

**STATE OF ILLINOIS  
KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31**

**FINANCIAL AUDIT  
For the Year Ended June 30, 2015**

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

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
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**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31**

**OFFICIALS**

Regional Superintendent  
(Current and during the audit period)

Ms. Patricia Dal Santo

Assistant Regional Superintendent  
(During the audit period through January 31, 2015)

Ms. Paige McNulty

Assistant Regional Superintendent  
(Current effective July 1, 2015)

Ms. Deanna Oliver

Office is located at:

28 N 1st Street  
Geneva, Illinois 60134

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31**

**FINANCIAL REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND RESPONSES**

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

2015-001	11-12	Controls Over Financial Statement Preparation	Significant Deficiency
2015-002	13-14	Controls Over Procurement Cards	Significant Deficiency

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

None

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31**

**FINANCIAL REPORT SUMMARY (CONTINUED)**

**EXIT CONFERENCE**

The Kane County Regional Office of Education No. 31 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2015. Throughout the audit, meetings were held between auditors and Regional Office officials to discuss matters obtained in this report. The responses to the recommendations were provided by Patricia Dal Santo, Regional Superintendent and Meg Fetzer, Finance Director.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of Kane County Regional Office of Education No. 31 was performed by Winkel, Parker & Foster, CPA PC.

Based on their audit, the auditors expressed an unmodified opinion on the Kane County Regional Office of Education No. 31'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 Kane County Regional Office of Education No. 31, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Kane County Regional Office of Education No. 31's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kane County Regional Office of

Education No. 31, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

As discussed in Note 16, Kane County Regional Office of Education No. 31 adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

As discussed in Note 16, Kane County Regional Office of Education No. 31 has restated the previously issued financial statements for a correction of a material misstatement. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability and Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions on pages 20 through 29 and 68 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 Kane County Regional Office of Education No. 31's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2016 on our consideration of Kane County Regional Office of Education No. 31's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kane County Regional Office of Education No. 31's internal control over financial reporting and compliance.

*Winkel, Parker & Foster, CPA PC*

Clinton, Iowa  
April 1, 2016



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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with 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 Kane County Regional Office of Education No. 31, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Kane County Regional Office of Education No. 31's basic financial statements, and have issued our report thereon dated April 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kane County Regional Office of Education No. 31'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 Kane County Regional Office of Education No. 31's internal control. Accordingly, we do not express an opinion on the effectiveness of Kane County Regional Office of Education No. 31's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2015-001 and 2015-002 that we consider to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kane County Regional Office of Education No. 31's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Regional Office of Education No. 31's Responses to Findings

Kane County Regional Office of Education No. 31's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Kane County Regional Office of Education No. 31'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 Kane County Regional Office of Education No. 31's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kane County Regional Office of Education No. 31's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Winkel, Parker & Foster, CPA PC*

Clinton, Iowa  
April 1, 2016

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

**Section I: Summary of Auditors' Results:**

**Financial Statements**

Type of auditors' report issued: \_\_\_\_\_ Unmodified \_\_\_\_\_

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?        yes   x   no

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

**Section II: Financial Statement Findings:**

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

**Criteria/Specific Requirement:**

Kane County Regional Office of Education No. 31 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education No. 31's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

**Condition:**

The Regional Office of Education No. 31 does not have sufficient internal controls over the financial reporting process. While the Regional Office of Education No. 31 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education No. 31's financial information prepared by the Regional Office of Education No. 31, it was noted that the Regional Office did not have adequate controls over the maintenance of records of accounts receivable, due from other governments, due to other governments and unavailable revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, due from other governments, due to other governments and unavailable revenue, audit adjustments were proposed in order to ensure financial statement balances were accurate.

**Effect:**

The Regional Office of Education No. 31'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.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

**Section II: Financial Statement Findings:**

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

**Cause:**

Management did not effectively detect all of the adjustments needed in order to present financial statements in accordance with GAAP in a timely manner.

**Auditors' recommendation:**

As part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education No. 31 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 Regional Office of Education No. 31's activities and operations.

**Management's Response:**

The Business Office will provide to the Superintendent regular and timely financial reports which include but are not limited to grant reporting, bank reconciliations, monthly financial reporting, and any other report needed for discussion of the Regional Office's financial well-being.



**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

**Section II: Financial Statement Findings:**

**FINDING 2015-002 - Controls Over Procurement Cards**

**Criteria/Specific Requirement:**

The Regional Office of Education No. 31 provides procurement cards for use to various Regional Office of Education No. 31 employees. The procurement cards operate like a credit card; however, they do not carry a revolving line of credit and must be paid in full each month. Additionally, the use of procurement cards allows the Regional Office of Education No. 31 to customize purchase authority and spending levels. Adequate internal controls should ensure that expenses incurred by the Regional Office of Education No. 31 are adequately documented, approved by management, incurred for a business purpose and represent economical and effective use of Regional Office of Education No. 31's resources. The Regional Office of Education No. 31 has established a formal procurement card policy, an individual procurement card user agreement and procurement card guidelines. These documents clearly indicate personal purchases are not allowed and require employees to provide supporting documents for procurement card purchases within five business days following the receipt of the monthly procurement card statement.

**Condition:**

The Regional Office of Education No. 31 does not have adequate controls in place over procurement card purchases. An employee of the Regional Office of Education No. 31 made personal purchases totaling \$8,670 on a procurement card during the months of July through December of 2014. The Regional Office of Education No. 31 subsequently reviewed those purchases, requested supporting documentation, tabulated a list of personal purchases and invoiced the employee in January of 2015. Although the employee repaid personal purchases as invoiced by the Regional Office of Education No. 31, adequate controls were not in place to ensure supporting documentation was collected in accordance with the Regional Office of Education No. 31's policy and to ensure personal purchases were not made on the procurement card.

