

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

FINANCIAL AUDIT
For the Year Ended June 30, 2019

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

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

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Honorable Aaron Mercier

Assistant Regional Superintendent
(During the audit period through June 30, 2019)

Brent Chrisman

Assistant Regional Superintendent
(July 1, 2019 and current)

Jen Newendyke

Office is located at:

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

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

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	2
Repeated audit findings	2	1
Prior recommendations implemented or not repeated	0	0

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*)

2019-001	11-13	Controls Over Financial Statement Preparation	Material Weakness
2019-002	14-15	Delay of Audit	Noncompliance

PRIOR AUDIT FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

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

FINANCIAL REPORT SUMMARY (CONTINUED)

EXIT CONFERENCE

The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2019. 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 April 22, 2020.

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

FINANCIAL STATEMENT REPORT SUMMARY

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

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

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of and for the year ended June 30, 2019, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions, Teacher's Health Insurance Security Fund - Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability, Teacher's Health Insurance Security Fund - Schedule of Employer Contributions, and Health Insurance Plan - Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 20 through 30 and 84 through 88 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the 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 April 23, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Clinton, Iowa
April 23, 2020

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of and for the year ended June 30, 2019, 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 April 23, 2020.

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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2019-001 that we consider to be a 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-002.

Regional Office of Education #8's Responses to Findings

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

Purpose of this Report

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

SIGNED ORIGINAL ON FILE

Clinton, Iowa
April 23, 2020

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019**

Section I: Summary of Auditors' Results:

Financial Statements in accordance with GAAP

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, 2019**

Section II: Financial Statement Findings:

FINDING 2019-001 - Controls Over Financial Statement Preparation (Repeat of findings 18-001, 17-001, 16-001, 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 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE'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:

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, 2019**

Section II: Financial Statement Findings:

FINDING 2019-001 - Controls Over Financial Statement Preparation (Repeat of findings 18-001, 17-001, 16-001, 15-001, 14-001, 13-001, 12-1, 11-1 and 10-1) (Continued)

Condition (continued):

During review of the ROE'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 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:

The Regional Office of Education #8's management indicated they did not effectively detect all of the material adjustments 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, 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 the ROE's activities and operations.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019**

Section II: Financial Statement Findings:

FINDING 2019-001 - Controls Over Financial Statement Preparation (Repeat of findings 18-001, 17-001, 16-001, 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 8 has contracted with an outside company to prepare financial statements in accordance with GAAP. We will continue to work on our internal procedures and with our financial report preparer to improve our accuracy in reporting.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019**

Section II: Financial Statement Findings:

FINDING 2019-002 - Delay of Audit (Repeat of finding 18-002)

Criteria/Specific Requirement:

The Regional Office of Education #8 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order for the annual audit to be completed by an independent auditor selected by the Auditor General. Annual financial statements are to be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

Condition:

The Regional Office of Education #8 did not provide financial reports to auditors by August 31, 2019 for their fiscal year 2019 audit. The trial balance and draft financial report were provided to auditors in December 2019.

Effect:

When financial statements and records are not provided in a timely manner, delays in the audit occur and the usefulness of the financial statements and related findings resulting from the audit is impacted. Additionally, untimely financial statements could result in repercussions from granting agencies including a loss of funding.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019**

Section II: Financial Statement Findings:

FINDING 2019-002 - Delay of Audit (Repeat of finding 18-002) (Continued)

Cause:

The Regional Office of Education #8 contracted with a known financial firm to prepare the financial reports as needed to be delivered to the auditor. Unfortunately, this firm was not able to complete the work on the timeline of the contract in order to meet the deadline.

Auditors' Recommendation:

The Regional Office of Education #8 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

As the Regional Office of Education #8 does not have the capacity to compile the financial statements in accordance with GAAP, we have contracted with a firm that we believe will be able to prepare the reports by the deadline.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2019**

FINDING 2019-001 - Controls Over Financial Statement Preparation (Repeat of findings 18-001, 17-001, 16-001, 15-001, 14-001, 13-001, 12-1, 11-1 and 10-1)

Condition:

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 the ROE'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 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 has contracted with an outside company to prepare financial statements in accordance with GAAP. We will continue to work on our internal procedures and with our financial report preparer to improve our accuracy in reporting.

Anticipated Completion Date:

Ongoing

Contact Person Responsible for Corrective Action:

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2019**

FINDING 2019-002 - Delay of Audit (Repeat of finding 18-002)

Condition:

The Regional Office of Education #8 did not provide financial reports to auditors by August 31, 2019 for their fiscal year 2019 audit. The trial balance and draft financial report were provided to auditors in December 2019.

Plan:

As the Regional Office of Education #8 does not have the capacity to compile the financial statements in accordance with GAAP, we have contracted with a firm that we believe will be able to prepare the reports by the deadline.

Anticipated Completion Date:

August 2020

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 NOT REPEATED
Year Ended June 30, 2019**

None

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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, 2019. 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.

2019 Financial Highlights

- General Fund revenues increased from \$1,749,764 in fiscal year 2018 to \$2,141,363 in fiscal year 2019. General Fund expenditures decreased from \$1,844,318 in fiscal year 2018 to \$1,831,973 in fiscal year 2019. The increase in revenues was mostly attributed to increase of reimbursements received from other entities for administration and accounting for miscellaneous grants and programs. The decrease in expenditures is due to reduction of miscellaneous expenditures.
- Education Fund revenues increased from \$3,444,497 in fiscal year 2018 to \$3,820,173 in fiscal year 2019. Expenditures also increased from \$3,187,958 in fiscal year 2018 to \$3,662,061 in fiscal year 2019. The Education fund is made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see a funding increases.
- Enterprise Fund revenues decreased from \$129,863 in fiscal year 2018 to \$109,789 in fiscal year 2019. Enterprise Fund expenses also decreased from \$103,350 in fiscal year 2018 to \$94,409 in fiscal year 2019. The decreases in revenues were primarily due to a reduction in the number of graduate classes offered, along with reduced registration fees collected as other grant funds were utilized to help cover costs of providing professional development. The decreases in expenses are a direct offset of fewer graduate class fees due and fewer workshops/classes held, which also reduced salary, benefit and direct expenses to provide workshops/classes.
- Government-wide revenues increased by 5% from \$6,217,724 in fiscal year 2018 to \$6,523,973 in fiscal year 2019. Government-wide expenses decreased by 2% from \$6,695,677 in fiscal year 2018 to \$6,583,297 in fiscal year 2019.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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, 2019**

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, 2019**

**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, 2019**

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 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 Income Funds that provide scholarships for individual students.
- Agency Funds - These are funds through which Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 administers and accounts for certain federal and/or state grants on behalf of others.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 2019 and 2018 totaled \$(546,114) and \$(486,790), 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.

	2019			2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 3,191,799	\$ 156,489	\$ 3,348,288	\$ 2,589,432	\$ 127,843	\$ 2,717,275
Non-current assets	24,072	1,273	25,345	224,981	2,037	227,018
Total assets	<u>3,215,871</u>	<u>157,762</u>	<u>3,373,633</u>	<u>2,814,413</u>	<u>129,880</u>	<u>2,944,293</u>
Deferred outflows of resources	<u>1,501,960</u>	<u>—</u>	<u>1,501,960</u>	<u>1,591,148</u>	<u>—</u>	<u>1,591,148</u>
Current liabilities	1,609,226	12,502	1,621,728	1,117,786	—	1,117,786
Non-current liabilities	1,994,138	—	1,994,138	3,419,563	—	3,419,563
Total liabilities	<u>3,603,364</u>	<u>12,502</u>	<u>3,615,866</u>	<u>4,537,349</u>	<u>—</u>	<u>4,537,349</u>
Deferred inflows of resources	<u>1,805,841</u>	<u>—</u>	<u>1,805,841</u>	<u>484,882</u>	<u>—</u>	<u>484,882</u>
Net position						
Net investment in capital assets	24,072	1,273	25,345	23,871	2,037	25,908
Unrestricted	(806,556)	143,987	(662,569)	(919,156)	127,843	(791,313)
Restricted - other	<u>91,110</u>	<u>—</u>	<u>91,110</u>	<u>278,615</u>	<u>—</u>	<u>278,615</u>
Total net position	<u>\$ (691,374)</u>	<u>\$ 145,260</u>	<u>\$ (546,114)</u>	<u>\$ (616,670)</u>	<u>\$ 129,880</u>	<u>\$ (486,790)</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's net position decreased by \$59,324 (12%) from fiscal year 2018. 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 \$(662,569) for the year ended June 30, 2019. The net position related to the Education Fund and Nonmajor Special Revenue Funds are restricted for educational purposes.

Changes in net position. The following shows the changes in net position for the years ended June 30, 2019 and 2018.

	2019			2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 29,119	\$ 109,789	\$ 138,908	\$ 41,699	\$ 129,863	\$ 171,562
Operating grants and contributions	3,662,351	—	3,662,351	3,190,454	—	3,190,454
General revenues:						
Local sources	1,131,623	—	1,131,623	1,149,992	—	1,149,992
State sources	509,896	—	509,896	509,896	—	509,896
On-behalf payments	1,081,195	—	1,081,195	1,195,820	—	1,195,820
Total revenues	<u>6,414,184</u>	<u>109,789</u>	<u>6,523,973</u>	<u>6,087,861</u>	<u>129,863</u>	<u>6,217,724</u>
Expenses:						
Instructional services:						
Salaries and benefits	2,530,269	54,047	2,584,316	2,483,932	59,491	2,543,423
Pension expense	241,625	-	241,625	634,418	-	634,418
OPEB expense	76,967	-	76,967	128,084	-	128,084
Purchased services	823,333	35,615	858,948	704,388	40,775	745,163
Supplies and materials	85,698	3,983	89,681	80,114	2,830	82,944
Other objects	87,097	—	87,097	80,939	—	80,939
Capital outlay	57,542	—	57,542	36,867	—	36,867
Depreciation	10,690	764	11,454	12,289	254	12,543
Intergovernmental:						
Payment to other governments	1,494,472	—	1,494,472	1,235,476	—	1,235,476
Administrative:						
On-behalf payments	1,081,195	—	1,081,195	1,195,820	—	1,195,820
Total expenses	<u>6,488,888</u>	<u>94,409</u>	<u>6,583,297</u>	<u>6,592,327</u>	<u>103,350</u>	<u>6,695,677</u>
Excess (Deficiency) of revenue over (under) expenses before transfers	<u>(74,704)</u>	<u>15,380</u>	<u>(59,324)</u>	<u>(504,466)</u>	<u>26,513</u>	<u>(477,953)</u>
Other financing sources (uses):						
Transfers in (out)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,072)</u>	<u>2,072</u>	<u>—</u>
Change in net position	<u>(74,704)</u>	<u>15,380</u>	<u>(59,324)</u>	<u>(506,538)</u>	<u>28,585</u>	<u>(477,953)</u>
Net position, beginning	<u>(616,670)</u>	<u>129,880</u>	<u>(486,790)</u>	<u>(110,132)</u>	<u>101,295</u>	<u>(8,837)</u>
Net position, ending	<u>\$ (691,374)</u>	<u>\$ 145,260</u>	<u>\$ (546,114)</u>	<u>\$ (616,670)</u>	<u>\$ 129,880</u>	<u>\$ (486,790)</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Governmental Activities

Revenues for governmental activities were \$6,414,184 and \$6,087,861 and expenses were \$6,488,888 and \$6,592,327 for 2019 and 2018, respectively. The increase in revenues (\$326,323 or 5%) was due to an increase in operating grants and contributions in fiscal year 2019. The decrease in expenses (\$103,439 or 2%) was mainly due to the decrease in pension expense and the ROE's share in TRS pension expense paid by ISBE on behalf of the ROE.

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.

	2019		2018	
	Total	Net (Expenses)	Total	Net (Expenses)
	Expenses	Revenues	Expenses	Revenues
Salaries and benefits	\$ 2,530,269	\$ (1,336,074)	\$ 2,483,932	\$ (1,308,680)
Pension expense	241,625	(186,544)	634,418	(553,615)
OPEB expense	76,967	(76,967)	128,084	(128,084)
Purchased services	823,333	(87,918)	704,388	(113,572)
Supplies and materials	85,698	(28,142)	80,114	(15,680)
Other objects	87,097	(13,850)	80,939	(10,749)
Capital outlay	57,542	16,870	36,867	(20,915)
Depreciation	10,690	(10,690)	12,289	(12,289)
Payment to other governments	1,494,472	7,092	1,235,476	(770)
On-behalf payments	1,081,195	(1,081,195)	1,195,820	(1,195,820)
Total expenses	\$ 6,488,888	\$ (2,797,418)	\$ 6,592,327	\$ (3,360,174)

- The cost of all governmental activities was \$6,488,888 and \$6,592,327 for 2019 and 2018, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$3,662,351 and of \$3,190,454 for 2019 and 2018, respectively.

Net cost of governmental activities \$(2,797,418), was financed by general revenues, which are made up of primarily local sources \$(1,131,623), state sources \$(509,896), and on-behalf payments \$(1,081,195) for 2019.

Net cost of governmental activities \$(3,360,174), was financed by general revenues, which are made up of primarily local sources \$(1,149,992), state sources \$(509,896), and on-behalf payments \$(1,195,820) for 2018.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Business-Type Activities

Revenues for business-type activities were \$109,789 and \$129,863 and expenses were \$94,409 and \$103,350 for 2019 and 2018, respectively. The decrease in revenues and expenses was primarily due to a reduction in the number of graduate classes being offered.

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 \$1,571,204, above last year's ending fund balances of \$1,089,838.

Governmental Fund Highlights

The General Fund fund balance increased from \$1,172,039 in 2018 to \$1,480,094 in 2019. The increase in fund balance was mostly attributable to increased activity for the local early childhood program.

The Education Fund fund balance increased from \$(147,820) in 2018 to \$11,627 in 2019. 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.

Proprietary Fund Highlights

The Workshops Fund net position increased from \$129,880 at June 30, 2018, to \$145,260 at June 30, 2019, representing an increase of approximately 11%. The Workshops Fund's assets are primarily made up of funds Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 receives and expends in providing for credit college course work and workshops for professional development.

The Workshops fund operating revenues decreased from \$129,863 in fiscal year 2018 to \$109,789 in fiscal year 2019. The decrease was mostly attributable to a decrease in graduate credit courses offered which resulted in reduced fees collected.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Fiduciary Fund Highlights

Private Purpose Trusts' net position slightly decreased from \$1,942,880 at June 30, 2018 to \$1,940,487 at June 30, 2019, representing a decrease of less than 1%. The Private Purpose Trust Funds include assets held under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

In the Agency Funds, total assets and liabilities increased from \$520,376 in fiscal year 2018 to \$537,368 in fiscal year 2019. The increase is attributable to the timing of school facility occupation tax collections and disbursements. Transactions during fiscal year 2019 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, 2019, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 had invested \$25,345 in capital assets of equipment. Total depreciation expense for the year was \$11,454.

The following schedules present capital asset balances net of depreciation for the fiscal years ended June 30, 2019 and 2018.

	2019	2018
Governmental Activities:		
Furniture and equipment	\$ 24,072	\$ 23,871
Business-type Activities:		
Furniture and equipment	1,273	2,037
Total	\$ 25,345	\$ 25,908

Additional information on Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's capital assets can be found in Note 3 of this report.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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 portion 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 eleven 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/prorated or eliminated funding in fiscal year 2020 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, 2019**

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,674,415	\$ 122,856	\$ 2,797,271
Accounts receivable	1,532	-	1,532
Due from other governments	515,852	33,633	549,485
Total current assets	<u>3,191,799</u>	<u>156,489</u>	<u>3,348,288</u>
Non-current assets:			
Capital assets, net of depreciation	24,072	1,273	25,345
TOTAL ASSETS	<u>3,215,871</u>	<u>157,762</u>	<u>3,373,633</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,354,114	-	1,354,114
Deferred outflows related to OPEB	147,846	-	147,846
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,501,960</u>	<u>-</u>	<u>1,501,960</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	573,697	12,502	586,199
Due to other governments	932,022	-	932,022
Unearned revenue	103,507	-	103,507
Total current liabilities	<u>1,609,226</u>	<u>12,502</u>	<u>1,621,728</u>
Non-current liabilities:			
Compensated absences	8,359	-	8,359
OPEB liabilities	1,356,743	-	1,356,743
Net pension liability	629,036	-	629,036
Total non-current liabilities	<u>1,994,138</u>	<u>-</u>	<u>1,994,138</u>
TOTAL LIABILITIES	<u>3,603,364</u>	<u>12,502</u>	<u>3,615,866</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,502,922	-	1,502,922
Deferred inflows related to OPEB	302,919	-	302,919
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,805,841</u>	<u>-</u>	<u>1,805,841</u>
NET POSITION			
Net investment in capital assets	24,072	1,273	25,345
Restricted for educational purposes	91,110	-	91,110
Unrestricted	(806,556)	143,987	(662,569)
TOTAL NET POSITION	<u>\$ (691,374)</u>	<u>\$ 145,260</u>	<u>\$ (546,114)</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
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 2,530,269	\$ 3,930	\$ 1,190,265	\$ (1,336,074)	\$ -	\$ (1,336,074)
Pension expense	241,625	146	54,935	(186,544)	-	(186,544)
OPEB expense	76,967	-	-	(76,967)	-	(76,967)
Purchased services	823,333	21,257	714,158	(87,918)	-	(87,918)
Supplies and materials	85,698	2,621	54,935	(28,142)	-	(28,142)
Other objects	87,097	-	73,247	(13,850)	-	(13,850)
Capital outlay	57,542	1,165	73,247	16,870	-	16,870
Depreciation	10,690	-	-	(10,690)	-	(10,690)
Intergovernmental:						
Payment to other governments	1,494,472	-	1,501,564	7,092	-	7,092
Administrative:						
On-behalf payments	1,081,195	-	-	(1,081,195)	-	(1,081,195)
Total governmental activities	6,488,888	29,119	3,662,351	(2,797,418)	-	(2,797,418)
Business-type activities:						
Professional development	94,409	109,789	-	-	15,380	15,380
Total primary government	\$ 6,583,297	\$ 138,908	\$ 3,662,351	(2,797,418)	15,380	(2,782,038)
General revenues:						
Local sources				1,131,623	-	1,131,623
State sources				509,896	-	509,896
On-behalf payments				1,081,195	-	1,081,195
Total general revenues				2,722,714	-	2,722,714
CHANGE IN NET POSITION				(74,704)	15,380	(59,324)
NET POSITION, BEGINNING OF YEAR				(616,670)	129,880	(486,790)
NET POSITION, END OF YEAR				\$ (691,374)	\$ 145,260	\$ (546,114)

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

EXHIBIT C

	<u>Special Revenue Funds</u>			Total Governmental Funds
	General Fund	Education Fund	Other Nonmajor Funds	
ASSETS				
Cash and cash equivalents	\$ 1,167,551	\$ 1,428,601	\$ 78,263	\$ 2,674,415
Accounts receivable	1,532	-	-	1,532
Due from other governments	302,253	212,379	1,220	515,852
Due from other funds	326,695	-	-	326,695
TOTAL ASSETS	1,798,031	1,640,980	79,483	3,518,494
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,798,031	\$ 1,640,980	\$ 79,483	\$ 3,518,494
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 137,421	\$ 436,276	\$ -	\$ 573,697
Due to other governments	-	932,022	-	932,022
Due to other funds	169,147	157,548	-	326,695
Unearned revenue	-	103,507	-	103,507
TOTAL LIABILITIES	306,568	1,629,353	-	1,935,921
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	11,369	-	-	11,369
FUND BALANCES				
Restricted	-	11,658	79,483	91,141
Unassigned	1,480,094	(31)	-	1,480,063
TOTAL FUND BALANCES	1,480,094	11,627	79,483	1,571,204
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,798,031	\$ 1,640,980	\$ 79,483	\$ 3,518,494

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

EXHIBIT D

Total fund balance of governmental funds	\$	1,571,204	
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.			24,072
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.			11,369
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:			
Deferred outflows of resources related to pensions	\$	1,354,114	
Deferred outflows of resources related to OPEB		147,846	
Deferred inflows of resources related to pensions		(1,502,922)	
Deferred inflows of resources related to OPEB		<u>(302,919)</u>	(303,881)
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		(8,359)	
OPEB liabilities		(1,356,743)	
Net pension liability		<u>(629,036)</u>	<u>(1,994,138)</u>
Net position of governmental activities	\$		<u><u>(691,374)</u></u>

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT E

	<u>Special Revenue Funds</u>			Total Governmental Funds
	General Fund	Education Fund	Other Nonmajor Funds	
REVENUES:				
Local sources	\$ 1,342,968	\$ 2,244	\$ 29,119	\$ 1,374,331
State sources	509,896	3,682,730	1,272	4,193,898
Federal sources	-	135,199	-	135,199
On-behalf payments	288,499	-	-	288,499
Total revenues	<u>2,141,363</u>	<u>3,820,173</u>	<u>30,391</u>	<u>5,991,927</u>
EXPENDITURES:				
Instructional services:				
Salaries and benefits	1,344,957	1,189,345	2,234	2,536,536
Pension expense	54,679	62,885	49	117,613
OPEB expense	7,242	1,638	-	8,880
Purchased services	94,638	716,620	12,075	823,333
Supplies and materials	24,239	59,971	1,488	85,698
Other objects	10,921	76,176	-	87,097
Intergovernmental:				
Payments to other governments	-	1,494,472	-	1,494,472
Administrative				
On-behalf payments	288,499	-	-	288,499
Capital outlay	6,798	60,954	681	68,433
Total expenditures	<u>1,831,973</u>	<u>3,662,061</u>	<u>16,527</u>	<u>5,510,561</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>309,390</u>	<u>158,112</u>	<u>13,864</u>	<u>481,366</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,335	-	1,335
Transfers out	(1,335)	-	-	(1,335)
Total other financing sources (uses)	<u>(1,335)</u>	<u>1,335</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	308,055	159,447	13,864	481,366
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	<u>1,172,039</u>	<u>(147,820)</u>	<u>65,619</u>	<u>1,089,838</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,480,094</u>	<u>\$ 11,627</u>	<u>\$ 79,483</u>	<u>\$ 1,571,204</u>

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019**

EXHIBIT F

Net change in fund balance \$ 481,366

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	\$ 10,891	
Depreciation	<u>(10,690)</u>	201

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.

(370,439)

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

Pension contributions	53,331	
OPEB contributions	<u>8,880</u>	62,211

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	(2,692)	
Pension expense	(177,343)	
OPEB expense	(76,967)	
OPEB expense - implicit rate subsidy	<u>8,959</u>	<u>(248,043)</u>

Change in net position of governmental activities \$ (74,704)

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019**

EXHIBIT H

	Business-Type Activities Enterprise Fund Workshops
OPERATING REVENUES:	
Charges for services	\$ 109,789
OPERATING EXPENSES:	
Salaries	50,052
Benefits	3,995
Purchased services	35,615
Supplies and materials	3,983
Depreciation	764
Total operating expenses	<u>94,409</u>
CHANGE IN NET POSITION	15,380
NET POSITION, BEGINNING OF YEAR	<u>129,880</u>
NET POSITION, END OF YEAR	<u><u>\$ 145,260</u></u>

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

EXHIBIT I

	Business-Type Activities Enterprise Fund Workshops
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts for workshops and services	\$ 85,569
Payments to suppliers and providers of goods and services	(37,215)
Payments to employees	(43,928)
Net cash provided by operating activities	<u>4,426</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,426
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>118,430</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 122,856</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 15,380
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	764
Effects of changes in assets and liabilities:	
Accounts receivable	130
Due from other governments	(24,350)
Accounts payable and accrued expenses	12,502
Net cash provided by operating activities	<u>\$ 4,426</u>

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

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

EXHIBIT J

	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 43,817	\$ 34,267
Investments	1,212,260	-
Due from other governments	-	503,101
Property and equipment, net	705,944	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>1,962,021</u>	<u>537,368</u>
LIABILITIES		
Due to other governments	-	537,368
Deposits	2,000	-
Unearned revenue	19,534	-
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>21,534</u>	<u>537,368</u>
NET POSITION		
Held in trust for other purposes	<u>\$ 1,940,487</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
PRIVATE PURPOSE TRUST FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

EXHIBIT K

	Private Purpose Trust Funds
	<hr/>
ADDITIONS:	
Rent	\$ 154,271
Interest and dividends	33,664
Realized gain on investments	3,780
Unrealized gain on investments	33,825
Miscellaneous income	6,767
Total additions	<hr/> 232,307 <hr/>
DEDUCTIONS:	
Purchased services	61,276
Scholarships	172,000
Depreciation	1,424
Total deductions	<hr/> 234,700 <hr/>
DEFICIENCY OF ADDITIONS OVER DEDUCTIONS	(2,393)
OTHER FINANCING SOURCES (USES):	
Transfers in	205,487
Transfers out	(205,487)
Total other financing sources (uses)	<hr/> - <hr/>
CHANGE IN NET POSITION	(2,393)
NET POSITION, BEGINNING OF YEAR	<hr/> 1,942,880 <hr/>
NET POSITION, END OF YEAR	<hr/> \$ 1,940,487 <hr/>

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, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The functions of the ROE include, but are not limited to the following:

- Processing teachers' licenses
- Teaching initial and refresher classes for school bus drivers within the ROE
- Reviewing 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's policies and procedures
- Providing directions to teachers and school officials on science, art and teaching methods
- Implementing the State Board of Education's Policy Programs
- Encouraging camaraderie among teachers through the teachers' institute

The ROE'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 the ROE should be included within its financial reporting entity. The criteria includes, but is not limited to whether the Superintendent (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability or fiscal matters (i.e., financial budget approval, management of assets, etc.). The Superintendent has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the financial statements.

In addition, the Superintendent is not aware of any entity which would exercise such oversight which would result in the ROE being considered a component unit of the entity. The ROE 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 the ROE's GAAP reporting entity and are not included in these financial statements.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

The Eagle Ridge Vocational Delivery System includes all the Jo Daviess County school districts and the West Carroll school districts in Carroll County. It allocates State vocational funding among member districts and updates vocational programs into sequential programs leading to marketable skills. The Delivery System reimburses the ROE 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 the ROE 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 the ROE'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.

Fund Accounting

The accounts of the ROE 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.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 the ROE 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 the ROE 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 the ROE. Revenues are primarily derived from interest earnings or invested cash and reimbursements from other entities for administration and accounting for miscellaneous grants and programs.

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. The ROE 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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 payment of 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.

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

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

Nonmajor Special Revenue Funds - The ROE 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.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Annexation - used to account for expenses incurred on behalf of a petitioner to annex and detach property from one school district to another.

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. The ROE reports the following major proprietary fund:

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

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 the ROE under trust agreements which require income earned to be used to benefit individuals through scholarship awards. The ROE 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 fund 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 the ROE. The ROE 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 in-service activities

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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. The ROE 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 the ROE.

The ROE records on-behalf payments made by the State to the Teachers’ Retirement System and the Teacher’s Health Insurance Security Fund (THIS) 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, the ROE 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 the ROE’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.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the ROE'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.

The ROE maintains its financial records on the cash basis. The financial statements of the ROE are prepared by making memorandum adjusting entries to the cash basis financial records.

Governmental Fund Balance

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

Nonspendable Fund Balance - The portion of a Governmental Fund's net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance - The portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Early Intervention Infants/Toddlers, Hearing and Vision Grant, and System of Statewide Support Foundational Service. 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. There are no accounts presenting an assigned fund balance.

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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 the ROE 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 the ROE 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 and equipment in the private-purpose trust fund are recorded at cost. Property and equipment are depreciated in the private-purpose trust fund using the straight-line method over the following estimated useful lives:

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Assets	Years
Buildings and improvements	20
Equipment	10

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 and OPEB 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 by 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. The ROE 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.

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Postemployment Benefits Other Than Pensions (OPEB) - For purposes of measuring the ROE's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the ROE's OPEB Plan and additions to/deductions from the ROE's fiduciary net position have been determined on the same basis as they are reported by the ROE's defined benefit OPEB plans. For this purpose, the ROE's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The ROE's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

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 consist of unrecognized items not yet charged to pension and OPEB expense.

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.

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Budgets and Budgetary Accounting

The ROE did not formally adopt a budget for the year ended June 30, 2019 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 Schedule 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.

New Pronouncements

In 2019, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 83 - *Certain Asset Retirement Obligations* and GASB Statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations. GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements and also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement Nos. 83 and 88 had no impact on the ROE's financial statements.

Subsequent Events

Management has evaluated subsequent events through April 23, 2020 the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposit of the ROE monies is governed by the provisions of the Illinois Compiled Statutes.

Deposits

At June 30, 2019, the carrying amount of the ROE's cash was \$2,838,246 and the bank balance was \$3,692,146. The ROE also had \$37,109 invested in the Illinois Funds at year-end.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the ROE's deposits may not be returned. The ROE does not have a deposit policy for custodial credit risk. As of June 30, 2019,

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all of the ROE's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in the ROE's name.

A reconciliation of cash and cash equivalents follow:

Cash and cash equivalents	Amount
Governmental funds	\$ 2,674,415
Enterprise funds	122,856
Fiduciary funds	78,084
	\$ 2,875,355

Investments - Private-Purpose Trusts

The ROE'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.

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

The ROE 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

The ROE does not have a formal investment policy that would limit its investment choices or would limit the amount the ROE may invest in one issuer.

The ROE 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)

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At year-end, the ROE has the following investments:

	<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	\$ 3,162	\$ 3,162
Fixed income investments			
Mutual funds			
Baird Aggregate Bond Fund	*****	274,583	287,344
DoubleLine Total Return Bond I	***	150,741	154,232
iShares Floating Rate Bond ETF	***	78,410	78,381
TIAA-CREF Inflation Link Bond Fund	**	58,934	64,449
Crossingbridge Long Short Credit Fund	***	24,000	23,199
Eaton Vance Global Macro Absolute Return Fund Class I	***	32,658	31,630
Total fixed income investments		<u>619,326</u>	<u>639,235</u>
Equity investments			
Mutual funds			
John Hancock Funds III Disciplined Value	***	21,299	23,680
T Rowe Price Growth Stock Fund	****	8,291	23,667
Vanguard Mid Cap Index Fund Admiral Shares	*****	20,531	28,645
Vanguard 500 Index Fund Admiral Shares	*****	42,007	54,002
ishares MSCI EAFE International Index	****	23,921	26,742
Robeco Boston Partners L/S Research	***	22,985	23,794
Total equity investments		<u>139,034</u>	<u>180,530</u>
Total principal fund		<u>761,522</u>	<u>822,927</u>
Income fund			
Cash equivalents			
Mutual funds			
First American Prime Obligation Fund Class Y	Unrated	28,312	28,312
Fixed income investments			
Mutual funds			
Nuveen All-American Municipal Bond I	*****	91,847	91,925
Nuveen Limited Term Municipal Bond I	****	36,739	36,805
Nuveen Intermediate Duration Municipal Bond Fund	*****	132,260	132,541
Federated Institutional High Yield Bond Fund	*****	19,242	18,709
TIAA-CREF Inflation Link Bond Fund	**	35,841	36,631
Crossingbridge Long Short Credit Fund	***	15,034	14,680
Eaton Vance Global Macro Absolute Return Fund Class I	***	30,396	29,730
Total fixed income investments		<u>361,359</u>	<u>361,021</u>
Total income fund		<u>389,671</u>	<u>389,333</u>
Total investments		<u>\$ 1,151,193</u>	<u>\$ 1,212,260</u>

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NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Governmental activities:				
Furniture and equipment	\$ 81,021	\$ 10,891	\$ (5,762)	\$ 86,150
Less: Accumulated depreciation	(57,150)	(10,690)	5,762	(62,078)
Capital assets, net	<u>\$ 23,871</u>	<u>\$ 201</u>	<u>\$ -</u>	<u>\$ 24,072</u>
Business-type activities:				
Furniture and equipment	\$ 2,291	\$ -	\$ -	\$ 2,291
Less: Accumulated depreciation	(254)	(764)	-	(1,018)
Capital assets, net	<u>\$ 2,037</u>	<u>\$ (764)</u>	<u>\$ -</u>	<u>\$ 1,273</u>
Fiduciary activities:				
Furniture and equipment	\$ 600,000	\$ -	\$ -	\$ 600,000
Farm building improvements	291,632	-	-	291,632
Sub-total	891,632	-	-	891,632
Less: Accumulated depreciation	(184,264)	(1,424)	-	(185,688)
Capital assets, net	<u>\$ 707,368</u>	<u>\$ (1,424)</u>	<u>\$ -</u>	<u>\$ 705,944</u>

Depreciation expenses were charged as follows:

Governmental activities: instructional services	\$ 10,690
Business-type activities: professional development	764
Fiduciary activities:	
Private Purpose Trust Fund:	
E.H. Parriott Scholarship Trust Principal Fund	1,424

NOTE 4 - DUE FROM/TO FUNDS

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, as of June 30, 2019 were:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Counties Support	\$ -	\$ 61,568
ROE Program and Services	-	107,579
Special Services	326,695	-
		continued

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	Due From	Due To
Education Fund:		
Early Intervention Infants/Toddlers	\$ –	\$ 126,682
Workforce Investment Act	–	12,794
McKinney Homeless Grant	–	18,042
Title II - Teacher Quality - Leadership Program	–	30
Total	\$ 326,695	\$ 326,695

NOTE 5 - DEFINED BENEFIT PENSION PLANS

The ROE’s employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by Carroll, Jo Daviess, and Stephenson Counties and the ROE through grant monies on behalf of the ROE staff employees and grant coordinators.

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

Employees not qualifying for the above are considered as “nonparticipating employees” and are covered under Social Security.

The Regional Superintendent and Assistant Regional Superintendent of the ROE are paid by the State of Illinois. Certain staff employees of the ROE’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). The ROE has no separate employee benefit plan.

Illinois Municipal Retirement System

IMRF Plan Description

The ROE’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The ROE’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	35
Inactive Plan Members entitled to but not yet receiving benefits	50
Active Plan Members	46
Total	131

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Contributions

As set by statute, the ROE's regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The ROE's annual contribution rate for calendar year 2018 was 9.20%. For the calendar year 2018, the ROE contributed \$125,161 to the plan. The ROE 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

The ROE's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **Non-Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates

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were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37%	7.15%
International Equities	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternatives	7%	
Private Equity	N/A	8.50%
Hedge Funds	N/A	5.50%
Commodities	N/A	3.20%
Cash Equivalents	1%	2.50%
Total	100%	

Single Discount Rate

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

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. tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

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Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) – (B)
Balances as of December 31, 2017	\$ 4,701,802	\$ 4,902,912	\$ (201,110)
Changes for the year:			
Service Cost	122,894	–	122,894
Interest on the Total Pension Liability	349,636	–	349,636
Changes of Benefit Terms	–	–	–
Differences Between Expected and Actual Experience of the Total Pension Liability	97,050	–	97,050
Changes of Assumptions	157,070	–	157,070
Contributions - Employer	–	125,161	(125,161)
Contributions - Employees	–	77,432	(77,432)
Net Investment Income	–	(191,407)	191,407
Benefit Payments, including Refunds of Employee Contributions	(210,541)	(210,541)	–
Other (Net Transfer)	–	(3,749)	3,749
Net Changes	516,109	(203,104)	719,213
Balances as of December 31, 2018	<u>\$ 5,217,911</u>	<u>\$ 4,699,808</u>	<u>\$ 518,103</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability (Asset)	\$ 1,239,298	\$ 518,103	\$ (62,308)

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

For the year ended June 30, 2019, the ROE recognized pension expense of \$218,534. At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Difference between expected and actual experience	\$ 126,306	\$ –
Changes in assumptions	113,986	66,768
Net difference between projected and actual earnings on pension plan investments	<u>279,790</u>	<u>–</u>
Total deferred amounts to be recognized in pension expense in future periods	520,082	66,768
Pension contributions made subsequent to the measurement date	<u>47,319</u>	<u>–</u>
Total Deferred Amounts Related to Pensions	<u>\$ 567,401</u>	<u>\$ 66,768</u>

\$47,319 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2020. Other amounts reported as deferred outflows of resources 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>
2019	\$ 166,859
2020	93,487
2021	81,128
2022	111,840
Thereafter	<u>–</u>
Total	<u>\$ 453,314</u>

Teachers' Retirement System of the State of Illinois

Plan description

The ROE participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the

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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://trsil.org/financial/cafrs/fy2018>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits provided

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

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

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

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

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Contributions

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

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

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2019, State of Illinois contributions recognized by the ROE were based on the State's proportionate share of the collective net pension liability associated with the ROE, and the ROE recognized revenue and expenditures of \$713,709 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, 2019 were \$5,598, and are deferred because they were paid after the June 30, 2018 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the State contribution rate to TRS and were much higher.

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$4,200 were paid from federal and special trust funds that required employer contributions of \$414. These contributions are deferred because they were paid after the June 30, 2018 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

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payments. The ROE is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the ROE did not make any employer contributions due on salary increases in excess of 6 percent, salary increases in excess of 3 percent, or for sick leave days 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, 2019, the ROE 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 ROE 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 ROE were as follows:

ROE’s proportionate share of the net pension liability	\$	110,933
State’s proportionate share of the net pension liability associated with the employer		7,599,399
 Total	 \$	 <u><u>7,710,332</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The ROE’s proportion of the net pension liability was based on the ROE’s share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the ROE’s proportion was .0001423229 percent, which was a decrease of .002414215 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the ROE recognized pension expense of \$713,709 and revenue of \$713,709 for support provided by the State. For the year ended June 30, 2019, the ROE recognized pension expense of \$23,091. At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,230	\$ 24
Net difference between projected and actual earnings on pension plan investments	–	340
Changes of assumptions	4,865	3,144
Changes in proportion and differences between employer contributions and proportionate share of contributions	773,606	1,432,646
Employer contributions subsequent to the measurement date	6,012	–
Total	\$ 786,713	\$ 1,436,154

\$6,012 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30,	Net Deferred Inflows of Resources
2020	\$ 9,243
2021	27,083
2022	166,732
2023	304,697
2024	147,698
Total	\$ 655,453

Actuarial assumptions

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	15.0%	6.7%
U.S. equities small/mid cap	2.0	7.9
International equities developed	13.6	7.0
Emerging market equities	3.4	9.4
U.S. bonds core	8.0	2.2
U.S. bonds high yield	4.2	4.4
International debt developed	2.2	1.3
Emerging international debt	2.6	4.5
Real estate	16.0	5.4
Real return	4.0	1.8
Absolute return	14.0	3.9
Private equity	15.0	10.2
Total	100.0%	

Discount Rate

At June 30, 2018, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2017 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II

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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. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the ROE’s proportionate share of the net pension liability to changes in the discount rate

The following presents the ROE’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the ROE’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
ROE’s proportionate share of the net pension liability	\$ 136,049	\$ 110,933	\$ 90,707

TRS Fiduciary Net Position

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

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Teachers’ Health Insurance Security Fund

Plan Description

The ROE participates in the Teachers’ Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor’s Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of

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Central Management Services (CMS) as of July 1, 2013. CMS administers the plan with the cooperation of the TRS.

Benefits Provided

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

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

On Behalf Contributions to THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. For the year ended June 30, 2019, State of Illinois contributions recognized by the ROE were based on the State's proportionate share of the collective net OPEB liability associated with the ROE, and recognized revenue and expenditures of \$78,987 in OPEB contributions from the State of Illinois.

ROE Contributions to THIS Fund

The ROE also makes contributions to THIS Fund. The ROE THIS Fund contribution was 0.92 percent during the year ended June 30, 2019. For the year ended June 30, 2019 the ROE paid \$8,880 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2018 and 2017, the ROE paid \$8,972 and \$9,333 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

Actuarial Assumptions

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

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

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

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

Single Discount Rate

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

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

Sensitivity of the ROE’s Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following presents the ROE’s proportionate share of the collective net OPEB liability, as well as what the ROE’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

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	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
ROE's proportionate share of the collective net OPEB liability	\$ 1,362,466	\$ 1,133,112	\$ 952,099

Sensitivity of the ROE's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table shows the ROE's collective net OPEB liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	1% Decrease^a	Healthcare Cost Trend Rates	1% Increase^b
ROE's proportionate share of the collective net OPEB liability	\$ 918,790	\$ 1,133,112	\$ 1,421,912

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

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

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

At June 30, 2019, the ROE reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the ROE. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and was rolled forward to the June 30, 2018 measurement date. The ROE's proportion of the collective net OPEB liability was based on a projection of the ROE's long-term share of contributions to the OPEB plan relative to the projected contributions of the ROE, actuarially determined. At June 30, 2018, the ROE's proportion was 0.004301 percent, which was a decrease of 0.000529 from its proportion measured as of June 30, 2017 (0.004830 percent). The State's support and total are for disclosure purposes only. The amount recognized by the ROE as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the ROE were as follows:

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ROE's proportionate share of the collective net OPEB liability	\$	1,133,112
State's proportionate share of the collective net OPEB liability associated with the ROE		1,521,494
Total	\$	2,654,606

For the year ending June 30, 2019, the ROE recognized OPEB expense of \$78,987 and revenue of \$78,987 for support provided by the State. For the year ending June 30, 2019, the ROE recognized OPEB expense of \$63,942.

At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 4,066
Changes of assumptions	—	165,000
Net difference between projected and actual earnings on OPEB plan investments	—	35
Changes in proportion and differences between employer contributions and proportionate share of contributions	126,762	133,818
Employer contributions subsequent to the measurement date	8,880	—
Total	\$ 135,642	\$ 302,919

\$8,880 reported as deferred outflows of resources related to OPEB resulting from ROE contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the ROE's OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2020	\$ 26,923
2021	26,923
2022	26,923
2023	26,920
2024	26,913
Thereafter	41,555
Total	\$ 176,157

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THIS Fiduciary Net Position

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

Health Insurance Plan

Plan Administration

The ROE's defined benefit OPEB plan, Retiree's Health Plan (RHP), provides OPEB for all permanent full-time general and public safety employees of the ROE. RHP is a single-employer defined benefit OPEB plan administered by the ROE. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the ROE Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Eligibility Provisions

Full-Time Employees - IMRF

Tier I IMRF Full-Time employees:

- Age 55 with at least 8 years of service (Reduced Pension)
- Age 55 with at least 30 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 8 years of service (Full Pension)

Tier II IMRF Full-Time employees:

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 62 with at least 30 years of service (Reduced Pension)
- Age 62 with at least 35 years of service (Full Pension)
- Age 67 with at least 10 years of service (Full Pension)

Benefits Provided

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

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Plan Membership

As of June 30, 2019, the measurement date, the following employees were covered by the benefit terms:

	Participants
Total active employees	43
Inactive employees currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Total	44

Funding Policy and Contributions

There is no funding policy that exists for the postretirement plan at this time, as the total OPEB liabilities are currently an unfunded obligation.

The employer contributions and benefit payments of \$8,959 are related to the increase in active premiums due to the presence of retirees in the determination of blended retiree/active premiums.

Contributions from other Regional Office of Education resources and benefit payments from other ROE resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust. There were no contributions or benefit payments from other Regional Office of Education resources.

Total OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2017 actuarial valuation date and adjusted to the June 30, 2019 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.25%
Investment rate of return	3.50%
Annual Blended Premiums	PPO: Premiums charged for coverage of retiree and spouse, regardless of age, are \$5,487 and \$5,802, respectively.
	HSA: Premiums charged for coverage of retiree and spouse, regardless of age, are \$4,562 and \$4,825, respectively.
Healthcare cost trend rates	Initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey.
	PPO: For fiscal years on and after 2019, trend starts at 7.40% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.
	HSA: For fiscal years on and after 2019, trend starts at 7.49% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.
Retiree's share of benefit-related costs	100%

IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

The retirement rates disclosed in the IMRF December 31, 2017 Actuarial Valuation were used to estimate the single retirement ages pursuant to the Alternative Measurement Method for GASB 74/75.

For any active participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there are two participants impacted by this assumption.

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The mortality rates were used to estimate the single age at death per participant pursuant to the Alternative Measurement Method for GASB 74/75.

The probability of working to the assumed retirement age was determined based on the underlying termination rates pursuant to the Alternative Measurement Method for GASB 74/75.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2018	\$ 207,361
Changes for the year:	
Service cost	4,471
Interest	7,851
Changes of benefit terms	—
Differences between expected and actual experience	—
Changes of assumptions	12,907
Benefit payments	(8,959)
Net change	16,270
Balance as of June 30, 2019	\$ 223,631

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the ROE, then only the municipal bond rate is used in determining the total OPEB liability.

If the postretirement plan is funded, cash flow projections are used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the OPEB liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the OPEB liability associated with those payments.

Projected benefit payments are determined during the valuation process based on the assumptions. The expected contributions are based on the funding policy of the plan.

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Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate is the June 27, 2019 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yield of the bonds.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the ROE's total OPEB liability calculated using a discount rate of 3.50%, as well as what the ROE's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (4.50%) or 1-percentage-point lower (2.50%) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
ROE Total OPEB Liability	\$ 264,841	\$ 223,631	\$ 191,079

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a Healthcare Trend Rate of 7.50%, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

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	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
ROE Total OPEB Liability	\$ 185,339	\$ 223,631	\$ 272,172

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

For the year ended June 30, 2019, the ROE recognized OPEB expense of \$13,025. At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	12,204	—
Employer contributions subsequent to the measurement date	—	—
Total deferred amounts related to OPEB	\$ 12,204	\$ —

Contributions subsequent to the measurement date may be recognized as a reduction to the total OPEB liability. The amount is not known as of the date of this report.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the ROE's OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2020	\$ 703
2021	703
2022	703
2023	703
2024	703
Thereafter	8,689
Total	\$ 12,204

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NOTE 7 – NON-CURRENT LIABILITIES

Changes in non-current liabilities during the fiscal year were as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Governmental activities:				
Compensated absences	\$ 5,667	\$ 41,212	\$ (38,520)	\$ 8,359
Net pension (asset) liability				
- IMRF	(201,110)	719,213	–	518,103
Net pension liability - TRS	1,953,147	–	(1,842,214)	110,933
Net OPEB liability - THIS	1,253,388	–	(120,276)	1,133,112
Total OPEB liability - Health insurance plan	207,361	16,270	–	223,631
	<u>\$ 3,218,453</u>	<u>\$ 776,695</u>	<u>\$ (2,001,010)</u>	<u>\$ 1,994,138</u>

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 noncancelable leases on farm land. Rental income for the fiscal year ended June 30, 2019 was \$154,270. Future rental payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 111,345
2021	54,779
2022	31,908
Total	<u>\$ 198,032</u>

NOTE 9 - OPERATING LEASES

On June 9, 2009, the ROE 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 \$598 per month. The ROE has renewed the lease each subsequent fiscal year.

On June 11, 2013, the ROE 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.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

On June 16, 2016, the ROE 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 July 1, 2018 through June 30, 2019, with monthly rent of \$341.

Total rent expense for the year was \$42,595. Future rental payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 32,166
2021	33,004
2022	33,841
2023	34,678
2024	2,896
Total	<u>\$ 136,585</u>

NOTE 10 - ON-BEHALF PAYMENTS

The State of Illinois paid the following salary and benefit contributions on-behalf of the ROE:

Regional Superintendent Salary	\$ 112,512
Assistant Regional Superintendent Salary	101,256
Regional Superintendent Benefits (includes State paid insurance)	37,702
Assistant Regional Superintendent Benefits (includes State paid insurance)	37,029
Total	<u>\$ 288,499</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). The ROE recorded the on-behalf payments as both revenues and expenditures in the general fund.

The ROE also recorded \$792,696 in revenues and expenses as on-behalf payments from ISBE for the ROE's share of the State's Teachers' Retirement System (TRS) pension expense and Teacher's Health Insurance Security Fund (THIS) OPEB expense in the Statement of Activities. In addition, the ROE has not included any on-behalf payments related to the State's TRS pension expense and THIS OPEB expense for the Regional Superintendent or Assistant Regional Superintendent.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

State of Illinois on-behalf payments	\$	288,499
ROE's share of TRS pension expense		713,709
THIS fund pension expense		<u>78,987</u>
 Total		 <u><u>\$ 1,081,195</u></u>

NOTE 11 - DUE FROM/TO OTHER GOVERNMENTS

The ROE's General Fund, Education Fund, Nonmajor Special Revenue Fund, Proprietary Fund, and Agency Fund have funds due from and to various other governmental units which consist of the following:

Due from Other Governments:

General Fund:

Local Governments	\$	302,253
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Education Fund:

Illinois State Board of Education		39,602
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Local Governments		172,777
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Nonmajor Special Revenue Fund:

Local Governments		1,220
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Proprietary Fund:

Local Governments		33,633
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Agency Fund:

Local Governments		<u>503,101</u>
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Total	\$	<u><u>1,052,586</u></u>
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Due to Other Governments:

Education Fund:

Local Governments	\$	932,022
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Agency Fund:

Local Governments		<u>537,368</u>
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Total	\$	<u><u>1,469,390</u></u>
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**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 - 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. As of June 30, 2019 \$1,335 was transferred from the General Fund - Special Services to the Education Fund - Child Nutrition.

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2019, the following funds had deficit fund balances. They are expected to correct themselves in 2020, through payments from other governments and local funds.

General Fund:	
Counties Support	\$ 14,858
ROE Program and Services	119,570
Education Fund	
Workforce Investment Act	31
Total	<u>\$ 134,459</u>

NOTE 14 - DISPOSITION OF DISTRIBUTIVE FUND INTEREST

Interest earned on the investment of the Distributive Fund is remitted by the ROE in accordance with the Carroll, Jo Daviess, and Stephenson Intergovernmental Agreement.

NOTE 15 - RISK MANAGEMENT

The ROE 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. The ROE 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.

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

REQUIRED SUPPLEMENTARY INFORMATION

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FIVE CALENDAR YEARS

Calendar year ended December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 122,894	\$ 133,702	\$ 130,938	\$ 127,294	\$ 125,563
Interest on the total pension liability	349,636	334,179	307,310	287,554	259,500
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience					
of the total pension liability	97,050	84,557	94,785	5,417	(5,936)
Changes of assumptions	157,070	(140,774)	-	-	148,745
Benefit payments, including refunds of employee contributions	(210,541)	(189,797)	(162,521)	(154,833)	(158,372)
Net change in total pension liability	<u>516,109</u>	<u>221,867</u>	<u>370,512</u>	<u>265,432</u>	<u>369,500</u>
Total pension liability - beginning	<u>4,701,802</u>	<u>4,479,935</u>	<u>4,109,423</u>	<u>3,843,991</u>	<u>3,474,491</u>
Total pension liability - ending (A)	<u>\$ 5,217,911</u>	<u>\$ 4,701,802</u>	<u>\$ 4,479,935</u>	<u>\$ 4,109,423</u>	<u>\$ 3,843,991</u>
Plan fiduciary net position					
Contributions - employer	\$ 125,161	\$ 109,649	\$ 112,898	\$ 107,663	\$ 127,929
Contributions - employees	77,432	65,831	62,852	57,386	50,011
Net investment income	(191,407)	691,841	296,581	(9,698)	230,555
Benefit payments, including refunds of employee contributions	(210,541)	(189,797)	(162,521)	(154,833)	(158,372)
Other (net transfer)	(3,749)	(3,731)	(4,518)	1,365	(3,043)
Net change in plan fiduciary net position	<u>(203,104)</u>	<u>673,793</u>	<u>305,292</u>	<u>1,883</u>	<u>247,080</u>
Plan fiduciary net position - beginning	<u>4,902,912</u>	<u>4,229,119</u>	<u>3,923,827</u>	<u>3,921,944</u>	<u>3,674,864</u>
Plan fiduciary net position - ending (B)	<u>\$ 4,699,808</u>	<u>\$ 4,902,912</u>	<u>\$ 4,229,119</u>	<u>\$ 3,923,827</u>	<u>\$ 3,921,944</u>
Net pension (asset) liability - ending (A) - (B)	<u>\$ 518,103</u>	<u>\$ (201,110)</u>	<u>\$ 250,816</u>	<u>\$ 185,596</u>	<u>\$ (77,953)</u>
Plan fiduciary net position as a percentage of the total pension liability	90.07%	104.28%	94.40%	95.48%	102.03%
Covered payroll	\$ 1,360,448	\$ 1,266,166	\$ 1,248,880	\$ 1,167,343	\$ 1,098,751
Net pension (asset) liability as a percentage of covered payroll	38.08%	-15.88%	20.08%	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
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2019**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FIVE CALENDAR YEARS**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2018	\$ 125,161	\$ 125,161	\$ -	\$ 1,360,448	9.20%
2017	109,649	109,649	-	1,266,166	8.66%
2016	112,899	112,898	1	1,248,880	9.04%
2015	107,629	107,663	(34)	1,167,343	9.22%
2014	121,083	127,929	(6,846)	1,098,751	11.64%

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2018 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	25-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

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

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
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

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

	<u>FY 2018*</u>	<u>FY 2017*</u>	<u>FY 2016*</u>	<u>FY 2015*</u>	<u>FY 2014*</u>
Employer's proportion of the net pension liability	.0001423229%	.0025565377%	.0016752721%	.0003002285%	.0001705991%
Employer's proportionate share of the net pension liability	\$ 110,933	\$ 1,953,147	\$ 1,322,394	\$ 196,680	\$ 103,824
State's proportionate share of the net pension liability associated with the employer	<u>7,599,399</u>	<u>8,226,585</u>	<u>7,761,373</u>	<u>5,140,668</u>	<u>4,759,660</u>
Total	<u>\$ 7,710,332</u>	<u>\$ 10,179,732</u>	<u>\$ 9,083,767</u>	<u>\$ 5,337,348</u>	<u>\$ 4,863,484</u>
Employer's covered payroll	\$ 1,019,538	\$ 1,111,066	\$ 982,417	\$ 794,538	\$ 771,604
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.9%	175.8%	134.6%	24.8%	13.5%
Plan fiduciary net position as a percentage of the total pension liability	40.0%	39.3%	36.4%	41.5%	43.0%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
Statutorily-required contribution	\$ 6,012	\$ 19,038	\$ 105,328	\$ 64,878	\$ 10,520	\$ 9,028
Contributions in relation to the statutorily-required contribution	<u>6,012</u>	<u>19,038</u>	<u>105,328</u>	<u>64,878</u>	<u>10,520</u>	<u>9,028</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 965,218	\$ 1,019,538	\$ 1,111,066	\$ 982,417	\$ 794,538	\$ 771,604
Contributions as a percentage of covered payroll	0.62%	1.87%	9.48%	6.60%	1.32%	1.17%

Notes to Required Supplementary Information

Changes of assumptions

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

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

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

Note: 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
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE COLLECTIVE NET OPEB LIABILITY
TEACHERS' HEALTH INSURANCE SECURITY FUND
LAST THREE FISCAL YEARS**

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	.004301%	.004830%	.004198%
Employer's proportionate share of the collective net OPEB liability	\$ 1,133,112	\$ 1,253,388	\$ 1,147,573
State's proportionate share of the collective net OPEB liability associated with the employer	<u>1,521,494</u>	<u>1,646,080</u>	<u>1,591,150</u>
Total	<u>\$ 2,654,606</u>	<u>\$ 2,899,468</u>	<u>\$ 2,738,723</u>
Employer's covered payroll	\$ 1,019,538	\$ 1,111,066	\$ 982,417
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	111.1%	112.8%	116.8%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07%	-0.17%	-0.22%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' HEALTH INSURANCE SECURITY FUND
LAST FOUR FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 8,880	\$ 8,972	\$ 9,333	\$ 7,823
Contributions in relation to the statutorily-required contribution	<u>8,880</u>	<u>8,972</u>	<u>9,333</u>	<u>7,823</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 965,218	\$ 1,019,538	\$ 1,111,066	\$ 982,417
Contributions as a percentage of covered payroll	0.92%	0.88%	0.84%	0.80%

The information in both schedules will accumulate until a full 10-year trend is presented as required by Statement No. 75.

Notes to This Required Supplementary Information

Changes of assumptions

For the 2018 and 2017 measurement years, the assumed investment rate of return was of 0 percent, including an inflation rate of 2.75 percent. Salary increases were assumed to vary by service credit and were the same for the 2018 and 2017 measurement years. For the 2018 measurement period, the actual trend was used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax. For the 2017 measurement period, actual trend was used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
HEALTH INSURANCE PLAN**

Fiscal year ended June 30,	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 4,471	\$ 4,304
Interest	7,851	7,721
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	12,907	-
Benefit payments	<u>(8,959)</u>	<u>(8,333)</u>
Net change in total OPEB liability	16,270	3,692
Total OPEB liability - beginning	<u>207,361</u>	<u>203,669</u>
Total OPEB liability - ending	<u><u>\$ 223,631</u></u>	<u><u>\$ 207,361</u></u>
 Covered payroll	 \$ 1,551,492	 \$ 1,431,209
 Total OPEB liability as a percentage of covered payroll	 14.41%	 14.49%

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

Notes to This Required Supplementary Information

Changes of Assumptions

Changes of assumptions reflect a change in the discount rate from 3.87% for fiscal year 2018 to 3.50% for fiscal year 2019.

SUPPLEMENTARY INFORMATION

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2019**

SCHEDULE 1

	Counties Support	ROE Programs and Services	Medical Reimbursement	Special Services	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,167,551	\$ 1,167,551
Accounts receivable	-	-	-	1,532	1,532
Due from other governments	60,867	-	-	241,386	302,253
Due from other funds	-	-	-	326,695	326,695
TOTAL ASSETS	60,867	-	-	1,737,164	1,798,031
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 60,867	\$ -	\$ -	\$ 1,737,164	\$ 1,798,031
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable and accrued expenses	\$ 4,121	\$ 11,991	\$ -	\$ 121,309	\$ 137,421
Due to other funds	61,568	107,579	-	-	169,147
TOTAL LIABILITIES	65,689	119,570	-	121,309	306,568
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	10,036	-	-	1,333	11,369
FUND BALANCES (DEFICITS)					
Unassigned	(14,858)	(119,570)	-	1,614,522	1,480,094
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 60,867	\$ -	\$ -	\$ 1,737,164	\$ 1,798,031

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

SCHEDULE 2

	Counties Support	ROE Programs and Services	Medical Reimbursement	Special Services	Total
REVENUES:					
Local sources	\$ 118,361	\$ 88,966	\$ 2,500	\$ 1,133,141	\$ 1,342,968
State sources	-	-	-	509,896	509,896
On-behalf payments	288,499	-	-	-	288,499
Total revenues	<u>406,860</u>	<u>88,966</u>	<u>2,500</u>	<u>1,643,037</u>	<u>2,141,363</u>
EXPENDITURES:					
Instructional services:					
Salaries	71,727	123,691	-	957,907	1,153,325
Benefits	18,515	30,256	-	142,861	191,632
Pension expense	5,002	3,674	-	46,003	54,679
OPEB expense	-	939	-	6,303	7,242
Purchased services	31,798	35,219	-	27,621	94,638
Supplies and materials	-	14,638	-	9,601	24,239
Other objects	6,309	80	2,500	2,032	10,921
Administrative:					
On-behalf payments	288,499	-	-	-	288,499
Capital outlay	-	-	-	6,798	6,798
Total expenditures	<u>421,850</u>	<u>208,497</u>	<u>2,500</u>	<u>1,199,126</u>	<u>1,831,973</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,990)	(119,531)	-	443,911	309,390
OTHER FINANCING USES:					
Transfers out	-	-	-	(1,335)	(1,335)
NET CHANGE IN FUND BALANCES (DEFICITS)	(14,990)	(119,531)	-	442,576	308,055
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	132	(39)	-	1,171,946	1,172,039
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ (14,858)</u>	<u>\$ (119,570)</u>	<u>\$ -</u>	<u>\$ 1,614,522</u>	<u>\$ 1,480,094</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2019

SCHEDULE 3

	<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	\$ 11,574	\$ 1,408,347	\$ -	\$ 3,092	\$ 4,235	\$ 861
Due from other governments	-	39,572	133,736	-	5,343	-
Total assets	<u>11,574</u>	<u>1,447,919</u>	<u>133,736</u>	<u>3,092</u>	<u>9,578</u>	<u>861</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>\$ 11,574</u>	<u>\$ 1,447,919</u>	<u>\$ 133,736</u>	<u>\$ 3,092</u>	<u>\$ 9,578</u>	<u>\$ 861</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES						
Accounts payable and accrued expenses	\$ 9,589	\$ 416,103	\$ 3,634	\$ 3,092	\$ 104	\$ 861
Due to other governments	1,985	928,309	1,728	-	-	-
Due to other funds	-	-	126,682	-	-	-
Unearned revenue	-	103,507	-	-	-	-
TOTAL LIABILITIES	<u>11,574</u>	<u>1,447,919</u>	<u>132,044</u>	<u>3,092</u>	<u>104</u>	<u>861</u>
DEFERRED INFLOWS OF RESOURCES						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Restricted	-	-	1,692	-	9,474	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>1,692</u>	<u>-</u>	<u>9,474</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 11,574</u>	<u>\$ 1,447,919</u>	<u>\$ 133,736</u>	<u>\$ 3,092</u>	<u>\$ 9,578</u>	<u>\$ 861</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2019

SCHEDULE 3
 (CONTINUED)

	<u>Workforce Investment Act</u>	<u>McKinney Homeless Grant</u>	<u>Title II - Teacher Quality - Leadership Program</u>	<u>Child Nutrition</u>	<u>System of Statewide Support Foundational Service</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 492	\$ 1,428,601
Due from other governments	15,656	18,042	30	-	-	212,379
Total assets	<u>15,656</u>	<u>18,042</u>	<u>30</u>	<u>-</u>	<u>492</u>	<u>1,640,980</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>\$ 15,656</u>	<u>\$ 18,042</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 492</u>	<u>\$ 1,640,980</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES						
Accounts payable and accrued expenses	\$ 2,893	\$ -	\$ -	\$ -	\$ -	\$ 436,276
Due to other governments	-	-	-	-	-	932,022
Due to other funds	12,794	18,042	30	-	-	157,548
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,507</u>
TOTAL LIABILITIES	<u>15,687</u>	<u>18,042</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>1,629,353</u>
DEFERRED INFLOWS OF RESOURCES						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Restricted	-	-	-	-	492	11,658
Unassigned	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31)</u>
TOTAL FUND BALANCES (DEFICITS)	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>492</u>	<u>11,627</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 15,656</u>	<u>\$ 18,042</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 492</u>	<u>\$ 1,640,980</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
EDUCATION FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

SCHEDULE 4

	Truants' Alternative/ Optional Education	Early Childhood Block Grants	Early Intervention Infants/ Toddlers	Regional Safe Schools	Hearing and Vision Grant	ROE/ISC Operations
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,244	\$ -
State sources	125,855	2,747,822	628,191	65,313	5,229	110,147
Federal sources	-	-	-	-	-	-
Total revenues	<u>125,855</u>	<u>2,747,822</u>	<u>628,191</u>	<u>65,313</u>	<u>7,473</u>	<u>110,147</u>
EXPENDITURES:						
Instructional services:						
Salaries	80,165	322,258	408,627	34,939	2,501	72,646
Benefits	15,828	75,561	78,515	5,349	204	7,486
Pension expense	6,757	18,064	29,281	2,187	166	2,513
OPEB expense	-	1,338	-	-	-	284
Purchased services	14,906	563,740	81,705	12,177	591	14,351
Supplies and materials	1,199	28,473	12,438	2,278	-	2,000
Other objects	7,000	37,438	18,861	3,590	-	6,000
Intergovernmental:						
Payment to other governments	-	1,493,172	-	-	-	-
Capital outlay	-	53,629	2,458	-	-	4,867
Total expenditures	<u>125,855</u>	<u>2,593,673</u>	<u>631,885</u>	<u>60,520</u>	<u>3,462</u>	<u>110,147</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	154,149	(3,694)	4,793	4,011	-
OTHER FINANCING SOURCES:						
Transfers in	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	154,149	(3,694)	4,793	4,011	-
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	-	(154,149)	5,386	(4,793)	5,463	-
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,692</u>	<u>\$ -</u>	<u>\$ 9,474</u>	<u>\$ -</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
EDUCATION FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 4
(CONTINUED)**

	Workforce Investment Act	McKinney Homeless Grant	Title II - Teacher Quality - Leadership Program	Child Nutrition	System of Statewide Support Foundational Service	Totals
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,244
State sources	-	-	-	173	-	3,682,730
Federal sources	100,147	18,042	1,030	-	15,980	135,199
Total revenues	<u>100,147</u>	<u>18,042</u>	<u>1,030</u>	<u>173</u>	<u>15,980</u>	<u>3,820,173</u>
EXPENDITURES:						
Instructional services:						
Salaries	61,793	3,000	-	-	11,600	997,529
Benefits	7,698	574	-	-	601	191,816
Pension expense	3,679	210	-	-	28	62,885
OPEB expense	-	-	-	-	16	1,638
Purchased services	22,053	3,173	1,000	1,498	1,426	716,620
Supplies and materials	2,211	9,785	-	258	1,329	59,971
Other objects	2,744	-	30	25	488	76,176
Intergovernmental:						
Payment to other governments	-	1,300	-	-	-	1,494,472
Capital outlay	-	-	-	-	-	60,954
Total expenditures	<u>100,178</u>	<u>18,042</u>	<u>1,030</u>	<u>1,781</u>	<u>15,488</u>	<u>3,662,061</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(31)	-	-	(1,608)	492	158,112
OTHER FINANCING SOURCES:						
Transfers in	-	-	-	1,335	-	1,335
NET CHANGE IN FUND BALANCES (DEFICITS)	(31)	-	-	(273)	492	159,447
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	-	-	-	273	-	(147,820)
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ (31)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492</u>	<u>\$ 11,627</u>

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE 5

	Truants' Alternative/Optional Education				Early Childhood Block Grants			
	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	127,840	127,840	125,855	(1,985)	2,672,132	2,672,132	2,747,822	75,690
Federal sources	-	-	-	-	-	-	-	-
Total revenues	127,840	127,840	125,855	(1,985)	2,672,132	2,672,132	2,747,822	75,690
EXPENDITURES:								
Instructional services:								
Salaries	80,109	80,109	80,165	(56)	345,710	340,680	322,258	18,422
Benefits	25,999	22,999	15,828	7,171	110,442	99,338	75,561	23,777
Pension expense	-	-	6,757	(6,757)	-	-	18,064	(18,064)
OPEB expense	-	-	-	-	-	-	1,338	(1,338)
Purchased services	20,007	16,007	14,906	1,101	596,225	545,441	563,740	(18,299)
Supplies and materials	1,725	1,725	1,199	526	55,576	73,141	28,473	44,668
Other objects	-	7,000	7,000	-	35,078	70,659	37,438	33,221
Intergovernmental:								
Payment to other governments	-	-	-	-	1,508,801	1,511,452	1,493,172	18,280
Capital outlay	-	-	-	-	20,300	31,421	53,629	(22,208)
Total expenditures	127,840	127,840	125,855	1,985	2,672,132	2,672,132	2,593,673	78,459
NET CHANGE IN FUND BALANCES (DEFICITS)	\$ -	\$ -	-	\$ -	\$ -	\$ -	154,149	\$ 154,149
FUND BALANCES (DEFICITS), BEGINNING OF YEAR				-			(154,149)	
FUND BALANCES (DEFICITS), END OF YEAR			\$ -				\$ -	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE 5
 (CONTINUED)

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	684,007	628,131	628,191	60	60,484	60,484	65,313	4,829
Federal sources	-	-	-	-	-	-	-	-
Total revenues	684,007	628,131	628,191	60	60,484	60,484	65,313	4,829
EXPENDITURES:								
Instructional services:								
Salaries	414,266	408,752	408,627	125	38,623	34,252	34,939	(687)
Benefits	114,921	113,392	78,515	34,877	7,660	7,706	5,349	2,357
Pension expense	-	-	29,281	(29,281)	-	-	2,187	(2,187)
OPEB expense	-	-	-	-	-	-	-	-
Purchased services	101,123	66,795	81,705	(14,910)	7,773	12,494	12,177	317
Supplies and materials	32,030	21,157	12,438	8,719	6,428	2,478	2,278	200
Other objects	21,667	18,035	18,861	(826)	-	3,554	3,590	(36)
Intergovernmental:								
Payment to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	2,458	(2,458)	-	-	-	-
Total expenditures	684,007	628,131	631,885	(3,754)	60,484	60,484	60,520	(36)
NET CHANGE IN FUND BALANCES (DEFICITS)	\$ -	\$ -	(3,694)	\$ (3,694)	\$ -	\$ -	4,793	\$ 4,793
FUND BALANCES (DEFICITS), BEGINNING OF YEAR			5,386				(4,793)	
FUND BALANCES (DEFICITS), END OF YEAR			<u>\$ 1,692</u>				<u>\$ -</u>	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE 5
 (CONTINUED)

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	110,147	110,147	110,147	-	-	-	-	-
Federal sources	-	-	-	-	102,111	112,451	100,147	(12,304)
Total revenues	<u>110,147</u>	<u>110,147</u>	<u>110,147</u>	<u>-</u>	<u>102,111</u>	<u>112,451</u>	<u>100,147</u>	<u>(12,304)</u>
EXPENDITURES:								
Instructional services:								
Salaries	77,700	75,000	72,646	2,354	69,756	75,171	61,793	13,378
Benefits	10,400	10,600	7,486	3,114	9,244	9,015	7,698	1,317
Pension expense	-	-	2,513	(2,513)	-	-	3,679	(3,679)
OPEB expense	-	-	284	(284)	-	-	-	-
Purchased services	11,000	13,047	14,351	(1,304)	19,482	23,054	22,053	1,001
Supplies and materials	6,047	1,000	2,000	(1,000)	762	2,221	2,211	10
Other objects	-	6,000	6,000	-	2,867	2,990	2,744	246
Intergovernmental:								
Payment to other governments	-	-	-	-	-	-	-	-
Capital outlay	5,000	4,500	4,867	(367)	-	-	-	-
Total expenditures	<u>110,147</u>	<u>110,147</u>	<u>110,147</u>	<u>-</u>	<u>102,111</u>	<u>112,451</u>	<u>100,178</u>	<u>12,273</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(31)</u>	<u>\$ (31)</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCES (DEFICITS), END OF YEAR			<u>\$ -</u>				<u>\$ (31)</u>	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE 5
 (CONTINUED)

	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	22,710	22,710	18,042	(4,668)	1,091	1,091	1,030	(61)
Total revenues	22,710	22,710	18,042	(4,668)	1,091	1,091	1,030	(61)
EXPENDITURES:								
Instructional services:								
Salaries	3,550	3,550	3,000	550	-	-	-	-
Benefits	1,020	1,020	574	446	-	-	-	-
Pension expense	-	-	210	(210)	-	-	-	-
OPEB expense	-	-	-	-	-	-	-	-
Purchased services	2,740	1,740	3,173	(1,433)	1,091	1,059	1,000	59
Supplies and materials	10,400	13,750	9,785	3,965	-	-	-	-
Other objects	-	-	-	-	-	32	30	2
Intergovernmental:								
Payment to other governments	5,000	2,650	1,300	1,350	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	22,710	22,710	18,042	4,668	1,091	1,091	1,030	61
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCES (DEFICITS), END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE 5
 (CONTINUED)

	System of Statewide Support Foundational Service			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	80,000	80,000	15,980	(64,020)
Total revenues	80,000	80,000	15,980	(64,020)
EXPENDITURES:				
Instructional services:				
Salaries	64,400	64,000	11,600	52,400
Benefits	3,970	3,700	601	3,099
Pension expense	-	-	28	(28)
OPEB expense	-	-	16	(16)
Purchased services	9,730	8,043	1,426	6,617
Supplies and materials	1,900	1,900	1,329	571
Other objects	-	2,357	488	1,869
Intergovernmental:				
Payment to other governments	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	80,000	80,000	15,488	64,512
NET CHANGE IN FUND BALANCES (DEFICITS)	\$ -	\$ -	492	\$ 492
FUND BALANCES (DEFICITS), BEGINNING OF YEAR			-	
FUND BALANCES (DEFICITS), END OF YEAR			\$ 492	

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

SCHEDULE 6

	<u>General Educational Development</u>	<u>Bus Driver</u>	<u>Institute</u>	<u>Annexation</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 479	\$ 16,668	\$ 61,116	\$ -	\$ 78,263
Due from other governments	-	1,220	-	-	1,220
TOTAL ASSETS	479	17,888	61,116	-	79,483
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 479</u>	<u>\$ 17,888</u>	<u>\$ 61,116</u>	<u>\$ -</u>	<u>\$ 79,483</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
None	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES					
None	-	-	-	-	-
FUND BALANCES					
Restricted	479	17,888	61,116	-	79,483
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 479</u>	<u>\$ 17,888</u>	<u>\$ 61,116</u>	<u>\$ -</u>	<u>\$ 79,483</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

SCHEDULE 7

	General Educational Development	Bus Driver	Institute	Annexation	Totals
REVENUES:					
Local sources	\$ 1,230	\$ 2,680	\$ 24,523	\$ 686	\$ 29,119
State sources	-	1,272	-	-	1,272
Total revenues	<u>1,230</u>	<u>3,952</u>	<u>24,523</u>	<u>686</u>	<u>30,391</u>
EXPENDITURES:					
Instructional services:					
Salaries	-	1,476	512	-	1,988
Benefits	-	200	46	-	246
Pension expense	-	7	42	-	49
Purchased services	428	545	10,426	676	12,075
Supplies and materials	323	-	1,155	10	1,488
Capital outlay	-	-	681	-	681
Total expenditures	<u>751</u>	<u>2,228</u>	<u>12,862</u>	<u>686</u>	<u>16,527</u>
NET CHANGE IN FUND BALANCES	479	1,724	11,661	-	13,864
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>16,164</u>	<u>49,455</u>	<u>-</u>	<u>65,619</u>
FUND BALANCES, END OF YEAR	<u>\$ 479</u>	<u>\$ 17,888</u>	<u>\$ 61,116</u>	<u>\$ -</u>	<u>\$ 79,483</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2019**

SCHEDULE 8

	E.H. Parriott Scholarship Trust Principal Fund	E.H. Parriott Scholarship Trust Income Fund	Totals
ASSETS			
Cash and cash equivalents	\$ -	\$ 43,817	\$ 43,817
Investments	822,927	389,333	1,212,260
Property and equipment, net	705,944	-	705,944
TOTAL ASSETS	1,528,871	433,150	1,962,021
LIABILITIES			
Deposits	2,000	-	2,000
Unearned revenue	19,534	-	19,534
TOTAL LIABILITIES	21,534	-	21,534
NET POSITION			
Held in trust for other purposes	<u>\$ 1,507,337</u>	<u>\$ 433,150</u>	<u>\$ 1,940,487</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

SCHEDULE 9

	E.H. Parriott Scholarship Trust Principal Fund	E.H. Parriott Scholarship Trust Income Fund	Totals
ADDITIONS:			
Rent	\$ 154,271	\$ -	\$ 154,271
Interest and dividends	22,659	11,005	33,664
Realized gain (loss) on investments	5,084	(1,304)	3,780
Unrealized gain (loss) on investments	22,330	11,495	33,825
Miscellaneous income	903	5,864	6,767
Total additions	<u>205,247</u>	<u>27,060</u>	<u>232,307</u>
DEDUCTIONS:			
Purchased services	-	61,276	61,276
Scholarships	-	172,000	172,000
Depreciation	1,424	-	1,424
Total deductions	<u>1,424</u>	<u>233,276</u>	<u>234,700</u>
EXCESS (DEFICIENCY) OF ADDITIONS OVER (UNDER) DEDUCTIONS	203,823	(206,216)	(2,393)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	205,487	205,487
Transfers out	(205,487)	-	(205,487)
Total other financing sources (uses)	<u>(205,487)</u>	<u>205,487</u>	<u>-</u>
CHANGE IN NET POSITION	(1,664)	(729)	(2,393)
NET POSITION, BEGINNING OF YEAR	<u>1,509,001</u>	<u>433,879</u>	<u>1,942,880</u>
NET POSITION, END OF YEAR	<u>\$ 1,507,337</u>	<u>\$ 433,150</u>	<u>\$ 1,940,487</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 AGENCY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2019**

SCHEDULE 10

	Distributive Fund	Distributive Interest Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 25,935	\$ 8,332	\$ 34,267
Due from other governments	503,101	-	503,101
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 529,036</u>	<u>\$ 8,332</u>	<u>\$ 537,368</u>
LIABILITIES			
Due to other governments	<u>\$ 529,036</u>	<u>\$ 8,332</u>	<u>\$ 537,368</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
 REGIONAL OFFICE OF EDUCATION #8
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019**

SCHEDULE 11

	<u>Balance, June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2019</u>
DISTRIBUTIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 19,335	\$ 2,374,575	\$ 2,367,975	\$ 25,935
Due from other governments	495,608	503,101	495,608	503,101
TOTAL ASSETS	<u>\$ 514,943</u>	<u>\$ 2,877,676</u>	<u>\$ 2,863,583</u>	<u>\$ 529,036</u>
LIABILITIES				
Due to other governments	<u>\$ 514,943</u>	<u>\$ 2,877,676</u>	<u>\$ 2,863,583</u>	<u>\$ 529,036</u>
DISTRIBUTIVE INTEREST FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 5,433</u>	<u>\$ 2,899</u>	<u>\$ -</u>	<u>\$ 8,332</u>
LIABILITIES				
Due to other governments	<u>\$ 5,433</u>	<u>\$ 2,899</u>	<u>\$ -</u>	<u>\$ 8,332</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 24,768	\$ 2,377,474	\$ 2,367,975	\$ 34,267
Due from other governments	495,608	503,101	495,608	503,101
TOTAL ASSETS	<u>\$ 520,376</u>	<u>\$ 2,880,575</u>	<u>\$ 2,863,583</u>	<u>\$ 537,368</u>
LIABILITIES				
Due to other governments	<u>\$ 520,376</u>	<u>\$ 2,880,575</u>	<u>\$ 2,863,583</u>	<u>\$ 537,368</u>

**CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
FOR THE YEAR ENDED JUNE 30, 2019**

SCHEDULE 12

	Vocational Education - Career and Tech. Grant	Voc. Ed - Perkins Title II Secondary	Jo Daviess County School Facilities Sales Tax	Total
Eagle Ridge Vocational Delivery System	\$ 313,191	\$ 59,448	\$ -	\$ 372,639
East Dubuque School District #119	-	-	412,272	412,272
Galena Unit School District #120	-	-	505,505	505,505
Lena-Winslow Community Unit School District #202	-	-	605	605
River Ridge Community Unit School District #210	-	-	310,414	310,414
Scales Mound Community Unit School District #211	-	-	154,381	154,381
Stockton Community Unit School District #206	-	-	372,004	372,004
Warren Community Unit School District #205	-	-	239,833	239,833
West Carroll Community Unit School District #314	-	-	322	322
Total	\$ 313,191	\$ 59,448	\$ 1,995,336	\$ 2,367,975