 202 | - | 2,886,718 |
| Federal sources | - | - | 155,796 | - | - | - | - | 9,559 | 3,095 | 10,701 | 10,179 | 189,330 |
| Total revenues | 113,560 | 2,259,786 | 581,714 | 59,356 | 6,969 | 27,317 | 58,464 | 9,559 | 3,095 | 19,315 | 10,179 | 3,149,314 |
| Expenditures | | | | | | | | | | | | |
| Education | | | | | | | | | | | | |
| Salaries | 69,740 | 268,986 | 337,269 | 37,326 | 4,939 | 16,084 | 33,037 | 4,173 | 95 | - | 6,542 | 778,191 |
| Employee benefits | 27,833 | 79,643 | 111,946 | 14,405 | 1,474 | 2,428 | 9,999 | 1,216 | - | - | 1,359 | 250,303 |
| Purchased services | 14,908 | 507,113 | 122,708 | 5,418 | 1,017 | 7,921 | 14,182 | 2,467 | 3,000 | 17,149 | 814 | 696,697 |
| Supplies and materials | 1,079 | 55,875 | 6,500 | 2,207 | 118 | 884 | 1,246 | 1,703 | - | - | 1,464 | 71,076 |
| Other objects | - | - | - | - | - | - | - | - | - | - | - | - |
| Payments to other governments | - | 1,341,406 | - | - | - | - | - | - | - | - | - | 1,341,406 |
| Capital outlay | - | 6,763 | - | - | - | - | - | - | - | - | - | 6,763 |
| Total expenditures | 113,560 | 2,259,786 | 578,423 | 59,356 | 7,548 | 27,317 | 58,464 | 9,559 | 3,095 | 17,149 | 10,179 | 3,144,436 |
| Excess/(Deficiency) of revenues over expenditures | - | - | 3,291 | - | (579) | - | - | - | - | 2,166 | - | 4,878 |
| Other Financing Sources (Uses) | | | | | | | | | | | | |
| Transfers in (out) | - | - | - | - | - | - | - | - | - | (2,146) | - | (2,146) |
| Net Change in Fund Balance | - | - | 3,291 | - | (579) | - | - | - | - | 20 | - | 2,732 |
| Fund Balance (Deficit), Beginning of Year | - | - | 4,337 | - | 1,473 | - | - | - | - | - | - | 5,810 |
| Fund Balance, End of Year | \$ - | \$ - | \$ 7,628 | \$ - | \$ 894 | \$ - | \$ - | \$ - | \$ - | \$ 20 | \$ - | \$ 8,542 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Education Fund Accounts - Budgetary Comparison Schedule

Year Ended June 30, 2014

| | Truants Alternative/ Optional Ed. | | | |
|--|--------------------------------------|----------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| Revenues | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 113,560 | 113,560 | 113,560 | - |
| Federal sources | - | - | - | - |
| Total revenues | 113,560 | 113,560 | 113,560 | - |
| Expenditures | | | | |
| Education | | | | |
| Salaries | 73,124 | 73,124 | 69,740 | 3,384 |
| Employee benefits | 24,553 | 24,553 | 27,833 | (3,280) |
| Purchased services | 15,012 | 15,012 | 14,908 | 104 |
| Supplies and materials | 871 | 871 | 1,079 | (208) |
| Other objects | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 113,560 | 113,560 | 113,560 | - |
| Net Change in Fund Balance | \$ - | \$ - | - | \$ - |
| Fund Balance, Beginning of Year | | | - | |
| Fund Balance, End of Year | | | \$ - | |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Education Fund Accounts - Budgetary Comparison Schedule

Year Ended June 30, 2014

| | Early Childhood Block Grant | | | |
|------------------------------------|-----------------------------|------------------|-------------------|-------------------------------|
| | Age 3 to 5 | | Actual Amounts | Variance with Final Budget |
| | Budgeted Amounts | | | |
| | Original | Final | | |
| Revenues | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 1,625,617 | 1,625,617 | 1,797,130 | 171,513 |
| Federal sources | - | - | - | - |
| Total revenues | 1,625,617 | 1,625,617 | 1,797,130 | 171,513 |
| Expenditures | | | | |
| Education | | | | |
| Salaries | 183,529 | 183,529 | 166,369 | 17,160 |
| Employee benefits | 43,518 | 43,518 | 49,316 | (5,798) |
| Purchased services | 159,816 | 159,816 | 180,761 | (20,945) |
| Supplies and materials | 26,418 | 26,418 | 52,515 | (26,097) |
| Other objects | - | - | - | - |
| Payments to other governments | 1,211,336 | 1,211,336 | 1,341,406 | (130,070) |
| Capital outlay | 1,000 | 1,000 | 6,763 | (5,763) |
| Total expenditures | 1,625,617 | 1,625,617 | 1,797,130 | (171,513) |
| Net Change in Fund Balances | \$ - | \$ - | - | \$ - |
| Fund Balance, | | | | |
| Beginning of Year | | | | - |
| Fund Balance, | | | | |
| End of Year | | | \$ - | |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Education Fund Accounts - Budgetary Comparison Schedule

Year Ended June 30, 2014

| | Early Childhood Block Grant Birth to Age 3 | | | |
|--|---|----------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| Revenues | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 457,942 | 457,942 | 462,656 | 4,714 |
| Federal sources | - | - | - | - |
| Total revenues | 457,942 | 457,942 | 462,656 | 4,714 |
| Expenditures | | | | |
| Education | | | | |
| Salaries | 106,018 | 106,018 | 102,617 | 3,401 |
| Employee benefits | 31,816 | 31,816 | 30,327 | 1,489 |
| Purchased services | 309,583 | 309,583 | 326,352 | (16,769) |
| Supplies and materials | 10,525 | 10,525 | 3,360 | 7,165 |
| Other objects | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 457,942 | 457,942 | 462,656 | (4,714) |
| Net Change in Fund Balances | \$ - | \$ - | - | \$ - |
| Fund Balance, Beginning of Year | | | | - |
| Fund Balance, End of Year | | | \$ - | |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Education Fund Accounts - Budgetary Comparison Schedule

Year Ended June 30, 2014

| | Early Intervention - Infants / Toddlers | | | |
|--|--|----------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| Revenues | | | | |
| Local sources | \$ - | \$ - | \$ 3,474 | \$ 3,474 |
| State sources | 588,374 | 585,985 | 422,444 | (163,541) |
| Federal sources | - | - | 155,796 | 155,796 |
| Total revenues | 588,374 | 585,985 | 581,714 | (4,271) |
| Expenditures | | | | |
| Education | | | | |
| Salaries | 352,554 | 336,224 | 337,269 | (1,045) |
| Employee benefits | 119,648 | 124,857 | 111,946 | 12,911 |
| Purchased services | 103,622 | 121,029 | 122,708 | (1,679) |
| Supplies and materials | 9,550 | 3,875 | 6,500 | (2,625) |
| Other objects | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | 3,000 | - | - | - |
| Total expenditures | 588,374 | 585,985 | 578,423 | 7,562 |
| Net Change in Fund Balances | \$ - | \$ - | 3,291 | \$ (11,833) |
| Fund Balance, Beginning of Year | | | 4,337 | |
| Fund Balance, End of Year | | | \$ 7,628 | |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Education Fund Accounts - Budgetary Comparison Schedule

Year Ended June 30, 2014

| | Regional Safe Schools | | | |
|------------------------------------|-----------------------|---------------|---------------|---------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| Revenues | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 59,356 | 59,356 | 59,356 | - |
| Federal sources | - | - | - | - |
| Total revenues | 59,356 | 59,356 | 59,356 | - |
| Expenditures | | | | |
| Education | | | | |
| Salaries | 33,826 | 33,826 | 37,326 | (3,500) |
| Employee benefits | 16,953 | 16,953 | 14,405 | 2,548 |
| Purchased services | 7,627 | 7,627 | 5,418 | 2,209 |
| Supplies and materials | 950 | 950 | 2,207 | (1,257) |
| Other objects | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 59,356 | 59,356 | 59,356 | - |
| Net Change in Fund Balances | \$ - | \$ - | - | \$ - |
| Fund Balance, | | | | |
| Beginning of Year | | | | - |
| Fund Balance, | | | | |
| End of Year | | | \$ - | |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Education Fund Accounts - Budgetary Comparison Schedule