**Effect:**

Lack of adequate internal controls over procurement card purchases increases the susceptibility of the Regional Office of Education No. 31 paying unallowable expenses, expenses for which business purpose is not documented, or expenses in excess of allowable amounts. Commingling personal and Regional Office expenditures exposes the Regional Office to potential liability for any personal charges made on the account.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

**Section II: Financial Statement Findings:**

**FINDING 2015-002 - Controls Over Procurement Cards (Continued)**

**Cause:**

Although the Regional Office of Education's policy is for employees to provide supporting documents for procurement card purchases within five business days following the receipt of the monthly procurement card statement, the Regional Office of Education No. 31 was not promptly provided with supporting documents for procurement card purchases and personal purchases were incurred during a six month period.

**Auditors' Recommendation:**

The Regional Office of Education No. 31 should ensure timely review of procurement card purchases, including review to ensure that each transaction has adequate documentation, management approval, and indication of the business purpose. The Regional Office of Education No. 31 should consider suspending or canceling cardholder privileges if appropriate documentation is not received in accordance with Regional Office of Education No. 31's policy to ensure improper purchases are not occurring over a significant time period.

**Management's Response:**

The Regional Office of Education No. 31's policy does require timely submission of procurement card purchases, and reviews said submissions to ensure that each transaction has provided documentation and indication of the business purpose for adequate management approval. The Regional Office of Education No. 31 will consider suspending cardholder privileges if warranted to ensure improper purchases are not occurring over a significant time period.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

**Section III: Federal Award Findings:**

Not Applicable

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
Year Ended June 30, 2015**

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

**Condition:**

The Regional Office of Education No. 31 does not have sufficient internal controls over the financial reporting process. While the Regional Office of Education No. 31 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education No. 31's financial information prepared by the Regional Office of Education No. 31, it was noted that the Regional Office did not have adequate controls over the maintenance of records of accounts receivable, due from other governments, due to other governments and unavailable revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, due from other governments, due to other governments and unavailable revenue, audit adjustments were proposed in order to ensure financial statement balances were accurate.

**Plan:**

Effective with the fiscal year 2015 audit the Regional Office of Education No. 31 will continue its implementation of procedures to improve the timeliness and accuracy of the general ledger. The months will be closed in a timely manner and necessary adjustments will be made as needed. Prior to auditors arriving, year-end adjustments will be made to present the financial statements in accordance with generally accepted accounting principles.

**Anticipated Completion Date:**

On-going throughout the year.

**Contact Person Responsible for Corrective Action:**

Meg Fetzer, Finance Director, under the supervision of Regional Superintendent, Pat Dal Santo, Kane County Regional Office of Education No. 31.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
Year Ended June 30, 2015**

**FINDING 2015-002 - Controls Over Procurement Cards**

**Condition:**

The Regional Office of Education No. 31 does not have adequate controls in place over procurement card purchases. An employee of the Regional Office of Education No. 31 made personal purchases totaling \$8,670 on a procurement card during the months of July through December of 2014. The Regional Office of Education No. 31 subsequently reviewed those purchases, requested supporting documentation, tabulated a list of personal purchases and invoiced the employee in January of 2015. Although the employee repaid personal purchases as invoiced by the Regional Office of Education No. 31, adequate controls were not in place to ensure supporting documentation was collected in accordance with the Regional Office of Education No. 31's policy and to ensure personal purchases were not made on the procurement card.

**Plan:**

Effective with the 2015 audit the Regional Office of Education No. 31 will review documentation submitted with procurement card purchases in a timely fashion and make necessary adjustments as warranted to policy and procedures to ensure personal purchases are not sustained on an ROE procurement card.

**Anticipated Completion Date:**

On-going throughout the year.

**Contact Person Responsible for Corrective Action:**

Meg Fetzer, Finance Director, under the supervision of Regional Superintendent, Pat Dal Santo, Kane County Regional Office of Education No. 31.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2015**

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2014-001	Controls Over Financial Statement Preparation	Repeated

## **Management's Discussion and Analysis**

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

This discussion and analysis of the Kane County Regional Office of Education's financial report provides an overview of the financial activities for the year ended June 30, 2015 with comparative information for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the Regional Office of Education's performance as a whole. Readers should review the financial statements and any notes to the basic financial statements to assist them in understanding the role of the Regional Office of Education, its operations and financial condition.

The purpose of the Kane County Regional Office of Education No. 31 is to promote quality education for the citizens of the Kane County Educational Service Region by acting as an advocate for education, providing leadership, performing regulatory functions as directed by the Illinois State Board of Education and the Illinois School Code, providing access to needed resources and disseminating information to school districts, educators, and the community.

**Mission**

The mission of the Kane County Regional Office of Education is to provide leadership in the learning community by developing educational resources, facilitating learning and collaborating with all educational partners.

**Education Service Region**

The Kane County Regional Office of Education serves over 133,000 students, which includes 121,332 public school students and over 12,400 private/parochial students. Our region includes nine (K-12) unit districts, two community college districts, 216 public school buildings, and over 9,000 public/private school teachers.

**2015 Financial Highlights**

- General Fund revenues decreased from \$2,748,444 in fiscal year 2014 to \$2,192,619 in fiscal year 2015. General Fund expenditures also decreased from \$2,104,192 in fiscal year 2014 to \$1,891,611 in fiscal year 2015. These decreases were primarily due to continued reallocation of services provided due to loss of funding opportunities available.
- Education Fund revenues increased from \$1,190,131 in fiscal year 2014 to \$1,274,705 in fiscal year 2015. Expenditures also increased from \$1,202,014 in fiscal year 2014 to \$1,341,271 in fiscal year 2015. These increases were primarily due to slight increased funding amounts from the grants.
- Institute Fund revenues increased from \$150,470 in fiscal year 2014 to \$209,985 in fiscal year 2015. Expenditures in the Institute Fund increased from \$108,559 in fiscal year 2014 to \$134,898 in fiscal year 2015. These increases were primarily due to the cyclical nature of license renewal and change in certification requirements for professional teachers, administrators and paraprofessionals in Kane County.



**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

- Enterprise Fund revenues slightly decreased from \$416,373 in fiscal year 2014 to \$409,405 in fiscal year 2015. Enterprise Fund expenses increased from \$481,880 in fiscal year 2014 to \$703,720 in fiscal year 2015. The increase in expenses was primarily due to the development of a statewide health and life safety application for ROEs to use and a policy change regarding allocation of expenses.
- Government-wide revenues increased by 2% from \$4,249,261 in fiscal year 2014 to \$4,347,383 in fiscal year 2015. Government-wide expenses increased by 4% from \$4,004,402 in fiscal year 2014 to \$4,161,239 in fiscal year 2015.

**USING THIS ANNUAL REPORT**

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office'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 the Regional Office as a whole and present an overall view of the Regional Office's finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office'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.

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 the Regional Office of Education No. 31's pension liability, proportionate share of the net pension liability and relating contributions.

Supplementary Information provides detailed information about the major and nonmajor funds.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**REPORTING KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31'S FINANCIAL ACTIVITIES**

***Government-wide Financial Statements***

The government-wide financial statements report information about Kane County Regional Office of Education No. 31 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of Kane County Regional Office of Education No. 31'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 using generally accepted accounting principles and GASB 34.

The two government-wide financial statements report the Regional Office'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 the Regional Office'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 the Regional Office's overall condition, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

***Fund Financial Statements***

The fund financial statements provide more detailed information about Kane County Regional Office of Education No. 31'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. Kane County Regional Office of Education No. 31 established other funds to control and manage money for particular purposes.

Kane County Regional Office of Education No. 31 has three kinds of funds:

1) *Governmental funds*: Account for those funds through which most governmental functions of the Regional Office are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the 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 resources that can be spent in the near future to finance the Regional Office's programs. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance.

2) *Proprietary funds*: Account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The proprietary funds required financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

**KANE COUNTY  
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3) *Fiduciary funds*: Account for assets held by the Regional Office in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Assets and Liabilities.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Regional Office, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,576,682 as of June 30, 2015.

The following table presents a summary of Kane County Regional Office of Education No. 31's net position for the fiscal years ended June 30, 2015 and 2014.

<b><u>2015</u></b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Current assets	\$ 7,940,100	\$ 396,965	\$ 8,337,065
Capital assets, net of depreciation	<u>2,047</u>	<u>32,758</u>	<u>34,805</u>
Total assets	<u>7,942,147</u>	<u>429,723</u>	<u>8,371,870</u>
Deferred outflows of resources	<u>421</u>	<u>-</u>	<u>421</u>
Current liabilities	181,086	552,542	733,628
Non-current liabilities	<u>54,902</u>	<u>3,214</u>	<u>58,116</u>
Total liabilities	<u>235,988</u>	<u>555,756</u>	<u>791,744</u>
Deferred inflows of resources	<u>3,865</u>	<u>-</u>	<u>3,865</u>
Net position			
Net investment in capital assets	1,691	13,174	14,865
Unrestricted	6,304,459	(139,207)	6,165,252
Restricted for educational purposes	<u>1,396,565</u>	<u>-</u>	<u>1,396,565</u>
<b>Total net position</b>	<b><u>\$ 7,702,715</u></b>	<b><u>\$ (126,033)</u></b>	<b><u>\$ 7,576,682</u></b>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

<b><u>2014 (not restated)</u></b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b><u>Total</u></b>
Current assets	\$ 7,520,433	\$ 208,333	\$ 7,728,766
Capital assets, net of depreciation	9,941	63,397	73,338
Total assets	<u>7,530,374</u>	<u>271,730</u>	<u>7,802,104</u>
 Deferred outflows of resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
Current liabilities	257,720	83,864	341,584
Non-current liabilities	<u>404,016</u>	<u>19,584</u>	<u>423,600</u>
Total liabilities	<u>661,736</u>	<u>103,448</u>	<u>765,184</u>
 Deferred inflows of resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
Net position			
Net investment in capital assets	7,590	29,160	36,750
Unrestricted	5,554,403	139,122	5,693,525
Restricted for educational purposes	<u>1,306,645</u>	<u>-</u>	<u>1,306,645</u>
 <b>Total net position</b>	 <u><b>\$ 6,868,638</b></u>	 <u><b>\$ 168,282</b></u>	 <u><b>\$ 7,036,920</b></u>

The Regional Office's net position increased by \$186,144 (3%) from fiscal year 2014 (as restated). The increase was primarily due to continued conservative usage of resources and seeking out new revenue opportunities. 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 \$6,165,252 for the year ended June 30, 2015. The net position related to the Institute Fund, Education Fund and Nonmajor Special Revenue Funds are restricted for educational purposes.

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* were implemented during the fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities was restated by \$11,382 to retroactively report the net pension liability as of June 30, 2014. Fiscal years 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**Changes in net position.** The following shows the changes in net position for the years ended June 30, 2015 and 2014.

**2015**

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ 228,991	\$ 409,052	\$ 638,043
Operating grants and contributions	1,277,305	-	1,277,305
General revenues			
Local sources	67,016	353	67,369
State sources	1,771,636	-	1,771,636
On-behalf payments	<u>593,030</u>	<u>-</u>	<u>593,030</u>
Total revenues	<u>3,937,978</u>	<u>409,405</u>	<u>4,347,383</u>
<b>Expenses:</b>			
Education			
Salaries and benefits	1,349,677	71,592	1,421,269
Purchased services	436,611	540,298	976,909
Supplies and materials	27,629	38,984	66,613
Payments to other governments	1,014,303	-	1,014,303
Capital outlay	28,375	22,207	50,582
Depreciation	5,854	25,922	31,776
Loss on disposal of assets	2,040	4,717	6,757
Administrative			
On-behalf payments	<u>593,030</u>	<u>-</u>	<u>593,030</u>
Total expenses	<u>3,457,519</u>	<u>703,720</u>	<u>4,161,239</u>
<b>Change in net position</b>	480,459	(294,315)	186,144
<b>Net position, beginning, as restated</b>	<u>7,222,256</u>	<u>168,282</u>	<u>7,390,538</u>
<b>Net position, ending</b>	<u>\$ 7,702,715</u>	<u>\$ (126,033)</u>	<u>\$ 7,576,682</u>

**KANE COUNTY  
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**2014 (not restated)**

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ 216,604	\$ 415,442	\$ 632,046
Operating grants and contributions	1,123,856	-	1,123,856
General revenues			
Local sources	51,281	931	52,212
State sources	1,728,847	-	1,728,847
On-behalf payments	<u>712,300</u>	<u>-</u>	<u>712,300</u>
Total revenues	<u>3,832,888</u>	<u>416,373</u>	<u>4,249,261</u>
<b>Expenses:</b>			
Education			
Salaries and benefits	1,448,634	52,695	1,501,329
Purchased services	589,993	383,433	973,426
Supplies and materials	20,377	15,693	36,070
Payments to other governments	731,121	-	731,121
Other objects	1,392	1,084	2,476
Capital outlay	9,809	5,341	15,150
Depreciation	8,896	23,634	32,530
Administrative			
On-behalf payments	<u>712,300</u>	<u>-</u>	<u>712,300</u>
Total expenses	<u>3,522,522</u>	<u>481,880</u>	<u>4,004,402</u>
<b>Excess (deficiency) of revenues over (under) expenses before transfers</b>	310,366	(65,507)	244,859
<b>Transfers</b>	<u>14,665</u>	<u>(14,665)</u>	<u>-</u>
<b>Change in net position</b>	325,031	(80,172)	244,859
<b>Net position, beginning</b>	<u>6,543,607</u>	<u>248,454</u>	<u>6,792,061</u>
<b>Net position, ending</b>	<u>\$ 6,868,638</u>	<u>\$ 168,282</u>	<u>\$ 7,036,920</u>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**Governmental Activities**

Revenues for governmental activities were \$3,937,978 and \$3,832,888 and expenses were \$3,457,519 and \$3,522,522 for 2015 and 2014, respectively. The increase in revenues was mainly due to very slight increase in funding levels. The decrease in expenses was mainly due to continued work at being more efficient with program funds.

**Business-Type Activities**

Revenues for business-type activities were \$409,405 and \$416,373 and expenses were \$703,720 and \$481,880 for 2015 and 2014, respectively. The increase in expenses was primarily due to the development of a Health Life Safety application to be used by ROEs statewide.

**INDIVIDUAL FUND ANALYSIS**

As previously noted, Kane County Regional Office of Education No. 31 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Kane County Regional Office of Education No. 31's governmental funds reported combined fund balances of \$7,346,002, above last year's ending fund balances of \$7,052,983.

**Governmental Fund Highlights**

The General Fund fund balance increased from \$5,755,282 in 2014 to \$5,958,326 in 2015. The increase in fund balance was mostly attributable to one of the educational programs managed by the Regional Office of Education #31 generated excess funds.

The Institute Fund fund balance increased from \$892,776 in 2014 to \$967,863 in 2015. The increase in fund balance was mostly attributable to being more efficient and conservative with program funds.

The Education Fund fund balance increased from \$269,178 in 2014 to \$300,576 in 2015. The increase in fund balance was mostly attributable to better management of expenses in relation to timing of grant funding. The Education Fund is primarily made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see a funding increase.

**Proprietary Fund Highlights**

ESC Professional Development Local 2 net position decreased from \$(106,397) in 2014 to \$(298,687) in 2015. The primary reason for the decrease is attributable to the development of a Health Life Safety application to be used by ROEs statewide.

Technology net position decreased from \$(57,595) in 2014 to \$(176,530) in 2015. The primary reason for the decrease is attributable to the development of a Health Life Safety application to be used by ROEs statewide.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
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June 30, 2015**

**Fiduciary Fund Highlights**

Total assets and liabilities decreased from \$236,928 in fiscal year 2014 to \$10,851 in fiscal year 2015. Transactions during fiscal year 2015 represent mainly transfers in and out of funds for the distributive and payroll funds. The decrease is attributable to the timing of additions and deductions.

**BUDGETARY HIGHLIGHTS**

The Kane County Regional Office of Education No. 31 annually prepares budgets for several funds which serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Additionally, the Regional Office funds are reported and included in our annual report. In addition, the Institute Fund is printed in a newspaper of general circulation in Kane County.

**CAPITAL ASSETS AND LONG-TERM DEBT**

The Regional Office's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. For fiscal year 2015, total additions and retirements amounted to \$0 and \$453,967, respectively. Depreciation expense for fiscal year 2015 was \$31,776. Additional information on Kane County Regional Office of Education No. 31's capital assets can be found in Note 3 on page 53 of this report.

The Regional Office has entered into lease agreements as lessee for financing the acquisition of copiers. The present value of minimum lease payments at June 30, 2014 was \$36,588, which was decreased during fiscal year 2015 by \$16,648, resulting in a balance of \$19,940 at June 30, 2015. Additional information on Kane County Regional Office of Education No. 31's capital leases can be found in Note 4 on pages 53 and 54 of this report.



**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**ECONOMIC FACTORS BEARING ON KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31'S FUTURE**

County Board support is expected to remain at the current level for fiscal year 2016 and may decline in future years.

The Regional Office was forced to vacate County owned offices and incur move related expenses in excess of County provided support.

While the Regional Office is in search of additional revenue sources, it is also committed to providing as much support as it can to the districts it serves in order to take them to the next step in educational excellence.

The Youth Home licensing costs will continue to increase due to implementation of online curriculum evaluation and learning tools. A summer curriculum at the Youth Home will also be planned and implemented towards the end of the 2016 fiscal year.

Software support costs will be ongoing for the HLS inspection program rolled out in fiscal year 2015 with expected upgrades and adjustments to be implemented in 2016 and beyond.

**CONTACTING KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Kane County Regional Office of Education No. 31's citizens, taxpayers, customers, and creditors with a general overview of Kane County Regional Office of Education No. 31's finances and to demonstrate Kane County Regional Office of Education No. 31's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kane County Regional Office of Education No. 31 at 28 N 1st Street, Geneva, IL 60134. For a more detailed analysis and explanation of operations and programs, the complete fiscal year 2015 Annual Report is posted on the Kane County Regional Office of Education No. 31's website at <http://www.kaneroe.org>.

## **BASIC FINANCIAL STATEMENTS**

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,140,231	\$ 369,851	\$ 6,510,082
Investments	871,313	-	871,313
Accounts receivable	10,961	27,114	38,075
Due from other governments	439,841	-	439,841
Due from other funds	477,754	-	477,754
Total current assets	<u>7,940,100</u>	<u>396,965</u>	<u>8,337,065</u>
Non-current assets:			
Capital assets, net of depreciation	<u>2,047</u>	<u>32,758</u>	<u>34,805</u>
Total assets	<u>7,942,147</u>	<u>429,723</u>	<u>8,371,870</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>421</u>	<u>-</u>	<u>421</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	180,730	8,886	189,616
Due to other governments	-	49,532	49,532
Due to other funds	-	477,754	477,754
Leases payable	356	16,370	16,726
Total current liabilities	<u>181,086</u>	<u>552,542</u>	<u>733,628</u>
Non-current liabilities:			
Leases payable	-	3,214	3,214
Compensated absences	47,659	-	47,659
Net pension liability	7,243	-	7,243
Total non-current liabilities	<u>54,902</u>	<u>3,214</u>	<u>58,116</u>
Total liabilities	<u>235,988</u>	<u>555,756</u>	<u>791,744</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>3,865</u>	<u>-</u>	<u>3,865</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,691	13,174	14,865
Unrestricted	6,304,459	(139,207)	6,165,252
Restricted for educational purposes	1,396,565	-	1,396,565
Total net position	<u>\$ 7,702,715</u>	<u>\$ (126,033)</u>	<u>\$ 7,576,682</u>

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

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Change in Net Position		
	<u>Expenses</u>	Operating		Primary Government		<u>Total</u>
		<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Primary government:						
Governmental activities:						
Education:						
Salaries and benefits	\$ 1,349,677	\$ 50,378	\$ 578,619	\$ (720,680)	\$ -	\$ (720,680)
Purchased services	436,611	167,163	143,058	(126,390)	-	(126,390)
Supplies and materials	27,629	11,450	2,555	(13,624)	-	(13,624)
Payments to other governments	1,014,303	-	545,409	(468,894)	-	(468,894)
Capital outlay	28,375	-	7,664	(20,711)	-	(20,711)
Depreciation	5,854	-	-	(5,854)	-	(5,854)
Loss on disposal of assets	2,040	-	-	(2,040)	-	(2,040)
Administrative:						
On-behalf payments	593,030	-	-	(593,030)	-	(593,030)
Total governmental activities	3,457,519	228,991	1,277,305	(1,951,223)	-	(1,951,223)
Business-type activities:						
Professional development	703,720	409,052	-	-	(294,668)	(294,668)
<b>Total primary government</b>	<b>\$ 4,161,239</b>	<b>\$ 638,043</b>	<b>\$ 1,277,305</b>	<b>(1,951,223)</b>	<b>(294,668)</b>	<b>(2,245,891)</b>
General revenues:						
Local sources				67,016	353	67,369
State sources				1,771,636	-	1,771,636
On-behalf payments				593,030	-	593,030
Total general revenues				2,431,682	353	2,432,035
<b>CHANGE IN NET POSITION</b>				480,459	(294,315)	186,144
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED (SEE NOTE 16)</b>				7,222,256	168,282	7,390,538
<b>NET POSITION, END OF YEAR</b>				<b>\$ 7,702,715</b>	<b>\$ (126,033)</b>	<b>\$ 7,576,682</b>

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

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015**

	Special Revenue				
<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,643,025	\$ 1,021,907	\$ 355,575	\$ 119,724	\$ 6,140,231
Investments	871,313	-	-	-	871,313
Accounts receivable	9,561	-	-	1,400	10,961
Due from other governments	400,729	-	39,112	-	439,841
Due from other funds	493,744	-	-	-	493,744
Total assets	6,418,372	1,021,907	394,687	121,124	7,956,090
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 6,418,372</b>	<b>\$ 1,021,907</b>	<b>\$ 394,687</b>	<b>\$ 121,124</b>	<b>\$ 7,956,090</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 55,567	\$ 54,044	\$ 69,632	\$ 1,487	\$ 180,730
Due to other funds	-	-	15,990	-	15,990
Total liabilities	55,567	54,044	85,622	1,487	196,720
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	404,479	-	8,489	400	413,368
<b>FUND BALANCE</b>					
Restricted	-	967,863	309,526	119,237	1,396,626
Assigned	1,102,999	-	-	-	1,102,999
Unassigned	4,855,327	-	(8,950)	-	4,846,377
Total fund balance	5,958,326	967,863	300,576	119,237	7,346,002
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 6,418,372</b>	<b>\$ 1,021,907</b>	<b>\$ 394,687</b>	<b>\$ 121,124</b>	<b>\$ 7,956,090</b>

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

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2015**

<b>Total fund balance of governmental funds (page 33)</b>	<b>\$ 7,346,002</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>2,047</u>
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are considered "unavailable" and are deferred inflows of resources in the governmental funds.	<u>413,368</u>
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:	
Deferred outflows of resources	421
Deferred inflows of resources	<u>(3,865)</u>
	<u>(3,444)</u>
Non-current liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Capital lease obligations	(356)
Compensated absences	(47,659)
Net pension liability	<u>(7,243)</u>
	<u>(55,258)</u>
<b>Net position of governmental activities (page 31)</b>	<b><u>\$ 7,702,715</u></b>

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

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

	Special Revenue				Total Governmental Funds
	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	
<b>REVENUES:</b>					
Local sources	\$ 63,266	\$ 209,985	\$ 18,751	\$ 20,131	\$ 312,133
State sources	1,572,563	-	1,125,547	2,655	2,700,765
Federal sources	-	-	130,407	-	130,407
On-behalf payments	556,790	-	-	-	556,790
Total revenues	<u>2,192,619</u>	<u>209,985</u>	<u>1,274,705</u>	<u>22,786</u>	<u>3,700,095</u>
<b>EXPENDITURES:</b>					
Education:					
Salaries and benefits	696,299	16,262	605,452	23,360	1,341,373
Purchased services	157,316	110,174	153,663	15,458	436,611
Supplies and materials	15,349	8,462	3,340	478	27,629
Payments to other governments	443,532	-	570,771	-	1,014,303
On-behalf payments	556,790	-	-	-	556,790
Capital outlay	22,325	-	8,045	-	30,370
Total expenditures	<u>1,891,611</u>	<u>134,898</u>	<u>1,341,271</u>	<u>39,296</u>	<u>3,407,076</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>301,008</u>	<u>75,087</u>	<u>(66,566)</u>	<u>(16,510)</u>	<u>293,019</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	150,000	-	97,964	-	247,964
Transfers out	(247,964)	-	-	-	(247,964)
Total other financing sources (uses)	<u>(97,964)</u>	<u>-</u>	<u>97,964</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	203,044	75,087	31,398	(16,510)	293,019
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>5,755,282</u>	<u>892,776</u>	<u>269,178</u>	<u>135,747</u>	<u>7,052,983</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 5,958,326</u>	<u>\$ 967,863</u>	<u>\$ 300,576</u>	<u>\$ 119,237</u>	<u>\$ 7,346,002</u>

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

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2015**

**Net change in fund balance (page 35)** \$ 293,019

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

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

Depreciation	(5,854)
Loss on disposal of assets	(2,040)
	(7,894)

Repayment of long-term capital lease obligations  
is reported as an expenditure in the  
governmental funds, but the repayment  
reduces long-term liabilities in the Statement  
of Net Position.

1,995

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.

201,643

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

417

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

Increase in compensated absences	(8,999)
Decrease in pension expense	278
	(8,721)

**Change in net position of governmental activities (page 32)** **\$ 480,459**

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



**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2015**

	<b>Business-Type Activities Enterprise Funds</b>			
	<b>ESC Professional Development Local 2</b>	<b>Technology</b>	<b>Nonmajor Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 369,851	\$ 369,851
Accounts receivable	4,510	3,848	18,756	27,114
Total current assets	4,510	3,848	388,607	396,965
Non-current assets:				
Capital assets, net of depreciation	19,824	567	12,367	32,758
Total assets	24,334	4,415	400,974	429,723
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	3,257	3,789	1,840	8,886
Due to other governments	-	-	49,532	49,532
Due to other funds	300,180	177,156	418	477,754
Leases payable	16,370	-	-	16,370
Total current liabilities	319,807	180,945	51,790	552,542
Non-current liabilities:				
Leases payable	3,214	-	-	3,214
Total liabilities	323,021	180,945	51,790	555,756
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	240	567	12,367	13,174
Unrestricted	(298,927)	(177,097)	336,817	(139,207)
<b>TOTAL NET POSITION</b>	<b>\$ (298,687)</b>	<b>\$ (176,530)</b>	<b>\$ 349,184</b>	<b>\$ (126,033)</b>

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

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2015**

	<b>Business-Type Activities Enterprise Funds</b>			
	<b>ESC Professional Development</b>	<b>Technology</b>	<b>Nonmajor Funds</b>	<b>Total</b>
	<b>Local 2</b>			
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 52,753	\$ 38,432	\$ 317,867	\$ 409,052
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	-	44,359	27,233	71,592
Purchased services	173,173	103,666	263,459	540,298
Supplies and materials	34,261	2,370	2,353	38,984
Capital outlay	20,288	1,919	-	22,207
Depreciation	15,826	2,974	7,122	25,922
Total operating expenses	<u>243,548</u>	<u>155,288</u>	<u>300,167</u>	<u>699,003</u>
<b>OPERATING INCOME (LOSS)</b>	(190,795)	(116,856)	17,700	(289,951)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	19	-	334	353
Loss on disposal of assets	(1,514)	(2,079)	(1,124)	(4,717)
Total nonoperating revenues (expenses)	<u>(1,495)</u>	<u>(2,079)</u>	<u>(790)</u>	<u>(4,364)</u>
<b>CHANGE IN NET POSITION</b>	(192,290)	(118,935)	16,910	(294,315)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>(106,397)</u>	<u>(57,595)</u>	<u>332,274</u>	<u>168,282</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ (298,687)</u>	<u>\$ (176,530)</u>	<u>\$ 349,184</u>	<u>\$ (126,033)</u>

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

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2015

	Business-Type Activities Enterprise Funds			
	ESC Professional Development			
	Local 2	Technology	Nonmajor Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts for workshops and services	\$ 52,743	\$ 38,229	\$ 320,514	\$ 411,486
Payments to suppliers and providers of goods and services	(227,765)	(106,285)	(278,232)	(612,282)
Payments to employees	-	(44,359)	(27,233)	(71,592)
Net cash provided by (used in) operating activities	<u>(175,022)</u>	<u>(112,415)</u>	<u>15,049</u>	<u>(272,388)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund loans	<u>189,656</u>	<u>112,415</u>	<u>418</u>	<u>302,489</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>				
Principal paid on capital lease obligations	<u>(14,653)</u>	<u>-</u>	<u>-</u>	<u>(14,653)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest	<u>19</u>	<u>-</u>	<u>334</u>	<u>353</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>	<u>15,801</u>	<u>15,801</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>354,050</u>	<u>354,050</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,851</u>	<u>\$ 369,851</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (190,795)	\$ (116,856)	\$ 17,700	\$ (289,951)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	15,826	2,974	7,122	25,922
Effects of changes in assets and liabilities:				
Accounts receivable	(10)	(203)	2,647	2,434
Accounts payable and accrued expenses	(43)	1,670	155	1,782
Due to other governments	-	-	(12,575)	(12,575)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (175,022)</u>	<u>\$ (112,415)</u>	<u>\$ 15,049</u>	<u>\$ (272,388)</u>

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

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**June 30, 2015**

	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash (overdrafts) and cash equivalents	\$ (8,480)
Due from other governments	<u>19,331</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>10,851</u></b>
<b>LIABILITIES</b>	
Due to other governments	<b>\$ <u><u>10,851</u></u></b>

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

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**Reporting Entity**

The Kane County Regional Office of Education No. 31 operates under the School Code (Article 3 and 3A of Illinois Compiled Statutes, Chapter 105). The Regional Superintendent of Schools (Superintendent) serves as chief administrative officer of the Regional Office of Education No. 31 and is elected to the position for a four year term pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105. The principal financial duty of the Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, 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' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses.

For financial reporting purposes, Kane County Regional Office of Education No. 31 has included all funds, organizations, agencies, boards, commissions and authorities. The Regional Office has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Regional Office are such that exclusion would cause the Regional Office's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Regional Office to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Regional Office.

Kane County Regional Office of Education No. 31 has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. Furthermore, the Kane County Regional Office of Education No. 31 does not consider itself to be a component unit of any other entity.

**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 Regional Office 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 Regional Office programs.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

**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 met.

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 Kane County Regional Office of Education No. 31 considers revenues to be available if they are collected within 60 days after year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. 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.

There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

It is the policy of the Kane County Regional Office of Education No. 31 to have preference utilizing restricted funds first, then unrestricted. For unrestricted fund balance, committed funds are preferred to use first, then assigned, then unassigned funds (if any) as appropriate.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

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 Kane County Regional Office of Education No. 31'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.

**Fund Accounting**

The accounts of Kane County Regional Office of Education No. 31 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 is based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

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

General Fund - Accounts for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The general fund is accounted and reported for as a major governmental fund in the financial statements. The following are included in the general funds:

Regional Program Development - Accounts for monies received for, and payment of expenditures to provide for the general improvement and expansion of education within Kane County Regional Office of Education No. 31 including the educational program for the students at the Kane County Juvenile Justice Center (Youth Home Education).

General State Aid - Accounts for the grant monies received for, and payment of expenditures for Regional Learning Academy supplements.

Youth Home Education - Accounts for the grant monies received for, and payment of expenditures to provide an educational program for the students at the Kane County Juvenile Justice Center.

Local Truancy - Accounts for revenues from local sources to address the truancy problem in Kane County.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

Operation Snowball - Accounts for the revenues and expenditures associated with programs for the prevention of alcohol and drug abuse of teens in our local high schools and to support them making smart choices in life.

Special Revenue Funds - Accounts and reports for the specific revenue sources (other than those accounted for in the Fiduciary Funds) that are restricted to expenditures for specified purposes. The Kane County Regional Office of Education No. 31 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:

Technology for Success - Accounts for grant monies received for, and payment of expenditures to support learning technology services to the local school districts.

Federal Special Education - IDEA Flow-Through - Accounts for grant monies received for, and payment of expenditures to enhance the capacity of schools to safely and effectively educate all students by applying research-based behavior support systems that maximize academic achievement of student and teacher outcomes.

Regional Safe Schools - Accounts for the grant monies received for, and payment of expenditures of the alternative school program for at-risk youth, creating alternative placement for those students.

Truants' Alternative and Optional Education Program (TAOEP) - Accounts for grant monies received for, and payment of expenditures of the Truants' Alternative Program.

Title II - Teacher Quality - Leadership - Accounts for grant monies received for, and payment of expenditures incurred in providing professional development training to teachers for improvement of instruction in the classroom.

Title I - School Improvement & Accountability - Accounts for the grant monies received for, and payment of expenditures of the Title I - Accountability grant. This grant provides school districts with funds to carry out their school improvement and corrective action responsibilities under Section 1116(c) of Title I while offering students in schools identified for improvement and corrective action the opportunity to transfer to another higher performing public school, including a public charter within the district.



**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

McKinney Education for Homeless Children - Accounts for grant monies received for, and payment of expenditures to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant administered through the Will County Regional Office of Education No. 56.

ROE/ISC Operations - Accounts for grant monies received for, and payment of expenditures in assisting schools in all areas of school improvement.

Building State Capacity - Accounts for funds received for providing services to school districts to build programs for students and staff.

Title I Delinquent - Accounts for the revenues and expenditures associated with ongoing professional development for administrators and teachers for the improvement of students' reading.

Institute Fund - Accounts for fees collected for the registration and renewal of teaching licenses. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel, which has been approved by the Kane County Regional Office of Education No. 31. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds - The Kane County Regional Office of Education No. 31 reported the following special revenue funds as nonmajor governmental funds:

General Educational Development (GED) - Accounts for the revenues and expenditures associated with the processing of applications for the high school level test of General Education Development and the issuance of diplomas upon the successful completion of the examination.

Bus Driver Training - Accounts for the revenues received from individuals and contractors to sponsor instructional training courses for school bus drivers.

Enterprise Funds account for resources from fees charged directly to those entities or individuals that use its services.

Education Service Center (ESC) Professional Development Local 2 - Accounts for local monies received for, and payment of expenditures from workshops conducted by Kane County Regional Office of Education No. 31.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

Technology - A collaboration between the Northeastern Illinois Regional Offices of Education to provide computer workshops for the teachers of Northern Illinois. This fund is locally funded by Area 1, which is comprised of the Northeastern Illinois Regional Offices of Education.

Kane County Library Resources Consortium - Accounts for monies received for, and payment of expenditures for the Kane County Public Schools Library Resources program.

Visual Media Cooperative - Accounts for funds received and disbursed by the Regional Superintendent as administrative agent for the Kane County Visual Media Cooperative. The Visual Media Cooperative is a cooperative of school districts, which maintains a library of educational films. New and replacement films and videos are financed from rental charges to users.

Local Administrators Academy - Accounts for local revenues and disbursements related to the Academy Program.

Criminal Background Investigation - Accounts for the fees received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing this service to the school districts.

Kane County Human Resources Consortium - Accounts for monies received for, and payment of expenditures for the Kane County Human Resources Consortium program.

Discovery Education United Streaming - Accounts for local revenues received from school districts which are used to pay for the digital video-on-demand services provided by Discovery Education.

Fiduciary Fund Types

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:

Agency Funds - Account 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:

Payroll - Accounts for local monies received and subsequent payment of payroll expenditures.

Juvenile Drug Court - The Regional Office provides fiscal support to the Sixteenth Judicial Circuit Court for a program to assist juvenile drug offenders in DeKalb, Kane and Kendall Counties. The program is funded by a grant from the City of Aurora.

**KANE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 31**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

Distributive - Accounts for State and federal funds appropriated to Valley Education for Employment System and to school districts which are paid through the Kane County Regional Office of Education No. 31. These proceeds are received and disbursed to these entities and accounted for in a trustee capacity.

Regional Board of Trustees - Accounts for cash received from entities and citizens petitioning the Regional Board of Trustees to change boundaries. The Regional Superintendent, as agent, remits the fees collected to the appropriate agencies.

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measureable and become available.

Non-exchange transactions, in which the Regional Office receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when the use is first permitted, matching requirements, in which the Regional Office must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the Regional Office on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

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

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

Cash and cash equivalents - For presentation in the financial statements, 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.

Investments - Investments consist of certificates of deposit that have a maturity date of more than three months at the day of purchase.

Due from other governments - Due from other governments represents amounts due from the Illinois State Board of Education, other agencies, and districts.

**KANE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 31**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

Capital assets - Capital assets result from expenditures in the governmental and proprietary funds. These assets are reported in the governmental and business-type activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements for governmental funds. Capital assets are recorded at cost at the time of acquisition or fair value at the date of donation. The Regional Office capitalizes items costing \$5,000 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (five to seven years) of the respective assets.

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

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Illinois (TRS) and additions to/deductions from TRS' fiduciary net position have been determined on the same basis as they are reported by 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.

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 governmental funds consist of receivables not collected within 60 days after year end. Deferred inflows of resources in the Statement of Net Position relate to pensions and consist of the unamortized portion of the net difference between expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

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.

**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: Federal Special Education - IDEA Flow-Through, Regional Safe Schools, Title II - Teacher Quality - Leadership, Title I - School Improvement & Accountability, McKinney Education for Homeless Children, and Building State Capacity. The following funds are restricted by Illinois Statute: General Educational Development (GED), Bus Driver Training, and Institute Fund.

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

Assigned Fund Balance - The portion of a Governmental Fund's net position to denote an intended use of resources. The following accounts comprise assigned fund balance: Youth Home Education, Local Truancy, and Operation Snowball. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following funds: Regional Program Development, General State Aid, Technology for Success and Title I Delinquent.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**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.

**Interfund Activity**

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

**Budgets and Budgetary Accounting**

Kane County Regional Office of Education No. 31 did not formally adopt a budget for the year ended June 30, 2015 and is not legally required to do so; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, the Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare the Budgetary Comparison Schedules for the following programs: Technology for Success, Regional Safe Schools, Truants' Alternative and Optional Education Program (TAOEP), Title II - Teacher Quality - Leadership and ROE/ISC Operations.

**Revenue from Federal and State Grants**

Revenues from Federal and State grant awards are recorded net of the amount due to the State for the unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the State or carried over to the following year project are recorded as liabilities.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**Interest Revenue**

Illinois State Board of Education (ISBE) funds received by the Regional Office for the Distributive Fund accrue interest for the period of time between the receipt of the funds and clearance of checks to the recipient. In accordance with an agreement dated May 24, 1988 with the school district boards served, interest earned on Distributive Fund deposits is transferred to the General Fund to offset wire service and other bank charges incurred by the Distributive Fund.

Distributive Fund interest earned and related charges are recognized as revenues and expenditures in the general fund.

**Subsequent Events**

Management has evaluated subsequent events through April 1, 2016, the date the financial statements were available to be issued.

**NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Deposits**

The Kane County Regional Office of Education No. 31 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$6,501,602 at June 30, 2015, while the bank balance was \$6,701,283. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2015. