

STATE OF ILLINOIS
Carroll, Jo Daviess, and Stephenson Counties
REGIONAL OFFICE OF EDUCATION #8

FINANCIAL AUDIT
For the Year Ended June 30, 2015

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

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

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Honorable Aaron Mercier

Assistant Regional Superintendent
(During the audit period through June 30, 2015)

Chris Shockey

Assistant Regional Superintendent
(Current effective July 1, 2015)

Brent Chrisman

Office is located at:

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

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

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	-	-

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

SUMMARY OF FINDINGS AND RESPONSES

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

2015-001	11-13	Controls Over Financial Statement Preparation	Material Weakness
2015-002	14	Inadequate Segregation of Duties Over Cash Receipts	Material Weakness

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

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

FINANCIAL REPORT SUMMARY (CONTINUED)

EXIT CONFERENCE

The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2015. Throughout the audit, meetings were held between auditors and Regional Office officials to discuss matters obtained in this report. Responses to the recommendations were provided by Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 on March 8, 2016.

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

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 was performed by Winkel, Parker & Foster, CPA PC.

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



INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 18, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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 Changes in the Net Pension Asset and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions, and Schedule of Funding Progress - Post-Employment Benefits Other Than Pensions on pages 20 through 32 and 82 through 85 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.

Supplementary Information

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

United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and the 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 March 24, 2016 on our consideration of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
March 24, 2016

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with 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, 2015, and the related notes to the financial statements, which collectively comprise Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic financial statements, and have issued our report thereon dated March 24, 2016.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 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.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
March 24, 2016

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Section I: Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: _____ Unmodified _____

Internal control over financial reporting:

Material weakness(es) identified?	<u> x </u>	yes	<u> </u>	no
Significant deficiency(ies) identified?	<u> </u>	yes	<u> x </u>	none reported

Noncompliance material to financial statements noted? yes x no

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Section II: Financial Statement Findings:

FINDING 2015-001 - Controls Over Financial Statement Preparation (Repeat of findings 14-001, 13-001, 12-1, 11-1 and 10-1)

Criteria/Specific Requirement:

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). Carroll, Jo Daviess, and Stephenson Counties 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.

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, require governments to record and present net accrued pension assets and liabilities, deferred outflows of resources, deferred inflows of resources and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

Condition:

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 does not have sufficient internal controls over the financial reporting process. While Regional Office of Education #8 maintains control over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Section II: Financial Statement Findings:

FINDING 2015-001 - Controls Over Financial Statement Preparation (Repeat of findings 14-001, 13-001, 12-1, 11-1 and 10-1)(Continued)

Condition (continued):

During review of Regional Office of Education #8's financial information prepared by Regional Office of Education #8, it was noted Regional Office of Education #8 did not have adequate controls to ensure financial statement balances were accurate. While Regional Office of Education #8 did maintain records to indicate the balances of financial statement accounts, numerous material audit adjustments, including those required under GASB Statements No. 34, No. 68 and No. 71, were proposed in order to ensure those balances were accurate.

Effect:

Regional Office of Education #8's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

Cause:

Management did not effectively detect all of the material adjustments, including those required under GASB Statements No. 34, No. 68 and No. 71, needed in order to present financial statements in accordance with GAAP.

Auditors' recommendation:

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Section II: Financial Statement Findings:

FINDING 2015-001 - Controls Over Financial Statement Preparation (Repeat of findings 14-001, 13-001, 12-1, 11-1 and 10-1)(Continued)

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. 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
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Section II: Financial Statement Findings:

FINDING 2015-002 - Inadequate Segregation of Duties Over Cash Receipts

Criteria/Specific Requirement:

Internal controls should be in place to reduce the likelihood a material misstatement to the financial statements could occur and not be detected and corrected in a timely period by employees in the normal course of performing their assigned functions. A good system of internal controls includes an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition:

The Bookkeeper is able to accept, deposit and record cash receipts along with reconciling the monthly bank statements. Additionally, there is no process in place where the cash receipt logs are being reconciled to the bank deposits or general ledger.

Effect:

As a result of these conditions, there is a higher risk that errors or irregularities could occur and not be detected and corrected within a timely period.

Cause:

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 has not adequately segregated duties over cash receipts.

Auditors' Recommendation:

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 should assign the duties of accepting and depositing cash receipts among other staff. The Bookkeeper could continue to record deposit transactions in the accounting system, verify that cash receipt remittances agree to the bank deposits and perform the monthly bank reconciliations for review by the Regional Superintendent. Additionally, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 should regularly review controls which could be put in place to mitigate the risk that misstatement could occur and not be detected and corrected.

Management's Response:

The Regional Office of Education understands the nature of this finding and has taken steps to address this issue; we have implemented procedures to segregate the duties of accepting, depositing and recording cash receipts, and reconciling the monthly bank statements. We have also implemented procedures to reconcile the cash receipt logs to the bank deposits.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Section III: Federal Award Findings:

Not Applicable

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2015**

FINDING 2015-001 - Controls Over Financial Statement Preparation (Repeat of findings 14-001, 13-001, 12-1, 11-1 and 10-1)

Condition:

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 does not have sufficient internal controls over the financial reporting process. While Regional Office of Education #8 maintains control over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of Regional Office of Education #8's financial information prepared by Regional Office of Education #8, it was noted Regional Office of Education #8 did not have adequate controls to ensure financial statement balances were accurate. While Regional Office of Education #8 did maintain records to indicate the balances of financial statement accounts, numerous material audit adjustments, including those required under GASB Statements No. 34, No. 68 and No. 71, were proposed in order to ensure those balances were accurate.

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. 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

Contact Person Responsible for Corrective Action:

Regional Superintendent, Aaron Mercier, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2015**

FINDING 2015-002 - Inadequate Segregation of Duties Over Cash Receipts

Condition:

The Bookkeeper is able to accept, deposit and record cash receipts along with reconciling the monthly bank statements. Additionally, there is no process in place where the cash receipt logs are being reconciled to the bank deposits or general ledger.

Plan:

The Regional Office of Education understands the nature of this finding and has taken steps to address this issue; we have implemented procedures to segregate the duties of accepting, depositing, and recording cash receipts, and reconciling the monthly bank statements. We have also implemented procedures to reconcile the cash receipt logs to the bank deposits.

All cash receipts are accepted by an administrative assistant and logged in the receipt log book. The licensure clerk or administrative assistant will process the cash receipts and enter them on the deposit slip. The payroll clerk will check the receipts against the deposit slip and receipt log book to confirm all checks received are entered and will be deposited in the bank. The administrative assistant or licensure clerk will then take the deposit to our financial institution or send the deposit by first class mail if there is no cash involved. Copies of the checks and/or check stubs will be submitted to the Bookkeeper for entry into the financial accounting software system and confirmation of the deposit will be checked against the deposit receipt from the financial institution.

When the bank statements are received from the financial institution, the statements will be given to the Regional Superintendent, unopened, for first review. Once reviewed and initialed by the Regional Superintendent, they will be forwarded to the Bookkeeper for the monthly reconciliation. After the reconciliation and monthly closing process has been completed by the Bookkeeper, the financial reports, general ledger, and balance sheet, along with the bank statement(s) and other supporting documents, will be returned to the Regional Superintendent for review. Once those have been reviewed and initialed by the Regional Superintendent, they will be returned to the Bookkeeper for retention purposes.

Anticipated Completion Date:

October 31, 2015

Contact Person Responsible for Corrective Action:

Regional Superintendent, Aaron Mercier, Carroll, Jo Daviess, and Stephenson Counties
Regional Office of Education #8.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2015**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2014-001	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, 2015

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, 2015. 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.

2015 Financial Highlights

- General Fund revenues decreased from \$1,972,880 in fiscal year 2014 to \$1,637,112 in fiscal year 2015. General Fund expenditures also decreased from \$2,020,945 in fiscal year 2014 to \$1,584,437 in fiscal year 2015. The decrease in revenues was largely due to the on-behalf receipts from the State of Illinois being disclosed under the Government-wide financial statement due of a disclosure change under GASB 68. The decrease in expenses was mainly due to the on-behalf payments not having to be fully disclosed under the General Fund and in part by a slight decrease in employee salaries, which lowered benefit costs. Purchased services, supplies/materials, and capital outlay costs were reduced based on grant programs paying their proportionate amount of shared and actual expenses.
- Education Fund revenues increased from \$3,149,314 in fiscal year 2014 to \$3,535,571 in fiscal year 2015. Expenditures also increased from \$3,144,436 in fiscal year 2014 to \$3,539,530 in fiscal year 2015. These increases were primarily due to an increase in state revenues for several of our grant funded programs, with the largest increase being in the Early Childhood Block grant. This increase in revenues contributes to the general overall increase in expenditures. The Education Fund is made up of grants that can vary greatly from year to year as some programs have decreased funding or are discontinued while others see a funding increase.
- Enterprise Fund revenues decreased from \$135,784 in fiscal year 2014 to \$97,748 in fiscal year 2015. Enterprise Fund expenses increased from \$119,507 in fiscal year 2014 to \$155,777 in fiscal year 2015. The decrease in revenues was primarily due to additional grant funds that were used to offer workshops/in-services at no or reduced costs to educators. The increase in expenses was primarily due to increased unemployment insurance, workers compensation premiums and increased flow thru fees for graduate credit.
- Government-wide revenues increased by 8% from \$5,290,087 in fiscal year 2014 to \$5,717,236 in fiscal year 2015. Government-wide expenses also increased by 8% from \$5,324,778 in fiscal year 2014 to \$5,725,172 in fiscal year 2015.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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.

The fund financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. The 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 that is needed for a full understanding of the data provided in the basic financial statements. 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 the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with information about Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's pension asset/liability, proportionate share of net pension liability and relating contributions. It also includes information about post-employment benefits other than pensions.

Supplementary 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
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

**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 Trusts
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 deferred outflow/inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future period	Consumption/ acquisition of net position that is applicable to a future reporting period
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
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REPORTING CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES REGIONAL OFFICE OF EDUCATION #8'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about Carroll, Jo Daviess, and Stephenson Counties #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 #8's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is 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 net position can be 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 condition, additional non-financial factors, such as grant funding, the condition of facilities, and new laws, rules, regulations, and actions by officials at the State level 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:

- 1) *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.
- 2) *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 workshops are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about Carroll, Jo Daviess, and Stephenson Counties #8's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 established other funds to control and manage money for particular purposes.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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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 Workshops 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 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.

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

As noted earlier, net position may serve when examined over time as one indicator of the financial position of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8. The net position at the end of fiscal year 2015 and 2014 totaled \$1,464,061 and \$1,222,392, respectively. The analysis that follows provides a summary of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net position as of June 30.

2015

	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 1,797,068	\$ 75,523	\$ 1,872,591
Non-current assets	97,817	-	97,817
Total assets	<u>1,894,885</u>	<u>75,523</u>	<u>1,970,408</u>
Deferred outflows of resources	<u>258,711</u>	<u>-</u>	<u>258,711</u>
Current liabilities	604,269	30,606	634,875
Non-current liabilities	<u>120,653</u>	<u>-</u>	<u>120,653</u>
Total liabilities	<u>724,922</u>	<u>30,606</u>	<u>755,528</u>
Deferred inflows of resources	<u>9,530</u>	<u>-</u>	<u>9,530</u>
Net position			
Net investment in capital assets	19,864	-	19,864
Unrestricted	1,208,480	44,917	1,253,397
Restricted - other	<u>190,800</u>	<u>-</u>	<u>190,800</u>
Total net position	<u>\$ 1,419,144</u>	<u>\$ 44,917</u>	<u>\$ 1,464,061</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

<u>2014 (not restated)</u>	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 2,089,492	\$ 110,290	\$ 2,199,782
Capital assets, net of depreciation	30,126	-	30,126
Total assets	<u>2,119,618</u>	<u>110,290</u>	<u>2,229,908</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities	965,165	6,856	972,021
Non-current liabilities	<u>35,495</u>	<u>-</u>	<u>35,495</u>
Total liabilities	<u>1,000,660</u>	<u>6,856</u>	<u>1,007,516</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Net investment in capital assets	30,126	-	30,126
Unrestricted	995,985	103,434	1,099,419
Restricted - other	<u>92,847</u>	<u>-</u>	<u>92,847</u>
Total net position	<u>\$ 1,118,958</u>	<u>\$ 103,434</u>	<u>\$ 1,222,392</u>

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net position decreased by \$7,936 (1%) from fiscal year 2014 (as restated). 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 \$1,253,397 for the year ended June 30, 2015. The net pension asset is considered restricted along with the net position related to the Institute Fund, Education Fund and Nonmajor Special Revenue Funds which are restricted for educational purposes.

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* were implemented during the fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities was restated by \$253,483 to retroactively report the net pension asset and net pension liability as of June 30, 2014. Fiscal years 2013 and 2014 financial statement amounts for net pension assets, net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Changes in net position. The following shows the changes in net position for the years ended June 30, 2015 and 2014.

2015

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ 34,683	\$ 97,748	\$ 132,431
Operating grants and contributions	3,536,513	-	3,536,513
General revenues			
Local sources	912,465	-	912,465
State sources	474,886	-	474,886
On-behalf payments	<u>660,941</u>	<u>-</u>	<u>660,941</u>
Total revenues	<u>5,619,488</u>	<u>97,748</u>	<u>5,717,236</u>
Expenses:			
Education			
Salaries and benefits	2,167,507	61,508	2,229,015
Pension expense	130,597	-	130,597
Purchased services	950,917	90,758	1,041,675
Supplies and materials	78,136	3,041	81,177
Payments to other governments	1,555,021	-	1,555,021
Other objects	9,838	470	10,308
Capital outlay	6,176	-	6,176
Depreciation	10,262	-	10,262
Administrative			
On-behalf payments	<u>660,941</u>	<u>-</u>	<u>660,941</u>
Total expenses	<u>5,569,395</u>	<u>155,777</u>	<u>5,725,172</u>
Excess (deficiency) of revenues over (under) expenses before transfers	50,093	(58,029)	(7,936)
Transfers	<u>488</u>	<u>(488)</u>	<u>-</u>
Change in net position	50,581	(58,517)	(7,936)
Net position, beginning, as restated (See Note 18)	<u>1,368,563</u>	<u>103,434</u>	<u>1,471,997</u>
Net position, ending	<u>\$ 1,419,144</u>	<u>\$ 44,917</u>	<u>\$ 1,464,061</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
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<u>2014 (not restated)</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
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 payments	617,082	-	617,082
Investment earnings	4,571	-	4,571
Total revenues	<u>5,154,303</u>	<u>135,784</u>	<u>5,290,087</u>
Expenses:			
Education			
Salaries and benefits	2,206,669	62,477	2,269,146
Purchased services	876,618	52,428	929,046
Supplies and materials	115,074	4,602	119,676
Payments to other governments	1,341,406	-	1,341,406
Other objects	2,706	-	2,706
Capital outlay	31,091	-	31,091
Depreciation	14,625	-	14,625
Administrative			
On-behalf payments	<u>617,082</u>	<u>-</u>	<u>617,082</u>
Total expenses	<u>5,205,271</u>	<u>119,507</u>	<u>5,324,778</u>
Change in net position	(50,968)	16,277	(34,691)
Net position, beginning	<u>1,169,926</u>	<u>87,157</u>	<u>1,257,083</u>
Net position, ending	<u>\$ 1,118,958</u>	<u>\$ 103,434</u>	<u>\$ 1,222,392</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Governmental Activities

Revenues for governmental activities were \$5,619,488 and \$5,154,303 and expenses were \$5,569,395 and \$5,205,271 for 2015 and 2014, respectively. The increase in revenues was mainly due to an increase in state grant funding and on-behalf payments. The increase in expenses was mainly due to increased pension expenses, on-behalf payments, and increased flow through payments under state grant programs.

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.

<u>2015</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Education		
Salaries and benefits	\$ 2,167,507	\$ (1,120,761)
Pension expense	130,597	11,904
Purchased services	950,917	(161,439)
Supplies and materials	78,136	(6,366)
Payments to other governments	1,555,021	(34,320)
Other objects	9,838	(9,838)
Capital outlay	6,176	(6,176)
Depreciation	10,262	(10,262)
Administrative		
On-behalf payments	<u>660,941</u>	<u>(660,941)</u>
Total expenses	<u>\$ 5,569,395</u>	<u>\$ (1,998,199)</u>
<u>2014 (not restated)</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Education		
Salaries and benefits	\$ 2,206,669	\$ (733,815)
Purchased services	876,618	(200,607)
Supplies and materials	115,074	(45,362)
Payments to other governments	1,341,406	-
Other objects	2,706	(2,706)
Capital outlay	31,091	(24,328)
Depreciation	14,625	(14,625)
Administrative		
On-behalf payments	<u>617,082</u>	<u>(617,082)</u>
Total expenses	<u>\$ 5,205,271</u>	<u>\$ (1,638,525)</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

- The cost of all governmental activities was \$5,569,395 and \$5,205,271 for 2015 and 2014, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$3,536,513 and of \$3,566,746 for 2015 and 2014, respectively.

Net cost of governmental activities (\$1,998,199), was financed by general revenues, which are made up of primarily local sources (\$912,465), state sources (\$474,886), and on-behalf payments (\$660,941) for 2015.

Net cost of governmental activities (\$1,638,525), was financed by general revenues, which are made up of primarily local sources (\$965,904), on-behalf payments (\$617,082) and investment earnings (\$4,571) for 2014.

Business-Type Activities

Revenues for business-type activities were \$97,748 and \$135,784 and expenses were \$155,777 and \$119,507 for 2015 and 2014, respectively. The decrease in revenues was primarily due to additional grant funds that were used to offer workshops/in-services at no or reduced costs to educators. The increase in expenses was primarily due to increased unemployment insurance, workers compensation premiums and increased flow thru fees for graduate credit.

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. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's governmental funds reported combined fund balances of \$1,164,822, above last year's ending fund balances of \$1,124,327.

Governmental Fund Highlights

The General Fund fund balance increased from \$1,031,480 in 2014 to \$1,079,952 in 2015. The increase in fund balance was mostly attributable to a reduction in benefit costs, purchased services, supplies, materials, and capital purchases.

The Education Fund fund balance increased from \$8,542 in 2014 to \$9,274 in 2015. The Education Fund is primarily made up of grants Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 receives and this can vary greatly from year to year as some programs are decreased or discontinued while others see a funding increase.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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Proprietary Fund Highlights

The Workshops Fund net position decreased from \$103,434 at June 30, 2014, to \$44,917 at June 30 2015, representing a decrease of approximately 57%. The Workshops Fund's assets are primarily made up of funds Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 receives and expends in providing for credit college course work and workshops for professional development.

The Workshops fund operating revenues decreased from \$135,784 in fiscal year 2014 to \$97,748 in fiscal year 2015. Revenue in the Workshops 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. Additionally, federal grant funds were utilized for this purpose and we were able to offer workshops at no or reduced costs, which in turn lowered our revenues.

Fiduciary Fund Highlights

Private Purpose Trusts' net position slightly decreased from \$1,947,776 at June 30, 2014, to \$1,947,143 at June 30, 2015, representing a decrease of less than 1%. The Private Purpose Trust Funds include assets held under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

In the Agency Funds, total assets and liabilities increased from \$4,218 in fiscal year 2014 to \$150,570 in fiscal year 2015. The increase is attributable to the timing of school facility occupation tax collections and disbursements. Transactions during fiscal year 2015 represent mainly transfers in and out of funds for the distributive funds.

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, 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 had invested \$19,864 in capital assets of equipment. Total depreciation expense for the year was \$10,262.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2015.

	Governmental Activities
Furniture and equipment	\$ 19,864

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

	Governmental Activities
Furniture and equipment	\$ 30,126

Additional information on Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's capital assets can be found in Note 3 on page 58 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 nine years, the State budget has been a difficult process due to increased spending and finding the needed sources of revenue to meet the budget.

Currently, for FY16, the State of Illinois does not have an approved budget and we are experiencing no funding under some State grants and possible reductions in state aid revenue. One could also expect for FY17, there may be flat or reduced funding on some of the grant programs, but we are anticipating an increase in the Early Childhood grant program 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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,518,797	\$ 67,685	\$ 1,586,482
Accounts receivable	537	-	537
Due from other governments	277,734	7,838	285,572
Total current assets	<u>1,797,068</u>	<u>75,523</u>	<u>1,872,591</u>
Non-current assets:			
Capital assets, net of depreciation	19,864	-	19,864
Net pension asset	77,953	-	77,953
Total non-current assets	<u>97,817</u>	<u>-</u>	<u>97,817</u>
Total assets	<u>1,894,885</u>	<u>75,523</u>	<u>1,970,408</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>258,711</u>	<u>-</u>	<u>258,711</u>
LIABILITIES			
Current liabilities:			
Accrued expenses	200,261	4,306	204,567
Due to other governments	358,702	26,300	385,002
Unearned revenue	45,306	-	45,306
Total current liabilities	<u>604,269</u>	<u>30,606</u>	<u>634,875</u>
Non-current liabilities:			
Accrued compensated absences	5,440	-	5,440
Net OPEB obligation	11,389	-	11,389
Net pension liability	103,824	-	103,824
Total non-current liabilities	<u>120,653</u>	<u>-</u>	<u>120,653</u>
Total liabilities	<u>724,922</u>	<u>30,606</u>	<u>755,528</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>9,530</u>	<u>-</u>	<u>9,530</u>
NET POSITION			
Net investment in capital assets	19,864	-	19,864
Unrestricted	1,208,480	44,917	1,253,397
Restricted - other	190,800	-	190,800
Total net position	<u>\$ 1,419,144</u>	<u>\$ 44,917</u>	<u>\$ 1,464,061</u>

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Change in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Primary Government		
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government:						
Governmental activities:						
Education:						
Salaries and benefits	\$ 2,167,507	\$ 21,158	\$ 1,025,588	\$ (1,120,761)	\$ -	\$ (1,120,761)
Pension expense	130,597	1,040	141,461	11,904	-	11,904
Purchased services	950,917	11,445	778,033	(161,439)	-	(161,439)
Supplies and materials	78,136	1,040	70,730	(6,366)	-	(6,366)
Payments to other governments	1,555,021	-	1,520,701	(34,320)	-	(34,320)
Other objects	9,838	-	-	(9,838)	-	(9,838)
Capital outlay	6,176	-	-	(6,176)	-	(6,176)
Depreciation	10,262	-	-	(10,262)	-	(10,262)
Administrative:						
On-behalf payments	660,941	-	-	(660,941)	-	(660,941)
Total governmental activities	5,569,395	34,683	3,536,513	(1,998,199)	-	(1,998,199)
Business-type activities:						
Professional development	155,777	97,748	-	-	(58,029)	(58,029)
Total primary government	\$ 5,725,172	\$ 132,431	\$ 3,536,513	(1,998,199)	(58,029)	(2,056,228)
General revenues:						
Local sources				912,465	-	912,465
State sources				474,886	-	474,886
On-behalf payments				660,941	-	660,941
Transfers				488	(488)	-
Total general revenues and transfers				2,048,780	(488)	2,048,292
CHANGE IN NET POSITION				50,581	(58,517)	(7,936)
NET POSITION, BEGINNING OF YEAR, AS RESTATED (See Note 18)				1,368,563	103,434	1,471,997
NET POSITION, END OF YEAR				\$ 1,419,144	\$ 44,917	\$ 1,464,061

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, 2015**

	<u>Special Revenue</u>			
	<u>General Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,080,002	\$ 363,395	\$ 75,400	\$ 1,518,797
Accounts receivable	537	-	-	537
Due from other governments	76,825	199,861	1,048	277,734
Due from other funds	90,423	-	-	90,423
Total assets	<u>1,247,787</u>	<u>563,256</u>	<u>76,448</u>	<u>1,887,491</u>
DEFERRED OUTFLOWS OF RESOURCES				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,247,787</u>	<u>\$ 563,256</u>	<u>\$ 76,448</u>	<u>\$ 1,887,491</u>
LIABILITIES				
Accrued expenses	\$ 139,817	\$ 59,592	\$ 852	\$ 200,261
Due to other governments	5	358,697	-	358,702
Due to other funds	36	90,387	-	90,423
Unearned revenue	-	45,306	-	45,306
Total liabilities	<u>139,858</u>	<u>553,982</u>	<u>852</u>	<u>694,692</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>27,977</u>	<u>-</u>	<u>-</u>	<u>27,977</u>
FUND BALANCE				
Restricted	-	9,274	75,596	84,870
Unassigned	1,079,952	-	-	1,079,952
Total fund balance	<u>1,079,952</u>	<u>9,274</u>	<u>75,596</u>	<u>1,164,822</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,247,787</u>	<u>\$ 563,256</u>	<u>\$ 76,448</u>	<u>\$ 1,887,491</u>

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balance of governmental funds (page 36)	\$ 1,164,822
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 governmental funds.	<u>19,864</u>
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are considered "unavailable" and are deferred inflows of resources in the governmental funds.	<u>27,977</u>
Non-current assets related to pension benefits are collected but are not payable in the current period and, therefore, are not reported in the governmental funds. Net pension asset	<u>77,953</u>
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:	
Deferred outflows of resources	258,711
Deferred inflows of resources	<u>(9,530)</u>
	<u>249,181</u>
Non-current liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Compensated absences	(5,440)
Net OPEB obligation	(11,389)
Net pension liability	<u>(103,824)</u>
	<u>(120,653)</u>
Net position of governmental activities (page 34)	\$ <u>1,419,144</u>

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	Special Revenue			Total Governmental Funds
	General Fund	Education Fund	Other Nonmajor Funds	
REVENUES:				
Local sources	\$ 884,488	\$ 77,991	\$ 34,683	\$ 997,162
State sources	474,886	3,307,277	942	3,783,105
Federal sources	-	150,303	-	150,303
On-behalf payments	277,738	-	-	277,738
Total revenues	1,637,112	3,535,571	35,625	5,208,308
EXPENDITURES:				
Education:				
Salaries and benefits	1,109,268	1,025,732	27,125	2,162,125
Pension expense	45,242	81,895	1,213	128,350
Purchased services	131,517	804,585	14,815	950,917
Supplies and materials	8,190	68,765	1,181	78,136
Payments to other governments	-	1,555,021	-	1,555,021
Other objects	9,838	-	-	9,838
On-behalf payments	277,738	-	-	277,738
Capital outlay	2,644	3,532	-	6,176
Total expenditures	1,584,437	3,539,530	44,334	5,168,301
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	52,675	(3,959)	(8,709)	40,007
OTHER FINANCING SOURCES (USES):				
Transfers in	115,598	4,693	-	120,291
Transfers out	(119,801)	(2)	-	(119,803)
Total other financing sources (uses)	(4,203)	4,691	-	488
NET CHANGE IN FUND BALANCE	48,472	732	(8,709)	40,495
FUND BALANCE, BEGINNING OF YEAR	1,031,480	8,542	84,305	1,124,327
FUND BALANCE, END OF YEAR	\$ 1,079,952	\$ 9,274	\$ 75,596	\$ 1,164,822

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, 2015**

Net change in fund balance (page 38) \$ 40,495

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.

Depreciation	(10,262)
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Some receivables will not be collected for several
months after fiscal year end, so they are
not considered as "available" revenues in the
governmental funds, and they are instead
counted as deferred inflows of resources. They
are however, recorded as revenues in the
Statement of Activities.

	27,977
--	--------

The current year pension contributions are reported as
expenditures in the governmental funds, but are reported
as deferred outflow of resources in the Statement of
Net Position.

	63,520
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Certain expenses in the Statement of Activities do
not require the use of current financial resources
and, therefore, are not reported as expenditures
in the government funds.

Compensated absences	(5,440)
Net OPEB obligation	58
Pension expense	(65,767)
	(71,149)

Change in net position of governmental activities (page 35) \$ 50,581

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015**

		Business-Type Activities Enterprise Fund
		<u>Workshops</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	67,685
Due from other governments		7,838
Total current assets		<u>75,523</u>
DEFERRED OUTFLOWS OF RESOURCES		
None		<u>-</u>
LIABILITIES		
Current liabilities:		
Accrued expenses		4,306
Due to other governments		26,300
Total current liabilities		<u>30,606</u>
DEFERRED INFLOWS OF RESOURCES		
None		<u>-</u>
NET POSITION		
Unrestricted		<u>44,917</u>
TOTAL NET POSITION	\$	<u><u>44,917</u></u>

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Business-Type Activities Enterprise Fund <hr/> <u>Workshops</u>
OPERATING REVENUES:	
Charges for services	\$ <u>97,748</u>
OPERATING EXPENSES:	
Salaries	55,982
Benefits	5,526
Purchased services	90,758
Supplies and materials	3,041
Other objects	470
Total operating expenses	<u>155,777</u>
OPERATING LOSS BEFORE TRANSFERS	(58,029)
Transfers out	<u>(488)</u>
CHANGE IN NET POSITION	(58,517)
NET POSITION, BEGINNING OF YEAR	<u>103,434</u>
NET POSITION, END OF YEAR	<u>\$ 44,917</u>

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015**

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Workshops</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts for workshops and services	\$ 127,992
Payments to suppliers and providers of goods and services	(74,825)
Payments to employees	(57,202)
Net cash used in operating activities	<u>(4,035)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from (to) other funds	<u>(488)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,523)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>72,208</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 67,685</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (58,029)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Effects of changes in assets and liabilities:	
Due from other governments	30,244
Accounts payable	(6,856)
Accrued expenses	4,306
Due to other governments	<u>26,300</u>
Net cash used in operating activities	<u>\$ (4,035)</u>

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Private Purpose <u>Trust Funds</u>	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 172,976	\$ 4,229
Investments	1,077,295	-
Rent receivable	16,773	-
Interest receivable	1,812	-
Due from other governments	-	146,341
Property and equipment, net	712,403	-
Total assets	<u>1,981,259</u>	<u>150,570</u>
LIABILITIES		
Accounts payable	5,900	-
Due to other governments	14,571	150,570
Deposits	2,000	-
Unearned revenue	11,645	-
Total liabilities	<u>34,116</u>	<u>150,570</u>
NET POSITION		
Held in trust for other purposes	<u>\$ 1,947,143</u>	<u>\$ -</u>

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 Year Ended June 30, 2015**

EXHIBIT K

		<u>Private Purpose Trust Funds</u>
ADDITIONS:		
Rent	\$	147,692
CRP payment		1,329
Interest and dividends		24,304
Realized gain (loss) on investments		14,072
Unrealized gain (loss) on investments		<u>(7,020)</u>
Total additions		<u>180,377</u>
DEDUCTIONS:		
Purchased services		64,161
Scholarships		113,000
Depreciation		<u>3,849</u>
Total deductions		<u>181,010</u>
EXCESS DEDUCTIONS OVER ADDITIONS		(633)
OTHER FINANCING SOURCES (USES):		
Transfers in		144,738
Transfers out		<u>(144,738)</u>
Total other financing sources (uses)		<u>-</u>
CHANGE IN NET POSITION		(633)
NET POSITION, BEGINNING OF YEAR		<u>1,947,776</u>
NET POSITION, END OF YEAR	\$	<u>1,947,143</u>

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 operates under the School Code (105 ILCS 5/3 and 5/3A). Carroll, Jo Daviess, and Stephenson Counties 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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 include, but are not limited to the following:

- Processing teachers' licenses
- 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

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's reporting entity includes all related organizations for which Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 exercises oversight responsibility.

The Superintendent has developed criteria to determine whether outside agencies with activities which benefit the citizens served by Carroll, Jo Daviess, and Stephenson Counties 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
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, the Superintendent is not aware of any entity which would exercise such oversight which would result in Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 being considered a component unit of the entity. Carroll, Jo Daviess, and Stephenson Counties 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 System. These joint agreements are not considered part of Carroll, Jo Daviess, and Stephenson Counties 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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 for certain administrative costs.

Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 that are governmental in nature and those that are considered business-type activities. Governmental activities normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. Business-type activities normally are supported by amounts assessed or received from local sources for Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's programs.

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 that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to users who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The accounts of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. The resources allocated to and accounted for in individual funds are based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balances of the expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund - accounts for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The general fund is the operating fund of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 and is accounted and reported for as a major governmental fund in the financial statements. The following are included in the general funds:

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 Carroll, Jo Daviess, and Stephenson Counties 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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8. Revenues are primarily derived from interest earnings or invested cash and reimbursements from other entities for administration and accounting for miscellaneous grants and programs.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Funds - accounts and reports for the proceeds of specific revenue sources (other than those accounted for in the Fiduciary Funds) that are restricted to expenditures for specified purposes. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 reports the following special revenue funds as major governmental funds:

Education Fund - accounts and reports for the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specific purposes supporting education enhancement programs as follows:

Truants Alternative/Optional Education - 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.

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).

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

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

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.

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

System of Statewide Support Foundational Service - used to account for grant monies received for, and payment of expenses, under the Statewide System of Support Foundational Services Grant Program.

Nonmajor Special Revenue Funds - Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 reported the following special revenue funds as 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.

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
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for individuals or private or governmental organizations. The Fiduciary Funds include the following:

Private-Purpose Trust Funds - used to account for assets held by 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. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 private-purpose trust funds include the following:

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

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

Agency Funds - accounts for assets held as an agent for individuals, private organizations, other governmental units and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations. The Agency Funds include the following:

Distributive Fund - State and Federal funds are distributed by the Illinois State Board of Education to Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8. Carroll, Jo Daviess, and Stephenson Counties 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 Fund - 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 as are the proprietary fund and fiduciary financial statements. 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 revenues are recognized 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
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 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. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

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 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 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
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Balance

Fund Balance is the net amount of assets, deferred outflows of resources, 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 net position 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 net position that is subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Early Intervention Infants/Toddlers, Hearing and Vision Grant and Child Nutrition. The following fund balances are restricted by Illinois State Statute: General Educational Development, Bus Driver Training and Institute Fund.

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

Assigned Fund Balance - The portion of a Governmental Fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. There are no accounts presenting an assigned fund balance.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances for ROE Programs and Services and Special Services are considered unassigned.

Net Position

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

Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition of those assets.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position - the net amount of 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.

Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources

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, other agencies, and districts.

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:

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of long lived assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Deferred outflows of resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Compensated absences - Full-time 12 month employees earn vacation time according to their length of service ranging from 2 to 20 days per year. Vacation time must be used the end of the fiscal year. However, with the approval of the Department Head, an employee may carry forward 3 days, which must be used within the first 3 months of the following fiscal year. Upon termination employees are paid for accrued, unused vacation time. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 records a liability associated with compensated absences.

Employees receive 10 sick days and 2 personal business days annually. Personal leave days are not accumulated from one fiscal year to the next. Unused sick days are accumulated and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore, no liability is accrued.

Unearned revenue - Unearned revenue arises when proceeds have been received but will be spent in a succeeding fiscal year.

Pensions - For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement System (IMRF) and Teachers' Retirement System of the State of Illinois (TRS) and additions to/deductions from IMRF's and TRS' fiduciary net position have been determined on the same basis as they are reported by IMRF and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred inflows of resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the Statement of Net Position relate to pensions and consist of the unamortized portion of the net difference between expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments.

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

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Budgets and Budgetary Accounting

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 did not formally adopt a budget for the year ended June 30, 2015 and is not legally required to do so; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, the Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare the Budgetary Comparison Schedules for the following programs: Truants' Alternative/Optional Education, Early Childhood Block Grants, Early Intervention Infants/Toddlers, Regional Safe Schools, ROE/ISC Operations, Workforce Investment Act, McKinney Homeless Grant, Title II - Teacher Quality - Leadership Program, and System of Statewide Support Foundational Service.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through March 24, 2016, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2015, the carrying amount of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's deposits was \$1,586,482 and the bank balance was \$1,793,647.

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, 2015, \$1,793,647 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:

	<u>Carrying Amount</u>
Cash - Governmental Funds	\$1,518,797
Cash - Enterprise Funds	<u>67,685</u>
Total	<u>\$1,586,482</u>

Investments - Private-Purpose Trusts

Investments of the E.H. Parriott Scholarship Trust Funds are held in a trust account. These investments are carried in marketable securities with readily determinable fair values based on quoted prices in active markets in the Statement of Fiduciary Net 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.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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.

At June 30, 2015, investments included the following:

	<u>Morningstar Rating</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Principal fund			
Cash equivalents			
Mutual funds			
First American Prime Obligation Fund Class Y	Unrated	\$ 2,428	\$ 2,428
Fixed income investments			
Mutual funds			
Driehaus Active Income Fund	**	25,820	25,820
Eaton Vance Global MacRo Fd Cl I	***	49,312	49,312
Nuveen Inflation Pro Sec Class I	****	57,384	61,605
American Century Diversified Bond Instl	****	293,139	293,139
Columbia Income Fd Cl Z	***	97,506	97,506
Federated Instl High Yield Bond Instl	*****	22,204	22,204
TCW Emerging markets Income I	****	22,188	22,188
Total fixed income investments		<u>567,553</u>	<u>571,774</u>
Equity investments			
Mutual funds			
American Century Capital Value Class Inv	***	18,290	26,508
John Hancock Funds III Disciplined V I	*****	22,873	23,849
Nuveen Mid Cap Index Fund Class I	****	4,782	7,661
T Rowe Price Growth Stock Fund #40	*****	15,366	35,532
T Rowe Price Sm Cap Value	***	5,504	7,899
Glenmede Small Cap Equity Adv	****	15,000	16,211
Vanguard Mid Cap index Adm	*****	15,800	16,463
Vanguard 500 Index Admiral	****	16,207	16,629
Aberdeen Emerging Markets Instl	***	7,500	7,533
Causeway Emerging Markets Instl	****	7,500	7,826
Highland Long/Short Equity Z	***	15,000	15,554
Rebeco Boston Partners L/S Research	****	7,592	7,592
Total equity investments		<u>151,414</u>	<u>189,257</u>
Total principal fund		<u>721,395</u>	<u>763,459</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Income fund				
Cash equivalents				
Mutual funds				
First American Prime Obligation Fund Class Y	Unrated	\$	<u>21,463</u>	\$ <u>21,463</u>
Fixed income investments				
Mutual funds				
Nuveen Core Plus Bond I	****		102,265	102,929
Nuveen Intermediate Government Bond I	***		219,431	219,431
Nuveen Inflation Pro Sec CI I	****		<u>12,741</u>	<u>13,202</u>
Total fixed income investments			<u>334,437</u>	<u>335,562</u>
Total income fund			<u>355,900</u>	<u>357,025</u>
Total investments		\$	<u>1,077,295</u>	\$ <u>1,120,484</u>

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	<u>June 30,</u> <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2015</u>
Governmental Funds:				
Furniture and equipment	\$ 353,998	\$ -	\$ (220,754)	\$ 133,244
Less: accumulated depreciation	<u>(323,872)</u>	<u>(10,262)</u>	<u>220,754</u>	<u>(113,380)</u>
Capital assets, net	<u>\$ 30,126</u>	<u>\$ (10,262)</u>	<u>\$ -</u>	<u>\$ 19,864</u>

Depreciation expense was charged as follows:

Governmental activities:		
Depreciation		<u>\$ 10,262</u>

Proprietary Funds:

Farmland and land improvements	\$ 600,000	\$ -	\$ -	\$ 600,000
Farm building improvements	<u>291,632</u>	<u>-</u>	<u>-</u>	<u>291,632</u>
Total capital assets, at cost	891,632	-	-	891,632
Less: accumulated depreciation	<u>(175,380)</u>	<u>(3,849)</u>	<u>-</u>	<u>(179,229)</u>
Capital assets, net	<u>\$ 716,252</u>	<u>\$ (3,849)</u>	<u>\$ -</u>	<u>\$ 712,403</u>

Depreciation expense was charged as follows:

Fiduciary Funds:		
Private Purpose Trust Fund		
E.H. Parriott Scholarship Trust Principal		
Depreciation		<u>\$ 3,849</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - COMPENSATED ABSENCES

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 provides vacation time to all full-time 12 month employees. Vacation time is based upon the anniversary date of employment. Upon termination employees receive pay for unused vacation earned. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 records a liability associated with compensated absences. At June 30, 2015, the balance in this account was \$5,440.

	June 30, 2014	Additions	Deletions	June 30, 2015
Governmental Funds:	\$ -	\$ 33,641	\$ 28,201	\$ 5,440

NOTE 5 - EMPLOYEE BENEFIT PLAN

Carroll, Jo Daviess, and Stephenson Counties 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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 through grant monies on behalf of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 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 for the 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 Carroll, Jo Daviess, and Stephenson Counties 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 #8 has no separate employee benefit plan.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Illinois Municipal Retirement System

IMRF Plan Description

Carroll, Jo Daviess, and Stephenson Counties 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. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	31
Inactive Plan Members entitle to but not yet receiving benefits	45
Active Plan Members	44
Total	120

Contributions

As set by statute, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's annual contribution rate for calendar year 2014 was 11.64%. For the calendar year ended 2014, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 contributed \$127,929 to the plan. Carroll, Jo Daviess, and Stephenson Counties 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Asset

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net pension asset was measured as of December 31, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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

<u>Asset Class</u>	<u>Portfolio Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17	7.80
Fixed Income	27	3.00
Real Estate	8	6.15
Alternative Investments	9	5.25-8.50
Cash Equivalents	1	2.25
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Changes in the Net Pension (Asset) Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(A)	(B)	(A) - (B)
Balances at December 31, 2013	\$ 3,474,491	\$ 3,674,864	\$ (200,373)
Changes for the year:			
Service cost	125,563	-	125,563
Interest on the total pension liability	259,500	-	259,500
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(5,936)	-	(5,936)
Changes of assumptions	148,745	-	148,745
Contributions - employer	-	127,929	(127,929)
Contributions - employees	-	50,011	(50,011)
Net investment income	-	230,555	(230,555)
Benefit payments, including refunds of employee contributions	(158,372)	(158,372)	-
Other (net transfer)	-	(3,043)	3,043
Net changes	<u>369,500</u>	<u>247,080</u>	<u>122,420</u>
Balances at December 31, 2014	<u>\$ 3,843,991</u>	<u>\$ 3,921,944</u>	<u>\$ (77,953)</u>

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the plan's net pension (asset) liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension (asset) liability	<u>\$ 465,550</u>	<u>\$ (77,953)</u>	<u>\$ (515,556)</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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

For the year ended June 30, 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 recognized pension expense of \$110,121. At June 30, 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,312
Changes of assumptions	108,058	-
Net difference between projected and actual earnings on pension plan investments	36,482	-
Total deferred amounts to be recognized in pension expense in future periods	144,540	4,312
Employer contributions subsequent to the measurement date	53,000	-
Total deferred amounts related to pensions	\$ 197,540	\$ 4,312

\$53,000 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset) liability in the reporting year ended June 30, 2016.

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2015	\$ 47,678
2016	47,678
2017	35,057
2018	9,815
Total	\$ 140,228

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - RETIREMENT FUND COMMITMENTS

Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan description

Carroll, Jo Daviess, and Stephenson Counties 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. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits provided

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

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

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8.

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8. For the year ended June 30, 2015, state of Illinois contributions recognized by Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 were based on the state's proportionate share of the collective net pension liability associated with Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, and Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 recognized revenue and expenditures of \$383,203 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$4,605 and are deferred because they were paid after the June 30, 2014 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, there is a statutory requirement for Carroll, Jo Daviess, and Stephenson Counties 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, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$17,925 were paid from federal and special trust funds that required employer contributions of \$5,915. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the years ended June 30, 2015 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 paid no employer contributions under the ERO program.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 did not make any employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 103,824
State's proportionate share of the net pension liability associated with the employer	<u>4,759,660</u>
Total	<u>\$ 4,863,484</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's proportion of the net pension liability was based on Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2014, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's proportion was .0001705991 percent.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's proportion of the net pension liability as of June 30, 2013, was based on Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2013, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's proportion was .0000702349 percent.

For the year ended June 30, 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 recognized pension expense of \$383,203 and revenue of \$383,203 for support provided by the state. For the year ended June 30, 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 recognized pension expense of \$20,476. At June 30, 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55	\$ -
Net difference between projected and actual earnings on pension plan investment	-	5,218
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	50,596	-
Employer contributions subsequent to the measurement date	<u>10,520</u>	<u>-</u>
Total	<u>\$ 61,171</u>	<u>\$ 5,218</u>

\$10,520 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2016	\$	10,989
2017		10,989
2018		10,989
2019		10,989
2020		<u>1,477</u>
Total	\$	<u>45,433</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Actuarial assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	5.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap	18%	8.23%
Global Equity Excluding U.S.	18	8.58
Aggregate Bbonds	16	2.27
U.S. TIPS	2	3.52
NCREIF	11	5.81
Opportunistic Real Estate	4	9.79
ARS	8	3.27
Risk Parity	8	5.57
Diversified Inflation Strategy	1	3.96
Private Equity	14	13.03
Total	100%	

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

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

Sensitivity of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's proportionate share of the net pension liability to changes in the discount rate

The following presents Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Regional Office of Education #8's proportionate share of the net pension liability	<u>\$ 128,217</u>	<u>\$ 103,824</u>	<u>\$ 83,623</u>

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

Teachers Health Insurance Security Fund

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment 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. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

- **On-behalf Contributions.** The state of Illinois makes employer retiree health insurance contributions on behalf of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$8,098, and Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2014 and June 30, 2013 were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's employees were \$7,483 and \$7,405, respectively.

- **Employer Contributions.** Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 also makes contributions to the THIS Fund. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 THIS Fund contribution was 0.76 percent during the year ended June 30, 2015 and 0.72 and 0.69 percent during the years ended June 30, 2014 and June 30, 2013, respectively. For the year ended June 30, 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 paid \$6,034 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and June 30, 2013, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 paid \$5,555 and \$5,554, respectively, which was 100 percent of the required contributions.

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

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. In addition to providing the pension benefits described, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 and can be amended by Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 governmental funds.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Benefits Provided. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 insurance provider.

<u>Membership</u>	<u>OPEB</u>
Active plan members eligible to retire	3
Active plan members not yet fully eligible to retire	15
Retirees and dependents	<u>1</u>
Total	19

Funding Policy. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #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. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's annual OPEB cost is calculated based on the annual required contribution (ARC) of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding, which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 16,403
Interest on net OPEB obligation	458
Adjustment to annual required contribution	<u>(662)</u>
Annual OPEB cost	16,199
Contributions made	<u>(16,257)</u>
Increase in net OPEB obligation	(58)
Net OPEB obligation, beginning of year, as restated	<u>11,447</u>
Net OPEB obligation, end of year	<u><u>\$ 11,389</u></u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

For the calculation of the net OPEB obligation, the actuary has set the transition day as June 30, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$16,257 to the plan.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 16,199	\$ 16,257	100%	\$ 11,389
June 30, 2014	3,878	-	0%	11,447
June 30, 2013	3,819	-	0%	7,569

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actual accrued liability was \$123,122, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$123,122. The covered payroll (annual payroll of active employees covered by the plan) was \$579,771 and the ratio of the UAAL to covered payroll was 21.2%. As of June 30, 2015 there were no trust fund assets.

Actuarial Methods and Assumptions. 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.

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.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

In the July 1, 2014 actuarial valuation, the entry age cost method was used. The actuarial assumptions included a discount rate of 4.0%. Initial healthcare cost trend rates are 7.9% and 8.3% with an ultimate healthcare inflation rate of 5.0% which will be reached in 2023. An inflation rate of 3.0% is assumed for the purpose of this computation. The salary increase rate was assumed to be 4% per year. The actuarial value of assets was not determined as the ROE #8 has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of pay method over an open basis of 30 years.

Mortality rates are from the CDC National Vital Statistics report for 2014 and were applied on a sex distinct basis.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 obtains an actuarial valuation every three years using the alternative measurement method.

NOTE 8 - 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, 2015 was \$149,021.

Year Ended June 30	
2016	\$ 116,945
2017	61,577
2018	<u>6,879</u>
Total	<u>\$ 185,401</u>

NOTE 9 - OPERATING LEASES

On July 1, 2014, 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 2319 E. Lincolnway, Suite C in Sterling, Illinois. The term of the lease is twelve months from July 1, 2014 to July 1, 2015 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 and on July 1, 2014 for twelve months each with rent of \$523 per month.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 9 - OPERATING LEASES (CONTINUED)

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 was made upon the onset of the lease.

Total rent expense for the year was \$39,830.

Year Ended June 30		
2016	\$	28,817
2017		29,654
2018		30,492
2019		31,329
2020		32,166
2021 and later		<u>104,418</u>
Total	\$	<u>256,876</u>

NOTE 10 - ON-BEHALF PAYMENTS

The State of Illinois paid the following salary and benefit contributions on-behalf of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8:

Regional Superintendent - salary	\$ 106,356
Regional Superintendent - benefits (includes state paid insurance)	36,371
Assistant Regional Superintendent - salary	95,736
Assistant Regional Superintendent - benefits (includes state paid insurance)	31,177
THIS on-behalf payments	<u>8,098</u>
Total	<u>\$ 277,738</u>

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 recorded the on-behalf payments as both revenues and expenditures in the general fund.

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 also recorded \$383,203 in revenues and expenses as on-behalf payments from ISBE for Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 10 - ON-BEHALF PAYMENTS (CONTINUED)

State of Illinois on-behalf payments	\$ 277,738
Regional Office of Education #8's share of TRS pension expense	<u>383,203</u>
Total	<u>\$ 660,941</u>

NOTE 11 - DUE FROM/TO OTHER GOVERNMENTS

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

Due From Other Governments

General Fund	
Local governments	\$ 76,825
Education Fund	
Local governments	106,055
Illinois State Board of Education	93,806
Nonmajor Special Revenue Funds	
Local governments	1,048
Proprietary Fund	
Local governments	7,838
Agency Funds	
Local governments	<u>146,341</u>
Total	<u>\$ 431,913</u>

Due To Other Governments

General Fund	
Local governments	\$ 5
Education Fund	
Local governments	358,697
Proprietary Funds	
Local governments	26,300
Agency Funds	
Local governments	<u>150,570</u>
Total	<u>\$ 535,572</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 12 - DUE FROM/TO FUNDS

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, as of June 30, 2015 were:

	<u>Due From</u>	<u>Due To</u>
General Fund		
ROE Programs and Services	\$ -	\$ 36
Special Services	90,423	-
Education Fund		
Early Intervention Infants/Toddlers	-	80,802
Workforce Investment Act	-	8,585
Title II - Teacher Quality - Leadership Program	-	1,000
Total	<u>\$ 90,423</u>	<u>\$ 90,423</u>

NOTE 13 - TRANSFERS

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2015:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
ROE Programs and Services	\$ 103,378	\$ 10,349
Special Services	12,220	109,452
Education Fund		
Regional Safe Schools	-	2
Workforce Investment Act	1	-
Child Nutrition	4,204	-
System of Statewide Support Foundation Service	488	-
Proprietary Fund		
Workshops	-	488
Total	<u>\$ 120,291</u>	<u>\$ 120,291</u>

NOTE 14 - DEFICIT FUND BALANCE

At June 30, 2015, the following fund had a deficit fund balance. It is expected to correct itself in 2016, through payments from local funds.

General Fund	
ROE Programs and Services	\$ (8,413)

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - DISPOSITION OF DISTRIBUTIVE FUND INTEREST

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

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 PRONOUNCEMENTS

In 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*; and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. These statements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 also implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement had no impact on the financial statements for Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8.

NOTE 18 - ACCOUNTING CHANGE/RESTATEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a new pension asset/liability and changes in the net pension asset/liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension asset/liability which is required to be reported by GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 18 - ACCOUNTING CHANGE/RESTATEMENTS (CONTINUED)

The net OPEB obligation reported as of June 30, 2014 was not updated for activity occurring during that period.

Beginning net position for governmental activities were restated to retroactively report the beginning net pension asset/liability and deferred outflows of resources related to contributions made after the measurement date and to adjust the net OPEB liability as follows:

Net position June 30, 2014, as previously reported	\$1,118,958
Net pension asset at June 30, 2014	200,373
Net pension liability at June 30, 2014	(44,002)
IMRF pension obligation at June 30, 2014	27,926
Change in outflows of resources related to to contributions made after the June 30, 2013 measurement date	69,186
Adjustment to net OPEB obligation	<u>(3,878)</u>
Net position July 1, 2014, as restated	<u>\$1,368,563</u>

This information is an integral part of the accompanying financial statements.

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF CHANGES IN THE NET
PENSION ASSET AND RELATED RATIOS
ILLINIOS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar year ended December 31,	<u>2014</u>
Total pension liability	
Service cost	\$ 125,563
Interest on the total pension liability	259,500
Changes of benefit terms	-
Differences between expected and actual experience of the total pension liability	(5,936)
Changes of assumptions	148,745
Benefit payments, including refunds of employee contributions	<u>(158,372)</u>
Net change in total pension liability	369,500
Total pension liability - beginning	<u>3,474,491</u>
Total pension liability - ending (A)	<u>\$ 3,843,991</u>
Plan fiduciary net position	
Contributions - employer	\$ 127,929
Contributions - employees	50,011
Net investment income	230,555
Benefit payments, including refunds of employee contributions	(158,372)
Other (net transfer)	<u>(3,043)</u>
Net change in plan fiduciary net position	247,080
Plan fiduciary net position - beginning	<u>3,674,864</u>
Plan fiduciary net position - ending (B)	<u>\$ 3,921,944</u>
Net pension asset - ending (A) - (B)	<u>\$ (77,953)</u>
Plan fiduciary net position as a percentage of the total pension liability	102.03%
Covered valuation payroll	\$ 1,098,751
Net pension asset as a percentage of covered valuation payroll	-7.09%

Notes to Schedule:

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION # 8
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 121,083	\$ 127,929	\$ (6,846)	\$ 1,098,751	11.64%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

Actuarial Cost Method: Aggregate entry age = normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 29-year closed period
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 4%
Price Inflation: 3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 4.40% to 16%, including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

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

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

**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2014</u>
Employer's proportion of the net pension liability	.0001705991%
Employer's proportionate share of the net pension liability	\$ 103,824
State's proportionate share of the net pension liability associated with the employer	<u>4,759,660</u>
Total	<u>\$ 4,863,484</u>
Employer's covered-employee payroll	\$ 771,604
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	13.5%
Plan fiduciary net position as a percentage of the total pension liability	43.0%
<i>* The amounts presented were determined as of the prior fiscal-year end.</i>	

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 10,520	\$ 9,028
Contributions in relation to the contractually-required contribution	<u>10,520</u>	<u>9,028</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 794,538	\$ 771,604
Contributions as a percentage of covered-employee payroll	1.32%	1.17%

Notes to Required Supplementary Information

Changes of assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 SCHEDULE OF FUNDING PROGRESS -
 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
 June 30, 2015**

Year Ended	Actuarial Valuation	Actuarial Value of Assets	Actuarial Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<u>June 30,</u>	<u>Date</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
2015	7/1/14	\$ -	\$ 123,122	\$ 123,122	0.0%	\$ 579,771	21.2%
2014	6/30/12	\$ -	\$ 22,181	\$ 22,181	0.0%	N/A	0.0%
2013	6/30/12	\$ -	\$ 22,181	\$ 22,181	0.0%	N/A	0.0%
2012	6/30/12	\$ -	\$ 22,181	\$ 22,181	0.0%	N/A	0.0%

SUPPLEMENTARY INFORMATION

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2015**

	<u>Counties</u>	<u>ROE</u>	<u>Medical</u>	<u>Special</u>	
	<u>Support</u>	<u>Programs</u>	<u>Reimbursement</u>	<u>Services</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,080,002	\$ 1,080,002
Accounts receivable	-	-	-	537	537
Due from other governments	-	14,000	-	62,825	76,825
Due from other funds	-	-	-	90,423	90,423
Total assets	<u>-</u>	<u>14,000</u>	<u>-</u>	<u>1,233,787</u>	<u>1,247,787</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ -</u>	<u>\$ 1,233,787</u>	<u>\$ 1,247,787</u>
LIABILITIES					
Accrued expenses	\$ -	\$ 22,372	\$ -	\$ 117,445	\$ 139,817
Due to other governments	-	5	-	-	5
Due to other funds	-	36	-	-	36
Total liabilities	<u>-</u>	<u>22,413</u>	<u>-</u>	<u>117,445</u>	<u>139,858</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,977</u>	<u>27,977</u>
FUND BALANCE (DEFICIT)					
Unassigned	<u>-</u>	<u>(8,413)</u>	<u>-</u>	<u>1,088,365</u>	<u>1,079,952</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ -</u>	<u>\$ 1,233,787</u>	<u>\$ 1,247,787</u>

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, 2015

	Counties	ROE	Medical	Special	
	Support	Programs and Services	Reimbursement	Services	Totals
REVENUES:					
Local sources	\$ 132,186	\$ 87,680	\$ 4,500	\$ 660,122	\$ 884,488
State sources	-	-	-	474,886	474,886
On-behalf payments	<u>277,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,738</u>
Total revenues	<u>409,924</u>	<u>87,680</u>	<u>4,500</u>	<u>1,135,008</u>	<u>1,637,112</u>
EXPENDITURES:					
Education:					
Salaries	71,465	123,456	-	719,166	914,087
Benefits	18,074	26,512	-	150,595	195,181
Pension expense	6,957	5,905	-	32,380	45,242
Purchased services	34,360	35,286	-	61,871	131,517
Supplies and materials	1,343	1,482	-	5,365	8,190
Other objects	776	80	4,950	4,032	9,838
On-behalf payments	277,738	-	-	-	277,738
Capital outlay	<u>1,374</u>	<u>-</u>	<u>-</u>	<u>1,270</u>	<u>2,644</u>
Total expenditures	<u>412,087</u>	<u>192,721</u>	<u>4,950</u>	<u>974,679</u>	<u>1,584,437</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,163)</u>	<u>(105,041)</u>	<u>(450)</u>	<u>160,329</u>	<u>52,675</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	103,378	-	12,220	115,598
Transfers out	<u>-</u>	<u>(10,349)</u>	<u>-</u>	<u>(109,452)</u>	<u>(119,801)</u>
Total other financing sources (uses)	<u>-</u>	<u>93,029</u>	<u>-</u>	<u>(97,232)</u>	<u>(4,203)</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	(2,163)	(12,012)	(450)	63,097	48,472
FUND BALANCE, BEGINNING OF YEAR	<u>2,163</u>	<u>3,599</u>	<u>450</u>	<u>1,025,268</u>	<u>1,031,480</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (8,413)</u>	<u>\$ -</u>	<u>\$ 1,088,365</u>	<u>\$ 1,079,952</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
 June 30, 2015

	<u>Truants'</u>	<u>Early</u>	<u>Early</u>	<u>Regional</u>	<u>Hearing</u>	<u>ROE/ISC</u>
	<u>Alternative/</u>	<u>Childhood</u>	<u>Intervention</u>	<u>Safe</u>	<u>and Vision</u>	<u>Operations</u>
	<u>Optional</u>	<u>Block</u>	<u>Infants/</u>	<u>Schools</u>	<u>Grant</u>	
	<u>Education</u>	<u>Grants</u>	<u>Toddlers</u>			
ASSETS						
Cash and cash equivalents	\$ 17,028	\$ 339,254	\$ -	\$ 5,348	\$ 1,765	\$ -
Due from other governments	-	92,806	95,714	-	-	-
Total assets	<u>17,028</u>	<u>432,060</u>	<u>95,714</u>	<u>5,348</u>	<u>1,765</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 17,028</u>	<u>\$ 432,060</u>	<u>\$ 95,714</u>	<u>\$ 5,348</u>	<u>\$ 1,765</u>	<u>\$ -</u>
LIABILITIES						
Accrued expenses	\$ 17,028	\$ 28,146	\$ 7,392	\$ 5,348	\$ 28	\$ -
Due to other governments	-	358,608	-	-	-	-
Due to other funds	-	-	80,802	-	-	-
Unearned revenue	-	45,306	-	-	-	-
Total liabilities	<u>17,028</u>	<u>432,060</u>	<u>88,194</u>	<u>5,348</u>	<u>28</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
None	-	-	-	-	-	-
FUND BALANCE						
Restricted	-	-	7,520	-	1,737	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 17,028</u>	<u>\$ 432,060</u>	<u>\$ 95,714</u>	<u>\$ 5,348</u>	<u>\$ 1,765</u>	<u>\$ -</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2015

	<u>Workforce Investment Act</u>	<u>McKinney Homeless Grant</u>	<u>Title II - Teacher Quality - Leadership Program</u>	<u>Child Nutrition</u>	<u>System of Statewide Support Foundational Service</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 363,395
Due from other governments	10,324	-	1,000	17	-	199,861
Total assets	10,324	-	1,000	17	-	563,256
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,324</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 563,256</u>
LIABILITIES						
Accrued expenses	\$ 1,650	\$ -	\$ -	\$ -	\$ -	\$ 59,592
Due to other governments	89	-	-	-	-	358,697
Due to other funds	8,585	-	1,000	-	-	90,387
Unearned revenue	-	-	-	-	-	45,306
Total liabilities	10,324	-	1,000	-	-	553,982
DEFERRED INFLOWS OF RESOURCES						
None	-	-	-	-	-	-
FUND BALANCE						
Restricted	-	-	-	17	-	9,274
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 10,324</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 563,256</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2015

SCHEDULE 4

	<u>Truants' Alternative/ Optional Education</u>	<u>Early Childhood Block Grants</u>	<u>Early Intervention Infants/ Toddlers</u>	<u>Regional Safe Schools</u>	<u>Hearing and Vision Grant</u>	<u>ROE/ISC Operations</u>
REVENUES:						
Local sources	\$ -	\$ -	\$ 320	\$ -	\$ 2,160	\$ -
State sources	124,964	2,543,944	514,175	58,191	5,315	60,564
Federal sources	-	-	75,483	-	-	-
Total revenues	124,964	2,543,944	589,978	58,191	7,475	60,564
EXPENDITURES:						
Education:						
Salaries	77,536	290,390	341,989	24,952	4,249	41,817
Benefits	19,435	57,967	63,290	5,248	783	4,062
Pension expense	7,739	21,778	35,708	2,367	486	2,699
Purchased services	19,181	573,936	139,158	21,887	894	6,807
Supplies and materials	1,073	45,029	9,941	3,735	220	3,007
Payment to other governments	-	1,553,484	-	-	-	-
Capital outlay	-	1,360	-	-	-	2,172
Total expenditures	124,964	2,543,944	590,086	58,189	6,632	60,564
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(108)	2	843	-
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(2)	-	-
Total other financing sources (uses)	-	-	-	(2)	-	-
NET CHANGE IN FUND BALANCE	-	-	(108)	-	843	-
FUND BALANCE, BEGINNING OF YEAR	-	-	7,628	-	894	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 7,520	\$ -	\$ 1,737	\$ -

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, 2015

SCHEDULE 4
 (CONTINUED)

	<u>Workforce Investment Act</u>	<u>McKinney Homeless Grant</u>	<u>Title II - Teacher Quality - Leadership Program</u>	<u>Child Nutrition</u>	<u>System of Statewide Support Foundational Service</u>	<u>Totals</u>
REVENUES:						
Local sources	\$ 74,519	\$ -	\$ -	\$ 992	\$ -	\$ 77,991
State sources	-	-	-	124	-	3,307,277
Federal sources	-	10,109	3,255	10,908	50,548	150,303
Total revenues	<u>74,519</u>	<u>10,109</u>	<u>3,255</u>	<u>12,024</u>	<u>50,548</u>	<u>3,535,571</u>
EXPENDITURES:						
Education:						
Salaries	44,922	3,300	155	-	36,366	865,676
Benefits	8,588	616	-	-	67	160,056
Pension expense	4,569	460	-	-	6,089	81,895
Purchased services	15,467	990	3,100	16,231	6,934	804,585
Supplies and materials	974	3,206	-	-	1,580	68,765
Payment to other governments	-	1,537	-	-	-	1,555,021
Capital outlay	-	-	-	-	-	3,532
Total expenditures	<u>74,520</u>	<u>10,109</u>	<u>3,255</u>	<u>16,231</u>	<u>51,036</u>	<u>3,539,530</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(4,207)</u>	<u>(488)</u>	<u>(3,959)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	1	-	-	4,204	488	4,693
Transfers out	-	-	-	-	-	(2)
Total other financing sources (uses)	<u>1</u>	<u>-</u>	<u>-</u>	<u>4,204</u>	<u>488</u>	<u>4,691</u>
NET CHANGE IN FUND BALANCE	-	-	-	(3)	-	732
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>8,542</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 9,274</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2015**

	<u>Truants Alternative/Optional Education</u>				<u>Early Childhood Block Grants</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	127,840	124,964	124,964	-	2,078,159	2,039,604	2,543,944	504,340
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>127,840</u>	<u>124,964</u>	<u>124,964</u>	<u>-</u>	<u>2,078,159</u>	<u>2,039,604</u>	<u>2,543,944</u>	<u>504,340</u>
EXPENDITURES:								
Education:								
Salaries	80,250	80,250	77,536	2,714	281,528	282,353	290,390	(8,037)
Benefits	28,283	28,283	19,435	8,848	78,497	81,688	57,967	23,721
Pension expense	-	-	7,739	(7,739)	-	-	21,778	(21,778)
Purchased services	18,307	16,181	19,181	(3,000)	462,179	442,870	573,936	(131,066)
Supplies and materials	1,000	250	1,073	(823)	31,657	30,873	45,029	(14,156)
Payments to other governments	-	-	-	-	1,224,298	1,199,261	1,553,484	(354,223)
Capital outlay	-	-	-	-	-	2,559	1,360	1,199
Total expenditures	<u>127,840</u>	<u>124,964</u>	<u>124,964</u>	<u>-</u>	<u>2,078,159</u>	<u>2,039,604</u>	<u>2,543,944</u>	<u>(504,340)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			<u>-</u>				<u>-</u>	
NET CHANGE IN FUND BALANCE			-				-	
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2015

	Early Intervention Infants/Toddlers				Regional Safe Schools			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ 320	\$ 320	\$ -	\$ -	\$ -	\$ -
State sources	571,950	570,565	514,175	(56,390)	59,530	58,191	58,191	-
Federal sources	-	-	75,483	75,483	-	-	-	-
Total revenues	<u>571,950</u>	<u>570,565</u>	<u>589,978</u>	<u>19,413</u>	<u>59,530</u>	<u>58,191</u>	<u>58,191</u>	<u>-</u>
EXPENDITURES:								
Education:								
Salaries	320,672	326,154	341,989	(15,835)	24,979	24,979	24,952	27
Benefits	110,818	106,374	63,290	43,084	8,026	8,026	5,248	2,778
Pension expense	-	-	35,708	(35,708)	-	-	2,367	(2,367)
Purchased services	135,324	132,792	139,158	(6,366)	22,851	22,451	21,887	564
Supplies and materials	5,136	5,245	9,941	(4,696)	3,674	2,735	3,735	(1,000)
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>571,950</u>	<u>570,565</u>	<u>590,086</u>	<u>(19,521)</u>	<u>59,530</u>	<u>58,191</u>	<u>58,189</u>	<u>2</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>(108)</u>	<u>\$ (108)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				(2)	
Total other financing sources (uses)			<u>-</u>				<u>(2)</u>	
NET CHANGE IN FUND BALANCE			(108)				-	
FUND BALANCE, BEGINNING OF YEAR			<u>7,628</u>				<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ 7,520</u>				<u>\$ -</u>	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2015

	ROE/ISC Operations				Workforce Investment Act			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 80,534	\$ 75,994	\$ 74,519	\$ (1,475)
State sources	60,564	60,564	60,564	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>60,564</u>	<u>60,564</u>	<u>60,564</u>	<u>-</u>	<u>80,534</u>	<u>75,994</u>	<u>74,519</u>	<u>(1,475)</u>
EXPENDITURES:								
Education:								
Salaries	40,500	40,500	41,817	(1,317)	44,155	44,859	44,922	(63)
Benefits	6,755	6,755	4,062	2,693	16,190	15,856	8,588	7,268
Pension expense	-	-	2,699	(2,699)	-	-	4,569	(4,569)
Purchased services	7,655	7,655	6,807	848	19,289	14,504	15,467	(963)
Supplies and materials	1,000	3,500	3,007	493	900	775	974	(199)
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	4,654	2,154	2,172	(18)	-	-	-	-
Total expenditures	<u>60,564</u>	<u>60,564</u>	<u>60,564</u>	<u>-</u>	<u>80,534</u>	<u>75,994</u>	<u>74,520</u>	<u>1,474</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1)</u>	<u>\$ (1)</u>
OTHER FINANCING SOURCES (USES):								
Transfers in			-				1	
Transfers out			-				-	
Total other financing sources (uses)			<u>-</u>				<u>1</u>	
NET CHANGE IN FUND BALANCE			-				-	
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2015

	McKinney Homeless Grant				Title II - Teacher Quality - Leadership Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	10,429	10,429	10,109	(320)	3,099	3,099	3,255	156
Total revenues	10,429	10,429	10,109	(320)	3,099	3,099	3,255	156
EXPENDITURES:								
Education:								
Salaries	3,300	3,300	3,300	-	155	155	155	-
Benefits	1,004	1,004	616	388	-	-	-	-
Pension expense	-	-	460	(460)	-	-	-	-
Purchased services	4,001	4,001	990	3,011	2,944	2,944	3,100	(156)
Supplies and materials	800	800	3,206	(2,406)	-	-	-	-
Payments to other governments	1,324	1,324	1,537	(213)	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	10,429	10,429	10,109	320	3,099	3,099	3,255	(156)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			-				-	
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
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2015

	System of Statewide Support Foundational Service			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	43,880	63,206	50,548	(12,658)
Total revenues	43,880	63,206	50,548	(12,658)
EXPENDITURES:				
Education:				
Salaries	28,100	38,841	36,366	2,475
Benefits	6,780	14,699	67	14,632
Pension expense	-	-	6,089	(6,089)
Purchased services	6,000	8,086	6,934	1,152
Supplies and materials	3,000	1,580	1,580	-
Payments to other governments	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	43,880	63,206	51,036	12,170
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	(488)	\$ (488)
OTHER FINANCING SOURCES (USES):				
Transfers in			488	
Transfers out			-	
Total other financing sources (uses)			488	
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
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	<u>General Educational Development</u>	<u>Bus Driver</u>	<u>Institute</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 6,463	\$ 9,614	\$ 59,323	\$ 75,400
Due from other governments	-	1,048	-	1,048
Total assets	<u>6,463</u>	<u>10,662</u>	<u>59,323</u>	<u>76,448</u>
DEFERRED OUTFLOWS OF RESOURCES				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,463</u>	<u>\$ 10,662</u>	<u>\$ 59,323</u>	<u>\$ 76,448</u>
LIABILITIES				
Accrued expenses	\$ -	\$ 333	\$ 519	\$ 852
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
FUND BALANCE				
Restricted	<u>6,463</u>	<u>10,329</u>	<u>58,804</u>	<u>75,596</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 6,463</u>	<u>\$ 10,662</u>	<u>\$ 59,323</u>	<u>\$ 76,448</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2015

SCHEDULE 7

	General Educational Development	Bus Driver	Institute	Totals
REVENUES:				
Local sources	\$ 971	\$ 4,827	\$ 28,885	\$ 34,683
State sources	-	942	-	942
Total revenues	<u>971</u>	<u>5,769</u>	<u>28,885</u>	<u>35,625</u>
EXPENDITURES:				
Education:				
Salaries	-	1,760	21,754	23,514
Benefits	-	135	3,476	3,611
Pension expense	-	-	1,213	1,213
Purchased services	367	998	13,450	14,815
Supplies and materials	10	1,099	72	1,181
Total expenditures	<u>377</u>	<u>3,992</u>	<u>39,965</u>	<u>44,334</u>
NET CHANGE IN FUND BALANCE	594	1,777	(11,080)	(8,709)
FUND BALANCE, BEGINNING OF YEAR	<u>5,869</u>	<u>8,552</u>	<u>69,884</u>	<u>84,305</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,463</u>	<u>\$ 10,329</u>	<u>\$ 58,804</u>	<u>\$ 75,596</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2015**

	E.H. Parriott Scholarship Trust Principal <u>Fund</u>	E.H. Parriott Scholarship Trust Income <u>Fund</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 172,976	\$ 172,976
Investments	721,395	355,900	1,077,295
Rent receivable	16,773	-	16,773
Interest receivable	1,218	594	1,812
Property and equipment, net	712,403	-	712,403
Total assets	1,451,789	529,470	1,981,259
LIABILITIES			
Accounts payable	-	5,900	5,900
Due to other governments	-	14,571	14,571
Deposits	2,000	-	2,000
Unearned revenue	11,645	-	11,645
Total liabilities	13,645	20,471	34,116
NET POSITION			
Held in trust for other purposes	\$ 1,438,144	\$ 508,999	\$ 1,947,143

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES **SCHEDULE 9**
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2015

	E.H. Parriott Scholarship Trust Principal Fund	E.H. Parriott Scholarship Trust Income Fund	Totals
ADDITIONS:			
Rent	\$ 147,692	\$ -	\$ 147,692
CRP payment	-	1,329	1,329
Interest and dividends	16,269	8,035	24,304
Realized gain (loss) on investments	14,178	(106)	14,072
Unrealized gain (loss) on investments	<u>(6,788)</u>	<u>(232)</u>	<u>(7,020)</u>
Total additions	<u>171,351</u>	<u>9,026</u>	<u>180,377</u>
DEDUCTIONS:			
Purchased services	-	64,161	64,161
Scholarships	-	113,000	113,000
Depreciation	<u>3,849</u>	<u>-</u>	<u>3,849</u>
Total deductions	<u>3,849</u>	<u>177,161</u>	<u>181,010</u>
EXCESS (DEFICIENCY) OF ADDITIONS OVER (UNDER) DEDUCTIONS	167,502	(168,135)	(633)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	144,738	144,738
Transfers out	<u>(144,738)</u>	<u>-</u>	<u>(144,738)</u>
Total other financing sources (uses)	<u>(144,738)</u>	<u>144,738</u>	<u>-</u>
CHANGE IN NET POSITION	22,764	(23,397)	(633)
NET POSITION, BEGINNING OF YEAR	<u>1,415,380</u>	<u>532,396</u>	<u>1,947,776</u>
NET POSITION, END OF YEAR	<u>\$ 1,438,144</u>	<u>\$ 508,999</u>	<u>\$ 1,947,143</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2015**

	Distributive Fund	Distributive Interest Fund	Total
ASSETS			
Cash and cash equivalents	\$ 557	\$ 3,672	\$ 4,229
Due from other governments	<u>146,341</u>	<u>-</u>	<u>146,341</u>
TOTAL ASSETS	<u>\$ 146,898</u>	<u>\$ 3,672</u>	<u>\$ 150,570</u>
LIABILITIES			
Due to other governments	<u>\$ 146,898</u>	<u>\$ 3,672</u>	<u>\$ 150,570</u>

**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, 2015**

	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2015</u>
DISTRIBUTIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 546	\$ 1,282,059	\$ 1,282,048	\$ 557
Due from other governments	<u>-</u>	<u>146,341</u>	<u>-</u>	<u>146,341</u>
TOTAL ASSETS	<u>\$ 546</u>	<u>\$ 1,428,400</u>	<u>\$ 1,282,048</u>	<u>\$ 146,898</u>
LIABILITIES				
Due to other governments	<u>\$ 546</u>	<u>\$ 1,428,400</u>	<u>\$ 1,282,048</u>	<u>\$ 146,898</u>
DISTRIBUTIVE INTEREST FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 3,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,672</u>
LIABILITIES				
Due to other governments	<u>\$ 3,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,672</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 4,218	\$ 1,282,059	\$ 1,282,048	\$ 4,229
Due from other governments	<u>-</u>	<u>146,341</u>	<u>-</u>	<u>146,341</u>
TOTAL ASSETS	<u>\$ 4,218</u>	<u>\$ 1,428,400</u>	<u>\$ 1,282,048</u>	<u>\$ 150,570</u>
LIABILITIES				
Due to other governments	<u>\$ 4,218</u>	<u>\$ 1,428,400</u>	<u>\$ 1,282,048</u>	<u>\$ 150,570</u>

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, 2015

Program	Eagle Ridge Vocational Delivery System	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	Total
Voc. Ed - Secondary Program Improvement	\$ 298,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,362
Voc. Ed - Perkins Title IIC Secondary	56,700	-	-	-	-	-	-	-	-	56,700
Jo Davieess County School Facilities Sales Tax	-	199,048	226,754	1,137	701	145,341	66,757	170,193	117,055	926,986
	<u>\$ 355,062</u>	<u>\$ 199,048</u>	<u>\$ 226,754</u>	<u>\$ 1,137</u>	<u>\$ 701</u>	<u>\$ 145,341</u>	<u>\$ 66,757</u>	<u>\$ 170,193</u>	<u>\$ 117,055</u>	<u>\$ 1,282,048</u>