Year Ended June 30, 2014

| | Budgeted Amounts | | ROE/ISC Operations | |
|--|------------------|---------------|-----------------------|-------------------------------|
| | Original | Final | Actual Amounts | Variance with Final Budget |
| Revenues | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 27,317 | 27,317 | 27,317 | - |
| Federal sources | - | - | - | - |
| Total revenues | 27,317 | 27,317 | 27,317 | - |
| Expenditures | | | | |
| Education | | | | |
| Salaries | 16,000 | 16,000 | 16,084 | (84) |
| Employee benefits | 2,226 | 2,226 | 2,428 | (202) |
| Purchased services | 8,087 | 8,087 | 7,921 | 166 |
| Supplies and materials | 1,004 | 1,004 | 884 | 120 |
| Other objects | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 27,317 | 27,317 | 27,317 | - |
| Net Change in Fund Balances | \$ - | \$ - | - | \$ - |
| Fund Balance, Beginning of Year | | | | - |
| Fund Balance, End of Year | | | | \$ - |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Education Fund Accounts - Budgetary Comparison Schedule

Year Ended June 30, 2014

| | Workforce Investment Act | | | |
|--|-----------------------------|---------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| Revenues | | | | |
| Local sources | \$ 61,854 | \$ 61,854 | \$ 58,464 | \$ (3,390) |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Total revenues | 61,854 | 61,854 | 58,464 | (3,390) |
| Expenditures | | | | |
| Education | | | | |
| Salaries | 32,672 | 33,902 | 33,037 | 865 |
| Employee benefits | 12,857 | 11,330 | 9,999 | 1,331 |
| Purchased services | 15,234 | 15,577 | 14,182 | 1,395 |
| Supplies and materials | 1,091 | 1,045 | 1,246 | (201) |
| Other objects | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 61,854 | 61,854 | 58,464 | 3,390 |
| Net Change in Fund Balances | \$ - | \$ - | - | \$ - |
| Fund Balance, Beginning of Year | | | | - |
| Fund Balance, End of Year | | | \$ - | |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Education Fund Accounts - Budgetary Comparison Schedule

Year Ended June 30, 2014

| | McKinney Homeless Grant | | | |
|--|----------------------------|---------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| Revenues | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 10,429 | 10,429 | 9,559 | (870) |
| Total revenues | 10,429 | 10,429 | 9,559 | (870) |
| Expenditures | | | | |
| Education | | | | |
| Salaries | 3,135 | 3,135 | 4,173 | (1,038) |
| Employee benefits | 2,273 | 2,273 | 1,216 | 1,057 |
| Purchased services | 3,521 | 3,521 | 2,467 | 1,054 |
| Supplies and materials | 1,500 | 1,500 | 1,703 | (203) |
| Other objects | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 10,429 | 10,429 | 9,559 | 870 |
| Net Change in Fund Balances | \$ - | \$ - | - | \$ - |
| Fund Balance, Beginning of Year | | | - | |
| Fund Balance, End of Year | | | \$ - | |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Education Fund Accounts - Budgetary Comparison Schedule

Year Ended June 30, 2014

| | Title II - Teacher Quality Leadership Program | | | |
|--|--|--------------|----------------|----------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| Revenues | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 3,495 | 3,495 | 3,095 | (400) |
| Total revenues | 3,495 | 3,495 | 3,095 | (400) |
| Expenditures | | | | |
| Education | | | | |
| Salaries | 95 | 95 | 95 | - |
| Employee benefits | - | - | - | - |
| Purchased services | 3,400 | 3,400 | 3,000 | 400 |
| Supplies and materials | - | - | - | - |
| Other objects | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 3,495 | 3,495 | 3,095 | 400 |
| Net Change in Fund Balances | \$ - | \$ - | - | \$ - |
| Fund Balance, Beginning of Year | | | | - |
| Fund Balance, End of Year | | | | \$ - |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Education Fund Accounts - Budgetary Comparison Schedule

Year Ended June 30, 2014

| | System of Statewide Support | | | |
|--|-----------------------------|---------------|---------------|-----------------|
| | Foundational Service | | | |
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| Revenues | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 31,504 | 31,504 | 10,179 | (21,325) |
| Total revenues | 31,504 | 31,504 | 10,179 | (21,325) |
| Expenditures | | | | |
| Education | | | | |
| Salaries | 22,380 | 22,380 | 6,542 | 15,838 |
| Employee benefits | 1,652 | 1,652 | 1,359 | 293 |
| Purchased services | 6,000 | 6,000 | 814 | 5,186 |
| Supplies and materials | 1,472 | 1,472 | 1,464 | 8 |
| Other objects | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 31,504 | 31,504 | 10,179 | 21,325 |
| Net Change in Fund Balances | \$ - | \$ - | - | \$ - |
| Fund Balance, Beginning of Year | | | | - |
| Fund Balance, End of Year | | | \$ - | |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2014

| | General Educational Development | Bus Driver | Institute | Totals |
|----------------------------|---------------------------------------|-----------------|------------------|------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 5,869 | \$ 8,552 | \$ 69,884 | \$ 84,305 |
| Total Assets | \$ 5,869 | \$ 8,552 | \$ 69,884 | \$ 84,305 |
| Fund Balances | | | | |
| Restricted | \$ 5,869 | \$ 8,552 | \$ 69,884 | \$ 84,305 |
| Total Fund Balances | \$ 5,869 | \$ 8,552 | \$ 69,884 | \$ 84,305 |

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, 2014

| | General Educational Development | Bus Driver | Institute | Totals |
|--|--|-----------------------|------------------|------------------|
| Revenues | | | | |
| Local sources | \$ 5,753 | \$ 3,278 | \$ 22,136 | \$ 31,167 |
| State sources | - | 942 | - | 942 |
| Total revenues | 5,753 | 4,220 | 22,136 | 32,109 |
| Expenditures | | | | |
| Education | | | | |
| Salaries | - | 1,190 | 4,022 | 5,212 |
| Employee benefits | - | - | 856 | 856 |
| Purchased services | 3,030 | 91 | 13,829 | 16,950 |
| Supplies and materials | 5,532 | 220 | 408 | 6,160 |
| Total expenditures | 8,562 | 1,501 | 19,115 | 29,178 |
| Net Change in Fund Balances | (2,809) | 2,719 | 3,021 | 2,931 |
| Fund Balance, Beginning of Year | 8,678 | 5,833 | 66,863 | 81,374 |
| Fund Balance, End of Year | \$ 5,869 | \$ 8,552 | \$ 69,884 | \$ 84,305 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Combining Statement of Fiduciary Net Position Private-Purpose Trust Funds

June 30, 2014

| | E.H. Parriott Scholarship Trust Principal Fund | E.H. Parriott Scholarship Trust Income Fund | Total |
|----------------------------------|---|--|--------------|
| Assets | | | |
| Cash and cash equivalents | \$ - | \$ 179,378 | \$ 179,378 |
| Investments | 714,020 | 343,113 | 1,057,133 |
| Rent receivable | 16,736 | - | 16,736 |
| Interest receivable | 1,184 | 785 | 1,969 |
| Due from other funds | - | 17,401 | 17,401 |
| Property and equipment, net | 716,252 | - | 716,252 |
| Total assets | 1,448,192 | 540,677 | 1,988,869 |
| Liabilities | | | |
| Accounts payable | - | 8,281 | 8,281 |
| Due to other funds | 17,401 | - | 17,401 |
| Deposits | 2,000 | - | 2,000 |
| Unearned revenue | 13,411 | - | 13,411 |
| Total liabilities | 32,812 | 8,281 | 41,093 |
| Net Position | | | |
| Held in trust for other purposes | \$ 1,415,380 | \$ 532,396 | \$ 1,947,776 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Combining Statement of Changes in Fiduciary Net Position Private-Purpose Trust Funds

Year Ended June 30, 2014

| | E.H. Parriott Scholarship Trust Principal Fund | E.H. Parriott Scholarship Trust Income Fund | Total |
|---|---|--|--------------|
| Additions | | | |
| Local sources | | | |
| Rent | \$ 142,213 | \$ - | \$ 142,213 |
| CRP payment | - | 1,330 | 1,330 |
| Interest and dividends | 21,416 | 12,303 | 33,719 |
| Miscellaneous income | - | - | - |
| Realized gain (loss) on investments | 35,055 | (156) | 34,899 |
| Unrealized gain (loss) on investments | 2,341 | 631 | 2,972 |
| Total additions | 201,025 | 14,108 | 215,133 |
| Deductions | | | |
| Purchased services | - | 54,936 | 54,936 |
| Scholarships | - | 74,500 | 74,500 |
| Depreciation | 5,569 | - | 5,569 |
| Total deductions | 5,569 | 129,436 | 135,005 |
| Excess (Deficiency) of Additions Over (Under) Deductions | | | |
| | 195,456 | (115,328) | 80,128 |
| Other Financing Sources (Uses) | | | |
| Transfers in | - | 156,897 | 156,897 |
| Transfers out | (156,897) | - | (156,897) |
| Total other financing sources (uses) | (156,897) | 156,897 | - |
| Changes in Net Position | 38,559 | 41,569 | 80,128 |
| Net Position, Beginning of Year | 1,376,821 | 490,827 | 1,867,648 |
| Net Position, End of Year | \$ 1,415,380 | \$ 532,396 | \$ 1,947,776 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

Combining Statement of Fiduciary Net Position
Agency Funds

June 30, 2014

| | Distributive Fund | Distributive Interest Fund | Total |
|--------------------------------------|----------------------|----------------------------------|----------|
| Assets | | | |
| Cash and cash equivalents | \$ 546 | \$ 3,672 | \$ 4,218 |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Due to other governmental units | \$ 546 | \$ 3,672 | \$ 4,218 |

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education # 8

Combining Statement of Changes in Assets and Liabilities Agency Funds

Year Ended June 30, 2014

| | Balance, July 1, 2013 | | Additions | | Deductions | | Balance, June 30, 2014 |
|-----------------------------------|--------------------------|----|-----------|----|------------|----|---------------------------|
| Distributive Fund | | | | | | | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 5,560 | \$ | 1,211,301 | \$ | 1,216,315 | \$ | 546 |
| Liabilities | | | | | | | |
| Due to other governmental units | \$ 5,560 | \$ | 1,211,301 | \$ | 1,216,315 | \$ | 546 |
| Distributive Interest Fund | | | | | | | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 3,672 | \$ | - | \$ | - | \$ | 3,672 |
| Liabilities | | | | | | | |
| Due to other governmental units | \$ 3,672 | \$ | - | \$ | - | \$ | 3,672 |
| Total All Agency Funds | | | | | | | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 9,232 | \$ | 1,211,301 | \$ | 1,216,315 | \$ | 4,218 |
| Liabilities | | | | | | | |
| Due to other governmental units | \$ 9,232 | \$ | 1,211,301 | \$ | 1,216,315 | \$ | 4,218 |

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, 2014

| Program | 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 | 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 |
|---|--|---|---|--|---|---|--|---|---|---|---|------------------|
| Voc. Ed - Secondary Program Improvement | \$ 262,454 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 262,454 |
| Voc. Ed - Perkins Title IIC Secondary | 45,852 | - | - | - | - | - | - | - | - | - | - | 45,852 |
| Jo Daviess County School Facilities Sales Tax | - | - | 191,968 | 219,473 | 1,899 | 810 | 141,950 | 67,190 | 165,456 | 119,263 | - | 908,009 |
| Totals | \$ 308,306 | \$ - | \$ 191,968 | \$ 219,473 | \$ 1,899 | \$ 810 | \$ 141,950 | \$ 67,190 | \$ 165,456 | \$ 119,263 | \$ - | 1,216,315 |