

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

FINANCIAL AUDIT
For the Year Ended June 30, 2016

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
(Current and during the audit period)

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	1	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	-

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)

2016-001	11-13	Controls Over Financial Statement Preparation	Material Weakness
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PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2015-002	15	Inadequate Segregation of Duties Over Cash Receipts	Material Weakness
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**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8**

FINANCIAL REPORT SUMMARY (CONTINUED)

EXIT CONFERENCE

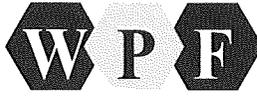
The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2016. Throughout the audit, meetings were held between auditors and Regional Office officials to discuss matters obtained in this report. Responses to the recommendations were provided by Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 on May 25, 2017.

**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.



**Winkel, Parker
& Foster, CPA PC**

Certified Public Accountants & Consultants

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, 2016, 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, 2016, 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 to the financial statements, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 has restated the previously issued financial statements for a correction of a material misstatement. 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) Liability and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions, and Schedule of Funding Progress - Post-Employment Benefits Other Than Pensions on pages 17 through 29 and 79 through 82 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 was the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the 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 June 12, 2017 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.

SIGNATURE ON FILE

Clinton, Iowa
June 12, 2017



**Winkel, Parker
& Foster, CPA PC**

Certified Public Accountants & Consultants

**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, 2016, 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 June 12, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2016-001 that we consider to be a material weakness.

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 Response to Finding

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

Purpose of this Report

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

SIGNATURE ON FILE

Clinton, Iowa
June 12, 2017

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

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, 2016**

Section II: Financial Statement Findings:

FINDING 2016-001 - Controls Over Financial Statement Preparation (Repeat of findings 15-001, 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 the Regional Office 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, 2016**

Section II: Financial Statement Findings:

FINDING 2016-001 - Controls Over Financial Statement Preparation (Repeat of findings 15-001, 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, it was noted the Regional Office did not have adequate controls to ensure financial statement balances were accurate. While the Regional Office 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, 2016**

Section II: Financial Statement Findings:

FINDING 2016-001 - Controls Over Financial Statement Preparation (Repeat of findings 15-001, 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
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDING
Year Ended June 30, 2016**

FINDING 2016-001 - Controls Over Financial Statement Preparation (Repeat of findings 15-001, 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 the Regional Office 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, it was noted the Regional Office did not have adequate controls to ensure financial statement balances were accurate. While the Regional Office 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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2016**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2015-001	Controls Over Financial Statement Preparation	Repeated
2015-002	Inadequate Segregation of Duties Over Cash Receipts	Resolved

Management's Discussion and Analysis

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

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, 2016. 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.

2016 Financial Highlights

- General Fund revenues increased from \$1,637,112 in fiscal year 2015 to \$1,699,868 in fiscal year 2016. General Fund expenditures also increased from \$1,584,437 in fiscal year 2015 to \$1,651,187 in fiscal year 2016. Tuition revenue increased due to additional slots being sold to local Districts. Supplementary online course licenses were sold to individual Districts as requested for credit recovery. The increase in expenses was due mainly from the increase in salaries and benefits.
- Education Fund revenues decreased from \$3,535,571 in fiscal year 2015 to \$2,854,979 in fiscal year 2016. Expenditures also decreased from \$3,539,530 in fiscal year 2015 to \$2,860,937 in fiscal year 2016. These decreases were primarily due to extensions of our preschool grants which deferred unearned revenue and expenses into fiscal year 2017. 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 increased from \$97,748 in fiscal year 2015 to \$181,744 in fiscal year 2016. Enterprise Fund expenses decreased from \$155,777 in fiscal year 2015 to \$137,440 in fiscal year 2016. The increase in revenues was primarily due to additional direct billable professional development services being offered to school districts, along with an increase in workshops offered which provided additional grad credit revenue and workshop fees. The decrease in expenses was primarily due to ROE staff facilitating more workshops in-house as opposed to outsourcing workshop presenters, along with additional grant funds supporting professional development costs.
- Government-wide revenues decreased by 9% from \$5,717,236 in fiscal year 2015 to \$5,224,561 in fiscal year 2016. Government-wide expenses decreased by 10% from \$5,725,172 in fiscal year 2015 to \$5,158,096 in fiscal year 2016.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

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 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
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

**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
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

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
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

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 Fund, one type of proprietary fund, is 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
June 30, 2016**

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 2016 and 2015 totaled \$1,530,526 and \$1,464,061, 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.

2016

	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 1,830,146	\$ 111,874	\$ 1,942,020
Non-current assets	24,290	-	24,290
Total assets	<u>1,854,436</u>	<u>111,874</u>	<u>1,966,310</u>
Deferred outflows of resources	<u>573,029</u>	<u>-</u>	<u>573,029</u>
Current liabilities	577,469	22,653	600,122
Non-current liabilities	<u>398,900</u>	<u>-</u>	<u>398,900</u>
Total liabilities	<u>976,369</u>	<u>22,653</u>	<u>999,022</u>
Deferred inflows of resources	<u>9,791</u>	<u>-</u>	<u>9,791</u>
Net position			
Net investment in capital assets	24,290	-	24,290
Unrestricted	1,350,860	89,221	1,440,081
Restricted - other	<u>66,155</u>	<u>-</u>	<u>66,155</u>
Total net position	<u>\$ 1,441,305</u>	<u>\$ 89,221</u>	<u>\$ 1,530,526</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

<u>2015</u>	Governmental Activities	Business- Type Activities	<u>Total</u>
Current assets	\$ 1,797,068	\$ 75,523	\$ 1,872,591
Capital assets, net of depreciation	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's net position increased by \$66,465 (5%) from fiscal year 2015. 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 \$1,440,081 for the year ended June 30, 2016. The net position related to the Institute Fund, Education Fund and Nonmajor Special Revenue Funds are restricted for educational purposes.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Changes in net position. The following shows the changes in net position for the years ended June 30, 2016 and 2015.

<u>2016</u>	<u>Governmental</u>	<u>Business-</u>	<u>Total</u>
	<u>Activities</u>	<u>Type</u>	
		<u>Activities</u>	
Revenues:			
Program revenues			
Charges for services	\$ 30,943	\$ 181,744	\$ 212,687
Operating grants and contributions	2,856,273	-	2,856,273
General revenues			
Local sources	970,767	-	970,767
State sources	486,740	-	486,740
On-behalf payments	<u>698,094</u>	<u>-</u>	<u>698,094</u>
Total revenues	<u>5,042,817</u>	<u>181,744</u>	<u>5,224,561</u>
Expenses:			
Education			
Salaries and benefits	2,294,784	75,832	2,370,616
Pension expense	218,403	-	218,403
Purchased services	708,710	57,654	766,364
Supplies and materials	56,701	3,454	60,155
Payments to other governments	1,022,857	-	1,022,857
Other objects	9,006	500	9,506
Capital outlay	1,069	-	1,069
Depreciation and disposition losses	11,032	-	11,032
Administrative			
On-behalf payments	<u>698,094</u>	<u>-</u>	<u>698,094</u>
Total expenses	<u>5,020,656</u>	<u>137,440</u>	<u>5,158,096</u>
Change in net position	22,161	44,304	66,465
Net position, beginning	<u>1,419,144</u>	<u>44,917</u>	<u>1,464,061</u>
Net position, ending	<u>\$ 1,441,305</u>	<u>\$ 89,221</u>	<u>\$ 1,530,526</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

2015

	<u>Governmental Activities</u>	<u>Business- Type 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	660,941	-	660,941
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	660,941	-	660,941
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	<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
June 30, 2016**

Governmental Activities

Revenues for governmental activities were \$5,042,817 and \$5,619,488 and expenses were \$5,020,656 and \$5,569,395 for 2016 and 2015, respectively. The decreases were mainly due to grants being extended and the revenue and expenses were deferred and unearned until fiscal year 2017.

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>2016</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Education		
Salaries and benefits	\$ 2,294,784	\$ (1,129,376)
Pension expense	218,403	(46,718)
Purchased services	708,710	(159,211)
Supplies and materials	56,701	(27,210)
Payments to other governments	1,022,857	(51,724)
Other objects	9,006	(9,006)
Capital outlay	1,069	(1,069)
Depreciation and disposition losses	11,032	(11,032)
Administrative		
On-behalf payments	<u>698,094</u>	<u>(698,094)</u>
Total expenses	<u>\$ 5,020,656</u>	<u>\$ (2,133,440)</u>

<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>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

- The cost of all governmental activities was \$5,020,656 and \$5,569,395 for 2016 and 2015, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$2,856,273 and of \$3,536,513 for 2016 and 2015, respectively.

Net cost of governmental activities (\$2,133,440), was financed by general revenues, which are made up of primarily local sources (\$970,767), state sources (\$486,740), and on-behalf payments (\$698,094) for 2016.

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.

Business-Type Activities

Revenues for business-type activities were \$181,744 and \$97,748 and expenses were \$137,440 and \$155,777 for 2016 and 2015, respectively. The increase in revenues was primarily due to additional direct billable professional development services being offered to school districts, along with an increase in workshops offered which provided additional grad credit revenue and workshop fees. The decrease in expenses was primarily due to ROE staff facilitating more workshops in-house as opposed to outsourcing workshop presenters, along with additional grant funds supporting professional development.

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 \$1,190,134, above last year's ending fund balances of \$1,164,822.

Governmental Fund Highlights

The General Fund fund balance increased from \$1,079,952 in 2015 to \$1,123,979 in 2016. The increase in fund balance was mostly attributable to increased tuition from the Regional Alternative Program and revenues from online software licenses being sold to local Districts for credit recovery.

The Education Fund fund balance decreased from \$9,274 in 2015 to \$7,970 in 2016. 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
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

Proprietary Fund Highlights

The Workshops Fund net position increased from \$44,917 at June 30, 2015, to \$89,221 at June 30 2016, representing an increase of approximately 99%. 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 increased from \$97,748 in fiscal year 2015 to \$181,744 in fiscal year 2016. The increase was mostly attributable to additional direct billable services being offered to school districts, along with an increase in workshops offered which provided additional grad credit revenue and workshop fees.

Fiduciary Fund Highlights

Private Purpose Trusts' net position slightly increased from \$1,990,333 at June 30, 2015 (as restated), to \$2,004,505 at June 30, 2016, representing a increase 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 \$150,570 in fiscal year 2015 to \$322,299 in fiscal year 2016. The increase is attributable to the timing of school facility occupation tax collections and disbursements. Transactions during fiscal year 2016 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, 2016, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 had invested \$24,290 in capital assets of equipment. Total depreciation expense for the year was \$9,457.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2016.

	<u>Governmental Activities</u>
Furniture and equipment	<u>\$ 24,290</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2015.

	<u>Governmental Activities</u>
Furniture and equipment	\$ <u>19,864</u>

Additional information on Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's capital assets can be found in Note 3 on pages 55 and 56 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 funding comes from State grants and programs. From year to year, the Regional Office does not know until the State budget is finalized whether a program will be funded or at what level. For the past ten years, the State budget has been a difficult process due to increased spending and finding the needed sources of revenue to meet the budget.

There is the potential of reduced or eliminated funding in fiscal year 2017 from county, state and/or federal sources.

There is also the increased cost of providing services (i.e. salaries, benefits, facilities, supplies).

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, 2016

	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,174,069	\$ 81,378	\$ 1,255,447
Accounts receivable	135	-	135
Due from other governments	<u>655,942</u>	<u>30,496</u>	<u>686,438</u>
Total current assets	1,830,146	111,874	1,942,020
Non-current assets:			
Capital assets, net of depreciation	<u>24,290</u>	<u>-</u>	<u>24,290</u>
Total assets	<u>1,854,436</u>	<u>111,874</u>	<u>1,966,310</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>573,029</u>	<u>-</u>	<u>573,029</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,942	-	7,942
Accrued expenses	195,812	2,153	197,965
Due to other governments	308,396	20,500	328,896
Unearned revenue	<u>65,319</u>	<u>-</u>	<u>65,319</u>
Total current liabilities	<u>577,469</u>	<u>22,653</u>	<u>600,122</u>
Non-current liabilities:			
Accrued compensated absences	6,550	-	6,550
Net OPEB obligation	10,074	-	10,074
Net pension liability	<u>382,276</u>	<u>-</u>	<u>382,276</u>
Total non-current liabilities	<u>398,900</u>	<u>-</u>	<u>398,900</u>
Total liabilities	<u>976,369</u>	<u>22,653</u>	<u>999,022</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>9,791</u>	<u>-</u>	<u>9,791</u>
NET POSITION			
Net investment in capital assets	24,290	-	24,290
Unrestricted	1,350,860	89,221	1,440,081
Restricted - other	<u>66,155</u>	<u>-</u>	<u>66,155</u>
Total net position	<u>\$ 1,441,305</u>	<u>\$ 89,221</u>	<u>\$ 1,530,526</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, 2016**

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>Total</u>
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Primary government:						
Governmental activities:						
Education:						
Salaries and benefits	\$ 2,294,784	\$ 22,899	\$ 1,142,509	\$ (1,129,376)	\$ -	\$ (1,129,376)
Pension expense	218,403	309	171,376	(46,718)	-	(46,718)
Purchased services	708,710	6,807	542,692	(159,211)	-	(159,211)
Supplies and materials	56,701	928	28,563	(27,210)	-	(27,210)
Payments to other governments	1,022,857	-	971,133	(51,724)	-	(51,724)
Other objects	9,006	-	-	(9,006)	-	(9,006)
Capital outlay	1,069	-	-	(1,069)	-	(1,069)
Depreciation and disposition losses	11,032	-	-	(11,032)	-	(11,032)
Administrative:						
On-behalf payments	698,094	-	-	(698,094)	-	(698,094)
Total governmental activities	5,020,656	30,943	2,856,273	(2,133,440)	-	(2,133,440)
Business-type activities:						
Professional development	137,440	181,744	-	-	44,304	44,304
Total primary government	\$ 5,158,096	\$ 212,687	\$ 2,856,273	(2,133,440)	44,304	(2,089,136)
General revenues:						
Local sources				970,767	-	970,767
State sources				486,740	-	486,740
On-behalf payments				698,094	-	698,094
Total general revenues				2,155,601	-	2,155,601
CHANGE IN NET POSITION				22,161	44,304	66,465
NET POSITION, BEGINNING OF YEAR				1,419,144	44,917	1,464,061
NET POSITION, END OF YEAR				\$ 1,441,305	\$ 89,221	\$ 1,530,526

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, 2016**

	<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	\$ 798,095	\$ 320,131	\$ 55,843	\$ 1,174,069
Accounts receivable	125	-	10	135
Due from other governments	362,959	290,479	2,504	655,942
Due from other funds	173,338	-	-	173,338
Total assets	<u>1,334,517</u>	<u>610,610</u>	<u>58,357</u>	<u>2,003,484</u>
DEFERRED OUTFLOWS OF RESOURCES				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,334,517</u>	<u>\$ 610,610</u>	<u>\$ 58,357</u>	<u>\$ 2,003,484</u>
LIABILITIES				
Accounts payable	\$ 7,572	\$ 370	\$ -	\$ 7,942
Accrued expenses	139,263	56,377	172	195,812
Due to other governments	-	308,396	-	308,396
Due to other funds	1,160	172,178	-	173,338
Unearned revenue	-	65,319	-	65,319
Total liabilities	<u>147,995</u>	<u>602,640</u>	<u>172</u>	<u>750,807</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>62,543</u>	<u>-</u>	<u>-</u>	<u>62,543</u>
FUND BALANCE				
Restricted	-	7,970	58,185	66,155
Assigned	2	-	-	2
Unassigned	1,123,977	-	-	1,123,977
Total fund balance	<u>1,123,979</u>	<u>7,970</u>	<u>58,185</u>	<u>1,190,134</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,334,517</u>	<u>\$ 610,610</u>	<u>\$ 58,357</u>	<u>\$ 2,003,484</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, 2016

Total fund balance of governmental funds (page 33)	\$ 1,190,134
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>24,290</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>62,543</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	573,029
Deferred inflows of resources	<u>(9,791)</u>
	<u>563,238</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	(6,550)
Net OPEB obligation	(10,074)
Net pension liability	<u>(382,276)</u>
	<u>(398,900)</u>
Net position of governmental activities (page 31)	<u>\$ 1,441,305</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, 2016

	Special Revenue			Total Governmental Funds
	General Fund	Education Fund	Other Nonmajor Funds	
REVENUES:				
Local sources	\$ 936,201	\$ 85,111	\$ 30,943	\$ 1,052,255
State sources	486,740	2,493,360	1,294	2,981,394
Federal sources	-	276,508	-	276,508
On-behalf payments	276,927	-	-	276,927
Total revenues	1,699,868	2,854,979	32,237	4,587,084
EXPENDITURES:				
Education:				
Salaries and benefits	1,127,858	1,130,817	36,314	2,294,989
Pension expense	91,960	83,065	1,030	176,055
Purchased services	130,711	566,861	11,138	708,710
Supplies and materials	8,856	46,679	1,166	56,701
Payments to other governments	-	1,022,857	-	1,022,857
Other objects	9,006	-	-	9,006
On-behalf payments	276,927	-	-	276,927
Capital outlay	5,869	10,658	-	16,527
Total expenditures	1,651,187	2,860,937	49,648	4,561,772
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	48,681	(5,958)	(17,411)	25,312
OTHER FINANCING SOURCES (USES):				
Transfers in	101,053	4,654	-	105,707
Transfers out	(105,707)	-	-	(105,707)
Total other financing sources (uses)	(4,654)	4,654	-	-
NET CHANGE IN FUND BALANCE	44,027	(1,304)	(17,411)	25,312
FUND BALANCE, BEGINNING OF YEAR	1,079,952	9,274	75,596	1,164,822
FUND BALANCE, END OF YEAR	\$ 1,123,979	\$ 7,970	\$ 58,185	\$ 1,190,134

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, 2016

Net change in fund balance (page 35) \$ 25,312

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

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

Capital outlay	15,458
Depreciation and disposition losses	<u>(11,032)</u>
	<u>4,426</u>

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.

34,566

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.

121,392

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	(1,110)
Net OPEB obligation	1,315
Pension expense	<u>(163,740)</u>
	<u>(163,535)</u>

Change in net position of governmental activities (page 32) \$ 22,161

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, 2016

		Business-Type Activities Enterprise Fund
		<u>Workshops</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	81,378
Due from other governments		30,496
Total current assets		<u>111,874</u>
DEFERRED OUTFLOWS OF RESOURCES		
None		<u>-</u>
LIABILITIES		
Current liabilities:		
Accrued expenses		2,153
Due to other governments		20,500
Total current liabilities		<u>22,653</u>
DEFERRED INFLOWS OF RESOURCES		
None		<u>-</u>
NET POSITION		
Unrestricted	\$	<u>89,221</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, 2016

		Business-Type Activities Enterprise Fund
		<u>Workshops</u>
OPERATING REVENUES:		
Charges for services	\$	181,744
OPERATING EXPENSES:		
Salaries		68,714
Benefits		7,118
Purchased services		57,654
Supplies and materials		3,454
Other objects		500
Total operating expenses		137,440
CHANGE IN NET POSITION		44,304
NET POSITION, BEGINNING OF YEAR		44,917
NET POSITION, END OF YEAR	\$	89,221

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, 2016**

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Workshops</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts for workshops and services	\$ 159,086
Payments to suppliers and providers of goods and services	(67,408)
Payments to employees	<u>(77,985)</u>
Net cash provided by operating activities	13,693
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>67,685</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 81,378</u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 44,304
Adjustments to reconcile operating income to net cash provided by operating activities:	
Effects of changes in assets and liabilities:	
Accounts receivable	(30,496)
Due from other governments	7,838
Accrued expenses	(2,153)
Due to other governments	<u>(5,800)</u>
 Net cash provided by operating activities	 <u>\$ 13,693</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, 2016**

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 182,303	\$ 4,513
Investments	1,139,282	-
Rent receivable	2,333	-
Due from other governments	-	317,786
Property and equipment, net	<u>710,518</u>	<u>-</u>
Total assets	<u>2,034,436</u>	<u>322,299</u>
LIABILITIES		
Due to other governments	-	322,299
Deposits	2,000	-
Unearned revenue	<u>27,931</u>	<u>-</u>
Total liabilities	<u>29,931</u>	<u>322,299</u>
NET POSITION		
Held in trust for other purposes	<u>\$ 2,004,505</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, 2016**

EXHIBIT K

		Private Purpose Trust Funds
ADDITIONS:		
Rent	\$	152,088
CRP payment		1,330
Interest and dividends		24,886
Realized gain (loss) on investments		4,744
Unrealized gain (loss) on investments		<u>(1,440)</u>
Total additions		<u>181,608</u>
 DEDUCTIONS:		
Purchased services		38,051
Scholarships		127,500
Depreciation		<u>1,885</u>
Total deductions		<u>167,436</u>
 EXCESS ADDITIONS OVER DEDUCTIONS		 14,172
 OTHER FINANCING SOURCES (USES):		
Transfers in		201,915
Transfers out		<u>(201,915)</u>
Total other financing sources (uses)		<u>-</u>
 CHANGE IN NET POSITION		 14,172
 NET POSITION, BEGINNING OF YEAR, AS RESTATED (NOTE 18)		 <u>1,990,333</u>
 NET POSITION, END OF YEAR	 \$	 <u>2,004,505</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, 2016

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, 2016

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, 2016

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 fund:

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 deductions 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, 2016

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, 2016

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.

Lead Learn Excel - used to account for grant monies received for, and payment of expenses, to improve collaboration and communication in the classroom.

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, 2016

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 fund 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, 2016

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, 2016

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, Regional Safe Schools, Hearing and Vision Grant, Workforce Investment Act, and Child Nutrition. The following fund balances are restricted by Illinois State Statute: General Educational Development, Bus Driver and Institute.

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. The Medical Reimbursement fund represents 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, 2016**

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 fair value.

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, 2016

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, 2016

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, 2016 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, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through June 12, 2017, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposit of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 monies is governed by the provisions of the Illinois Compiled Statutes.

Deposits

At June 30, 2016, the carrying amount of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's primary government deposits was \$1,255,447 and the bank balance was \$1,441,131.

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, 2016, all of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's name.

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

	<u>Carrying Amount</u>
Cash - Governmental Funds	\$1,174,069
Cash - Enterprise Funds	<u>81,378</u>
Total	<u>\$1,255,447</u>

Investments - Private-Purpose Trusts

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the Regional Office of Education to purchase certain obligations of the U.S. Treasury, federal agencies, and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Interest Rate Risk

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

Credit Risk and Concentration of Credit Risk

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

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurements for investments were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

At June 30, 2016, investments included the following:

	<u>Morningstar Rating</u>	<u>Cost</u>	<u>Market Value</u>
Principal fund			
Cash equivalents			
Mutual funds			
First American Prime Obligation Fund Class Y	Unrated	\$ 14,149	\$ 14,149
Fixed income investments			
Mutual funds			
Driehaus Active Income Fund	**	26,932	24,474
Eaton Vance Global MacRo Fd Cl I	***	50,086	47,668
Nuveen Inflation Pro Sec Class I	****	57,384	63,897
American Century Diversified Bond Instl	****	285,603	290,328
Columbia Income Fd Cl Z	***	99,000	99,675
Federated Instl High Yield Bond Instl	*****	22,857	21,483
Total fixed income investments		<u>541,862</u>	<u>547,525</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	<u>Morningstar</u> <u>Rating</u>	<u>Cost</u>	<u>Market</u> <u>Value</u>
Equity investments			
Mutual funds			
American Century Capital Value Class Inv	***	\$ 18,290	\$ 24,126
John Hancock Funds III Disciplined V I	*****	22,873	21,887
T Rowe Price Growth Stock Fund #40	*****	15,366	32,199
Vanguard Mid Cap Index Adm	*****	23,300	24,380
Vanguard Small Cap Index Fund	***	21,700	24,993
Vanguard 500 Index Admiral	***	16,207	16,917
Fidelity Investment Trade International Discovery Fund	***	15,300	15,116
T Rowe Price International Growth & Inc Fund #127	***	14,700	13,574
Highland Long/Short Equity Z	***	15,000	14,282
Rebeco Boston Partners L/S Research	****	15,200	15,006
Total equity investments		<u>177,936</u>	<u>202,480</u>
Total principal fund		<u>733,947</u>	<u>764,154</u>
Income fund			
Cash equivalents			
Mutual funds			
First American Prime Obligation Fund Class Y	Unrated	\$ 25,563	\$ 25,563
Fixed income investments			
Mutual funds			
Nuveen Core Plus Bond I	****	102,265	100,640
Nuveen Intermediate Government Bond I	***	231,200	234,598
Nuveen Inflation Pro Sec Cl I	****	13,341	14,327
Total fixed income investments		<u>346,806</u>	<u>349,565</u>
Total income fund		<u>372,369</u>	<u>375,128</u>
Total investments		<u>\$ 1,106,316</u>	<u>\$ 1,139,282</u>

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	<u>June 30,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2016</u>
Governmental Funds:				
Furniture and equipment	\$ 133,244	\$ 15,458	\$ (51,886)	\$ 96,816
Less: accumulated depreciation	<u>(113,380)</u>	<u>(9,457)</u>	<u>50,311</u>	<u>(72,526)</u>
Capital assets, net	<u>\$ 19,864</u>	<u>\$ 6,001</u>	<u>\$ (1,575)</u>	<u>\$ 24,290</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged as follows:

Governmental activities:
Depreciation \$ 9,457

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Fiduciary 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>(179,229)</u>	<u>(1,885)</u>	<u>-</u>	<u>(181,114)</u>
Capital assets, net	<u>\$ 712,403</u>	<u>\$ (1,885)</u>	<u>\$ -</u>	<u>\$ 710,518</u>

Depreciation expense was charged as follows:

Fiduciary Funds:
Private Purpose Trust Fund
E.H. Parriott Scholarship Trust Principal Fund
Depreciation \$ 1,885

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.

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Governmental Funds:	<u>\$ 5,440</u>	<u>\$ 40,666</u>	<u>\$ 39,556</u>	<u>\$ 6,550</u>

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.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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.

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 a 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.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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.

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	32
Inactive Plan Members entitled to but not yet receiving benefits	46
Active Plan Members	45
Total	123

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 2015 was 9.22%. For the fiscal year ended June 30, 2016, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 contributed \$111,177 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 Liability

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- 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.
- 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%	7.39%
International Equity	17	7.59
Fixed Income	27	3.00
Real Estate	8	6.00
Alternative Investments	9	2.75-8.15
Cash Equivalents	1	2.25
Total	100%	

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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 3.57%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension (Asset) Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2014	\$ 3,843,991	\$ 3,921,944	\$ (77,953)
Changes for the year:			
Service cost	127,294	-	127,294
Interest on the total pension liability	287,554	-	287,554
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	5,417	-	5,417
Changes of assumptions	-	-	-
Contributions - employer	-	107,663	(107,663)
Contributions - employees	-	57,386	(57,386)
Net investment income (loss)	-	(9,698)	9,698
Benefit payments, including refunds of employee contributions	(154,833)	(154,833)	-
Other (net transfer)	-	1,365	(1,365)
Net changes	<u>265,432</u>	<u>1,883</u>	<u>263,549</u>
Balances at December 31, 2015	<u>\$ 4,109,423</u>	<u>\$ 3,923,827</u>	<u>\$ 185,596</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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 <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Net pension (asset) liability	\$ <u>759,743</u>	\$ <u>185,596</u>	\$ <u>(277,159)</u>

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

For the year ended June 30, 2016, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 recognized pension expense of \$173,510. At June 30, 2016, 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	\$ 3,923	\$ 2,688
Changes of assumptions	67,371	-
Net difference between projected and actual earnings on pension plan investments	<u>269,324</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>340,618</u>	<u>2,688</u>
Employer contributions subsequent to the measurement date	<u>56,514</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 397,132</u>	<u>\$ 2,688</u>

\$56,514 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, 2017.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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>
2016	\$ 112,091
2017	97,821
2018	70,031
2019	57,987
Total	<u>\$ 337,930</u>

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.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

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.

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, 2016, 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, 2016, 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 \$421,167 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, 2016, were \$5,671 and are deferred because they were paid after the June 30, 2015 measurement date.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

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, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$164,190 were paid from federal and special trust funds that required employer contributions of \$59,207. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

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 year ended June 30, 2016 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, 2016 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, 2016, 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:

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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Employer's proportionate share of the net pension liability	\$ 196,680
State's proportionate share of the net pension liability associated with the employer	<u>5,140,668</u>
Total	<u>\$ 5,337,348</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. 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, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's proportion was .0003002285 percent which was an increase of .0001296294 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 recognized pension expense of \$421,167 and revenue of \$421,167 for support provided by the state. For the year ended June 30, 2016, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 recognized pension expense of \$44,893. At June 30, 2016, 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	\$ 73	\$ 216
Net difference between projected and actual earnings on pension plan investment	3,895	6,887
Changes of assumptions	2,720	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	104,331	-
Employer contributions subsequent to the measurement date	<u>64,878</u>	<u>-</u>
Total	<u>\$ 175,897</u>	<u>\$ 7,103</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

\$64,878 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, 2017. 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:		
2017	\$	28,417
2018		28,417
2019		28,417
2020		<u>18,665</u>
Total	\$	<u>103,916</u>

Actuarial assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	Varies by amount of service credit
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. 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 from their 2013 levels.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap	18%	7.53%
Global Equity Excluding U.S.	18	7.88
Aggregate Bbonds	16	1.57
U.S. TIPS	2	2.82
NCREIF	11	5.11
Opportunistic Real Estate	4	9.09
ARS	8	2.57
Risk Parity	8	4.87
Diversified Inflation Strategy	1	3.26
Private Equity	14	12.33
Total	100%	

Discount rate

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 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 at June 30, 2015 was not 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. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

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 7.47 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 (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Regional Office of Education #8's proportionate share of the net pension liability	\$ <u>243,048</u>	\$ <u>196,680</u>	\$ <u>158,657</u>

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2015 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.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by 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.

- **On-behalf Contributions to THIS Fund.** 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 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$10,463, 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, 2015 and June 30, 2014 were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's employees were \$8,098 and \$7,483, respectively.
- **Employer Contributions to THIS Fund.** 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 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 paid \$7,823 to the THIS Fund which was 100 percent of the required contribution. For the years ended June 30, 2015 and June 30, 2014, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 paid \$6,034 and \$5,555, 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."

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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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.

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.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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June 30, 2016**

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

The following table shows the components of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8s annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8'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>(17,514)</u>
Increase in net OPEB obligation		(1,315)
Net OPEB obligation, beginning of year		<u>11,389</u>
Net OPEB obligation, end of year	\$	<u><u>10,074</u></u>

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, 2016.

For the year ended June 30, 2016, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 contributed \$17,514 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:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Employer</u> <u>Contributions</u>	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$ 16,199	\$ 17,514	100%	\$ 10,074
June 30, 2015	16,199	16,257	100%	11,389
June 30, 2014	3,878	-	0%	11,447

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, 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 \$618,144 and the ratio of the UAAL to covered payroll was 19.9%. As of June 30, 2016 there were no trust fund assets.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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

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.

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 4.0% per year. The actuarial value of assets was not determined as the ROE #8 has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized 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.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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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, 2016 was \$153,418.

<u>Year Ended June 30,</u>		
2017	\$	109,327
2018		54,629
2019		<u>38,713</u>
Total	\$	<u><u>202,669</u></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. The lease was renewed for fiscal year 2016 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 has renewed the lease each subsequent fiscal year with rent of \$523 per month through October 31, 2015 and \$598 beginning November 1, 2015.

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.

On July 28, 2015, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 entered into a lease agreement with the Sterling Community Unit School District #5 for one classroom located at 506 West Fourth Street, Sterling, Illinois. The term of the lease is effective from September 1, 2015 through June 30, 2016, with monthly rent of \$326.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 9 - OPERATING LEASES (CONTINUED)

Total rent expense for the year was \$44,526.

Year Ended June 30,	
2017	29,654
2018	30,492
2019	31,329
2020	32,166
2021	33,004
2022 and later	<u>71,415</u>
Total	<u>\$ 228,060</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	\$ 107,208
Regional Superintendent - benefits (includes state paid insurance)	38,823
Assistant Regional Superintendent - salary	96,492
Assistant Regional Superintendent - benefits (includes state paid insurance)	23,941
THIS on-behalf payments	<u>10,463</u>
Total	<u>\$ 276,927</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 \$421,167 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.

State of Illinois on-behalf payments	\$ 276,927
Regional Office of Education #8's share of TRS pension expense	<u>421,167</u>
Total	<u>\$ 698,094</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

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	\$	362,959
Education Fund		
Local governments		123,666
Illinois State Board of Education		166,813
Nonmajor Special Revenue Funds		
Local governments		2,504
Proprietary Fund		
Local governments		30,496
Agency Funds		
Local governments		317,786
Total		<u><u>\$ 1,004,224</u></u>

Due To Other Governments

Education Fund		
Local governments	\$	308,396
Proprietary Funds		
Local governments		20,500
Agency Funds		
Local governments		322,299
Total		<u><u>\$ 651,195</u></u>

NOTE 12 - DUE FROM/TO FUNDS

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, as of June 30, 2016 were:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Counties Support	\$ -	\$ 1,124
ROE Programs and Services	-	36
Special Services	173,338	-
Education Fund		
Early Intervention Infants/Toddlers	-	81,845
Hearing and Vision Grant	-	2,884
ROE/ISC Operations	-	60,025
Workforce Investment Act	-	15,484
McKinney Homeless Grant	-	3,293
Title II - Teacher Quality - Leadership Program	-	500

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 12 - DUE FROM/TO FUNDS (CONTINUED)

	<u>Due From</u>	<u>Due To</u>
System of Statewide Support Foundational Service	\$ -	\$ 7,907
Lead Learn Excel	-	240
Total	<u>\$ 173,338</u>	<u>\$ 173,338</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, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
ROE Programs and Services	\$ 99,540	\$ -
Special Services	1,513	105,707
Education Fund		
Regional Safe Schools	36	-
Child Nutrition	4,618	-
Fiduciary Fund		
E.H. Parriott Scholarship Trust Principal Fund	-	201,915
E.H. Parriott Scholarship Trust Income Fund	201,915	-
Total	<u>\$ 307,622</u>	<u>\$ 307,622</u>

NOTE 14 - DEFICIT FUND BALANCE

At June 30, 2016, the following fund had a deficit fund balance. It is expected to correct itself in 2017, through payments from local funds.

General Fund	
ROE Programs and Services	\$ (28,252)

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.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

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 2016, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*; and GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

NOTE 18 - RESTATEMENT

The Private Purpose Trust Funds were restated to account for investments at fair value.

	<u>E.H. Parriott Scholarship Trust Principal Fund</u>	<u>E.H. Parriott Scholarship Trust Income Fund</u>
Net position June 30, 2015, as previously reported	\$ 1,438,144	\$ 508,999
Change for fair value adjustments	<u>42,065</u>	<u>1,125</u>
Net position July 1, 2015, as restated	<u>\$ 1,480,209</u>	<u>\$ 510,124</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) LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST TWO CALENDAR YEARS**

Calendar year ended December 31,	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 127,294	\$ 125,563
Interest on the total pension liability	287,554	259,500
Changes of benefit terms	-	-
Differences between expected and actual experience of the total pension liability	5,417	(5,936)
Changes of assumptions	-	148,745
Benefit payments, including refunds of employee contributions	<u>(154,833)</u>	<u>(158,372)</u>
Net change in total pension liability	265,432	369,500
Total pension liability - beginning	<u>3,843,991</u>	<u>3,474,491</u>
Total pension liability - ending (A)	<u>\$ 4,109,423</u>	<u>\$ 3,843,991</u>
Plan fiduciary net position		
Contributions - employer	\$ 107,663	\$ 127,929
Contributions - employees	57,386	50,011
Net investment income	(9,698)	230,555
Benefit payments, including refunds of employee contributions	(154,833)	(158,372)
Other (net transfer)	<u>1,365</u>	<u>(3,043)</u>
Net change in plan fiduciary net position	1,883	247,080
Plan fiduciary net position - beginning	<u>3,921,944</u>	<u>3,674,864</u>
Plan fiduciary net position - ending (B)	<u>\$ 3,923,827</u>	<u>\$ 3,921,944</u>
Net pension (asset) liability - ending (A) - (B)	<u>\$ 185,596</u>	<u>\$ (77,953)</u>
Plan fiduciary net position as a percentage of the total pension liability	95.48%	102.03%
Covered valuation payroll	\$ 1,167,343	\$ 1,098,751
Net pension (asset) liability as a percentage of covered valuation payroll	15.90%	-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 2015**

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%
2015	107,629	107,663	(34)	1,167,343	9.22%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 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 2015 Contribution Rates:

Actuarial Cost Method: Aggregate entry age = normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 28-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 16.00%, 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, 2013, 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, 2016**

	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	.0003002285%	.0001705991%
Employer's proportionate share of the net pension liability	\$ 196,680	\$ 103,824
State's proportionate share of the net pension liability associated with the employer	<u>5,140,668</u>	<u>4,759,660</u>
Total	<u>\$ 5,337,348</u>	<u>\$ 4,863,484</u>
Employer's covered-employee payroll	\$ 794,538	\$ 771,604
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	24.8%	13.5%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 64,878	\$ 10,520	\$ 9,028
Contributions in relation to the contractually-required contribution	<u>64,878</u>	<u>10,520</u>	<u>9,028</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 982,417	\$ 794,538	\$ 771,604
Contributions as a percentage of covered-employee payroll	6.60%	1.32%	1.17%

Notes to Required Supplementary Information

Changes of assumptions

Amounts reported in 2015 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 salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases of 5.75 percent.

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 SCHEDULE OF FUNDING PROGRESS -
 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
 June 30, 2016**

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>
2016	7/1/14	\$ -	\$ 123,122	\$ 123,122	0.0%	\$ 618,144	19.9%
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, 2016

	<u>Counties</u>	<u>ROE</u>	<u>Medical</u>	<u>Special</u>	<u>Total</u>
	<u>Support</u>	<u>Programs</u> <u>and Services</u>	<u>Reimbursement</u>	<u>Services</u>	
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 2	\$ 798,093	\$ 798,095
Accounts receivable	-	-	-	125	125
Due from other governments	1,124	-	-	361,835	362,959
Due from other funds	-	-	-	173,338	173,338
Total assets	1,124	-	2	1,333,391	1,334,517
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES	\$ 1,124	\$ -	\$ 2	\$ 1,333,391	\$ 1,334,517
LIABILITIES					
Accounts payable	\$ -	\$ 7,466	\$ -	\$ 106	\$ 7,572
Accrued expenses	-	20,750	-	118,513	139,263
Due to other funds	1,124	36	-	-	1,160
Total liabilities	1,124	28,252	-	118,619	147,995
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	62,543	62,543
FUND BALANCE (DEFICIT)					
Assigned	-	-	2	-	2
Unassigned	-	(28,252)	-	1,152,229	1,123,977
Total fund balance (deficit)	-	(28,252)	2	1,152,229	1,123,979
TOTAL LIABILITIES, DEFERRED INFLOWS OF					
RESOURCES AND FUND BALANCE (DEFICIT)	\$ 1,124	\$ -	\$ 2	\$ 1,333,391	\$ 1,334,517

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, 2016

	Counties	ROE			
	Support	Programs	Medical	Special	Totals
		and Services	Reimbursement	Services	
REVENUES:					
Local sources	\$ 135,460	\$ 102,583	\$ 4,500	\$ 693,658	\$ 936,201
State sources	-	-	-	486,740	486,740
On-behalf payments	276,927	-	-	-	276,927
Total revenues	<u>412,387</u>	<u>102,583</u>	<u>4,500</u>	<u>1,180,398</u>	<u>1,699,868</u>
EXPENDITURES:					
Education:					
Salaries	70,052	129,725	-	742,007	941,784
Benefits	19,199	24,126	-	142,749	186,074
Pension expense	6,951	6,538	-	78,471	91,960
Purchased services	36,502	56,160	-	38,049	130,711
Supplies and materials	906	5,333	-	2,617	8,856
Other objects	1,850	80	4,498	2,578	9,006
On-behalf payments	276,927	-	-	-	276,927
Capital outlay	-	-	-	5,869	5,869
Total expenditures	<u>412,387</u>	<u>221,962</u>	<u>4,498</u>	<u>1,012,340</u>	<u>1,651,187</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(119,379)</u>	<u>2</u>	<u>168,058</u>	<u>48,681</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	99,540	-	1,513	101,053
Transfers out	-	-	-	(105,707)	(105,707)
Total other financing sources (uses)	<u>-</u>	<u>99,540</u>	<u>-</u>	<u>(104,194)</u>	<u>(4,654)</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>-</u>	<u>(19,839)</u>	<u>2</u>	<u>63,864</u>	<u>44,027</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>(8,413)</u>	<u>-</u>	<u>1,088,365</u>	<u>1,079,952</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (28,252)</u>	<u>\$ 2</u>	<u>\$ 1,152,229</u>	<u>\$ 1,123,979</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2016**

	<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>
ASSETS						
Cash and cash equivalents	\$ 12,706	\$ 306,800	\$ -	\$ 625	\$ -	\$ -
Due from other governments	4,929	96,893	90,180	4,467	4,557	60,025
Total assets	<u>17,635</u>	<u>403,693</u>	<u>90,180</u>	<u>5,092</u>	<u>4,557</u>	<u>60,025</u>
DEFERRED OUTFLOWS OF RESOURCES						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 17,635</u>	<u>\$ 403,693</u>	<u>\$ 90,180</u>	<u>\$ 5,092</u>	<u>\$ 4,557</u>	<u>\$ 60,025</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 348	\$ -	\$ 22	\$ -
Accrued expenses	17,635	29,978	1,477	5,056	298	-
Due to other governments	-	308,396	-	-	-	-
Due to other funds	-	-	81,845	-	2,884	60,025
Unearned revenue	-	65,319	-	-	-	-
Total liabilities	<u>17,635</u>	<u>403,693</u>	<u>83,670</u>	<u>5,056</u>	<u>3,204</u>	<u>60,025</u>
DEFERRED INFLOWS OF RESOURCES						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE						
Restricted	<u>-</u>	<u>-</u>	<u>6,510</u>	<u>36</u>	<u>1,353</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 17,635</u>	<u>\$ 403,693</u>	<u>\$ 90,180</u>	<u>\$ 5,092</u>	<u>\$ 4,557</u>	<u>\$ 60,025</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2016

	Workforce Investment <u>Act</u>	McKinney Homeless <u>Grant</u>	Title II - Teacher Quality - Leadership <u>Program</u>	Child Nutrition <u>Nutrition</u>	System of Statewide Support Foundational Service <u>Service</u>	Lead Learn Excel <u>Excel</u>	<u>Totals</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,131
Due from other governments	17,452	3,293	500	36	7,907	240	290,479
Total assets	17,452	3,293	500	36	7,907	240	610,610
DEFERRED OUTFLOWS OF RESOURCES							
None	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 17,452	\$ 3,293	\$ 500	\$ 36	\$ 7,907	\$ 240	\$ 610,610
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 370
Accrued expenses	1,933	-	-	-	-	-	56,377
Due to other governments	-	-	-	-	-	-	308,396
Due to other funds	15,484	3,293	500	-	7,907	240	172,178
Unearned revenue	-	-	-	-	-	-	65,319
Total liabilities	17,417	3,293	500	-	7,907	240	602,640
DEFERRED INFLOWS OF RESOURCES							
None	-	-	-	-	-	-	-
FUND BALANCE							
Restricted	35	-	-	36	-	-	7,970
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 17,452	\$ 3,293	\$ 500	\$ 36	\$ 7,907	\$ 240	\$ 610,610

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, 2016

SCHEDULE 4

	<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>			
REVENUES:						
Local sources	\$ -	\$ -	\$ 165	\$ -	\$ 1,912	\$ -
State sources	119,985	1,816,299	433,295	59,110	4,557	60,025
Federal sources	-	-	162,199	-	-	-
Total revenues	119,985	1,816,299	595,659	59,110	6,469	60,025
EXPENDITURES:						
Education:						
Salaries	79,000	294,818	378,084	25,553	4,405	46,000
Benefits	20,024	65,681	69,862	5,648	816	4,557
Pension expense	7,206	19,305	34,633	1,988	419	2,779
Purchased services	12,980	382,164	101,199	20,564	1,114	4,540
Supplies and materials	775	28,101	7,891	5,357	99	-
Payment to other governments	-	1,022,721	-	-	-	-
Capital outlay	-	3,509	5,000	-	-	2,149
Total expenditures	119,985	1,816,299	596,669	59,110	6,853	60,025
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,010)	-	(384)	-
OTHER FINANCING SOURCES:						
Transfers in	-	-	-	36	-	-
NET CHANGE IN FUND BALANCE	-	-	(1,010)	36	(384)	-
FUND BALANCE, BEGINNING OF YEAR	-	-	7,520	-	1,737	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 6,510	\$ 36	\$ 1,353	\$ -

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, 2016

SCHEDULE 4
(CONTINUED)

	<u>Workforce</u> <u>Investment</u> <u>Act</u>	<u>McKinney</u> <u>Homeless</u> <u>Grant</u>	<u>Title II -</u> <u>Teacher</u> <u>Quality -</u> <u>Leadership</u> <u>Program</u>	<u>Child</u> <u>Nutrition</u>	<u>System of</u> <u>Statewide</u> <u>Support</u> <u>Foundational</u> <u>Service</u>	<u>Lead</u> <u>Learn</u> <u>Excel</u>	<u>Totals</u>
REVENUES:							
Local sources	\$ 82,694	\$ -	\$ -	\$ 340	\$ -	\$ -	\$ 85,111
State sources	-	-	-	89	-	-	2,493,360
Federal sources	-	7,836	2,323	9,871	93,000	1,279	276,508
Total revenues	<u>82,694</u>	<u>7,836</u>	<u>2,323</u>	<u>10,300</u>	<u>93,000</u>	<u>1,279</u>	<u>2,854,979</u>
EXPENDITURES:							
Education:							
Salaries	51,223	3,550	123	-	69,916	-	952,672
Benefits	9,494	796	-	-	1,267	-	178,145
Pension expense	4,175	330	-	-	12,230	-	83,065
Purchased services	17,140	274	2,200	14,825	8,981	880	566,861
Supplies and materials	627	2,750	-	74	606	399	46,679
Payment to other governments	-	136	-	-	-	-	1,022,857
Capital outlay	-	-	-	-	-	-	10,658
Total expenditures	<u>82,659</u>	<u>7,836</u>	<u>2,323</u>	<u>14,899</u>	<u>93,000</u>	<u>1,279</u>	<u>2,860,937</u>
EXCESS (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES	35	-	-	(4,599)	-	-	(5,958)
OTHER FINANCING SOURCES:							
Transfers in	-	-	-	4,618	-	-	4,654
NET CHANGE IN FUND BALANCE	35	-	-	19	-	-	(1,304)
FUND BALANCE,							
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>9,274</u>
FUND BALANCE,							
END OF YEAR	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,970</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2016**

	<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	127,840	119,985	(7,855)	2,151,999	2,151,999	1,816,299	(335,700)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>127,840</u>	<u>127,840</u>	<u>119,985</u>	<u>(7,855)</u>	<u>2,151,999</u>	<u>2,151,999</u>	<u>1,816,299</u>	<u>(335,700)</u>
EXPENDITURES:								
Education:								
Salaries	79,000	79,000	79,000	-	305,043	301,143	294,818	6,325
Benefits	27,423	27,423	20,024	7,399	85,491	82,300	65,681	16,619
Pension expense	-	-	7,206	(7,206)	-	-	19,305	(19,305)
Purchased services	19,457	19,457	12,980	6,477	497,300	501,660	382,164	119,496
Supplies and materials	1,960	1,960	775	1,185	37,915	40,831	28,101	12,730
Payments to other governments	-	-	-	-	1,221,685	1,221,379	1,022,721	198,658
Capital outlay	-	-	-	-	4,565	4,686	3,509	1,177
Total expenditures	<u>127,840</u>	<u>127,840</u>	<u>119,985</u>	<u>7,855</u>	<u>2,151,999</u>	<u>2,151,999</u>	<u>1,816,299</u>	<u>335,700</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:								
Transfers in			-				-	
NET CHANGE IN FUND BALANCE			-				-	
FUND BALANCE, BEGINNING OF YEAR			-				-	
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, 2016

	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	\$ -	\$ -	\$ 165	\$ 165	\$ -	\$ -	\$ -	\$ -
State sources	604,955	608,607	433,295	(175,312)	60,714	60,714	59,110	(1,604)
Federal sources	-	-	162,199	162,199	-	-	-	-
Total revenues	<u>604,955</u>	<u>608,607</u>	<u>595,659</u>	<u>(12,948)</u>	<u>60,714</u>	<u>60,714</u>	<u>59,110</u>	<u>(1,604)</u>
EXPENDITURES:								
Education:								
Salaries	375,553	375,553	378,084	(2,531)	24,979	24,979	25,553	(574)
Benefits	116,373	115,510	69,862	45,648	8,026	8,026	5,648	2,378
Pension expense	-	-	34,633	(34,633)	-	-	1,988	(1,988)
Purchased services	104,990	107,505	101,199	6,306	23,351	23,351	20,564	2,787
Supplies and materials	8,039	10,039	7,891	2,148	4,358	4,358	5,357	(999)
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	5,000	(5,000)	-	-	-	-
Total expenditures	<u>604,955</u>	<u>608,607</u>	<u>596,669</u>	<u>11,938</u>	<u>60,714</u>	<u>60,714</u>	<u>59,110</u>	<u>1,604</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>(1,010)</u>	<u>\$ (1,010)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES:								
Transfers in			-				36	
NET CHANGE IN FUND BALANCE			(1,010)				36	
FUND BALANCE, BEGINNING OF YEAR			<u>7,520</u>				<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ 6,510</u>				<u>\$ 36</u>	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ 74,912	\$ 83,932	\$ 82,694	\$ (1,238)
State sources	70,984	71,054	60,025	(11,029)	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>70,984</u>	<u>71,054</u>	<u>60,025</u>	<u>(11,029)</u>	<u>74,912</u>	<u>83,932</u>	<u>82,694</u>	<u>(1,238)</u>
EXPENDITURES:								
Education:								
Salaries	46,000	46,000	46,000	-	46,892	51,731	51,223	508
Benefits	7,263	7,263	4,557	2,706	15,669	13,957	9,494	4,463
Pension expense	-	-	2,779	(2,779)	-	-	4,175	(4,175)
Purchased services	9,977	8,977	4,540	4,437	11,813	17,709	17,140	569
Supplies and materials	3,744	2,814	-	2,814	538	535	627	(92)
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	4,000	6,000	2,149	3,851	-	-	-	-
Total expenditures	<u>70,984</u>	<u>71,054</u>	<u>60,025</u>	<u>11,029</u>	<u>74,912</u>	<u>83,932</u>	<u>82,659</u>	<u>1,273</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>35</u>	<u>\$ 35</u>
OTHER FINANCING SOURCES:								
Transfers in			-				-	
NET CHANGE IN FUND BALANCE			-				35	
FUND BALANCE, BEGINNING OF YEAR			-				-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ 35</u>	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2016

	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	11,929	11,929	7,836	(4,093)	2,479	2,479	2,323	(156)
Total revenues	11,929	11,929	7,836	(4,093)	2,479	2,479	2,323	(156)
EXPENDITURES:								
Education:								
Salaries	3,800	3,800	3,550	250	123	123	123	-
Benefits	2,020	2,020	796	1,224	-	-	-	-
Pension expense	-	-	330	(330)	-	-	-	-
Purchased services	1,740	1,740	274	1,466	2,356	2,356	2,200	156
Supplies and materials	750	750	2,750	(2,000)	-	-	-	-
Payments to other governments	3,619	3,619	136	3,483	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	11,929	11,929	7,836	4,093	2,479	2,479	2,323	156
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -
OTHER FINANCING SOURCES:								
Transfers in			-				-	
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, 2016

	System of Statewide Support Foundational Service			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	81,732	94,047	93,000	(1,047)
Total revenues	<u>81,732</u>	<u>94,047</u>	<u>93,000</u>	<u>(1,047)</u>
EXPENDITURES:				
Education:				
Salaries	50,650	68,913	69,916	(1,003)
Benefits	18,277	14,472	1,267	13,205
Pension expense	-	-	12,230	(12,230)
Purchased services	10,762	10,055	8,981	1,074
Supplies and materials	2,043	607	606	1
Payments to other governments	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>81,732</u>	<u>94,047</u>	<u>93,000</u>	<u>1,047</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES:				
Transfers in			-	
NET CHANGE IN FUND BALANCE			-	
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2016**

	<u>General Educational Development</u>	<u>Bus Driver</u>	<u>Institute</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 2,541	\$ 10,057	\$ 43,245	\$ 55,843
Accounts receivable	10	-	-	10
Due from other governments	-	2,504	-	2,504
Total assets	<u>2,551</u>	<u>12,561</u>	<u>43,245</u>	<u>58,357</u>
DEFERRED OUTFLOWS OF RESOURCES				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,551</u>	<u>\$ 12,561</u>	<u>\$ 43,245</u>	<u>\$ 58,357</u>
LIABILITIES				
Accrued expenses	\$ -	\$ 172	\$ -	\$ 172
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
FUND BALANCE				
Restricted	<u>2,551</u>	<u>12,389</u>	<u>43,245</u>	<u>58,185</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 2,551</u>	<u>\$ 12,561</u>	<u>\$ 43,245</u>	<u>\$ 58,357</u>

REGIONAL OFFICE OF EDUCATION #8

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

Year Ended June 30, 2016

	<u>General Educational Development</u>	<u>Bus Driver</u>	<u>Institute</u>	<u>Totals</u>
REVENUES:				
Local sources	\$ 1,005	\$ 2,404	\$ 27,534	\$ 30,943
State sources	-	1,294	-	1,294
Total revenues	<u>1,005</u>	<u>3,698</u>	<u>27,534</u>	<u>32,237</u>
EXPENDITURES:				
Education:				
Salaries	4,000	1,000	26,178	31,178
Benefits	306	77	4,753	5,136
Pension expense	366	-	664	1,030
Purchased services	245	561	10,332	11,138
Supplies and materials	-	-	1,166	1,166
Total expenditures	<u>4,917</u>	<u>1,638</u>	<u>43,093</u>	<u>49,648</u>
NET CHANGE IN FUND BALANCE	(3,912)	2,060	(15,559)	(17,411)
FUND BALANCE, BEGINNING OF YEAR	<u>6,463</u>	<u>10,329</u>	<u>58,804</u>	<u>75,596</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,551</u>	<u>\$ 12,389</u>	<u>\$ 43,245</u>	<u>\$ 58,185</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2016**

	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	\$ -	\$ 182,303	\$ 182,303
Investments	764,154	375,128	1,139,282
Rent receivable	2,333	-	2,333
Property and equipment, net	710,518	-	710,518
Total assets	<u>1,477,005</u>	<u>557,431</u>	<u>2,034,436</u>
LIABILITIES			
Deposits	2,000	-	2,000
Unearned revenue	27,931	-	27,931
Total liabilities	<u>29,931</u>	<u>-</u>	<u>29,931</u>
NET POSITION			
Held in trust for other purposes	<u>\$ 1,447,074</u>	<u>\$ 557,431</u>	<u>\$ 2,004,505</u>

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, 2016

	E.H. Parriott Scholarship Trust Principal Fund	E.H. Parriott Scholarship Trust Income Fund	Totals
ADDITIONS:			
Rent	\$ 152,088	\$ -	\$ 152,088
CRP payment	-	1,330	1,330
Interest and dividends	17,849	7,037	24,886
Realized gain (loss) on investments	4,570	174	4,744
Unrealized gain (loss) on investments	<u>(3,842)</u>	<u>2,402</u>	<u>(1,440)</u>
Total additions	<u>170,665</u>	<u>10,943</u>	<u>181,608</u>
DEDUCTIONS:			
Purchased services	-	38,051	38,051
Scholarships	-	127,500	127,500
Depreciation	<u>1,885</u>	<u>-</u>	<u>1,885</u>
Total deductions	<u>1,885</u>	<u>165,551</u>	<u>167,436</u>
EXCESS (DEFICIENCY) OF ADDITIONS OVER (UNDER) DEDUCTIONS	168,780	(154,608)	14,172
OTHER FINANCING SOURCES (USES):			
Transfers in	-	201,915	201,915
Transfers out	<u>(201,915)</u>	<u>-</u>	<u>(201,915)</u>
Total other financing sources (uses)	<u>(201,915)</u>	<u>201,915</u>	<u>-</u>
CHANGE IN NET POSITION	(33,135)	47,307	14,172
NET POSITION, BEGINNING OF YEAR, AS RESTATED (NOTE 18)	<u>1,480,209</u>	<u>510,124</u>	<u>1,990,333</u>
NET POSITION, END OF YEAR	<u>\$ 1,447,074</u>	<u>\$ 557,431</u>	<u>\$ 2,004,505</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2016**

	Distributive Fund	Distributive Interest Fund	Total
ASSETS			
Cash and cash equivalents	\$ 841	\$ 3,672	\$ 4,513
Due from other governments	<u>317,786</u>	<u>-</u>	<u>317,786</u>
TOTAL ASSETS	<u>\$ 318,627</u>	<u>\$ 3,672</u>	<u>\$ 322,299</u>
LIABILITIES			
Due to other governments	<u>\$ 318,627</u>	<u>\$ 3,672</u>	<u>\$ 322,299</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, 2016

	<u>Balance,</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2016</u>
DISTRIBUTIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 557	\$ 2,049,368	\$ 2,049,084	\$ 841
Due from other governments	<u>146,341</u>	<u>317,786</u>	<u>146,341</u>	<u>317,786</u>
TOTAL ASSETS	<u>\$ 146,898</u>	<u>\$ 2,367,154</u>	<u>\$ 2,195,425</u>	<u>\$ 318,627</u>
LIABILITIES				
Due to other governments	<u>\$ 146,898</u>	<u>\$ 2,367,154</u>	<u>\$ 2,195,425</u>	<u>\$ 318,627</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	\$ 4,229	\$ 2,049,368	\$ 2,049,084	\$ 4,513
Due from other governments	<u>146,341</u>	<u>317,786</u>	<u>146,341</u>	<u>317,786</u>
TOTAL ASSETS	<u>\$ 150,570</u>	<u>\$ 2,367,154</u>	<u>\$ 2,195,425</u>	<u>\$ 322,299</u>
LIABILITIES				
Due to other governments	<u>\$ 150,570</u>	<u>\$ 2,367,154</u>	<u>\$ 2,195,425</u>	<u>\$ 322,299</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, 2016

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	\$ 269,461	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269,461
Voc. Ed - Perkins Title IIC Secondary	45,941	-	-	-	-	-	-	-	-	45,941
Jo Davieess County School Facilities Sales Tax	-	365,840	433,902	702	361	276,853	122,368	324,304	209,352	1,733,682
	<u>\$ 315,402</u>	<u>\$ 365,840</u>	<u>\$ 433,902</u>	<u>\$ 702</u>	<u>\$ 361</u>	<u>\$ 276,853</u>	<u>\$ 122,368</u>	<u>\$ 324,304</u>	<u>\$ 209,352</u>	<u>\$ 2,049,084</u>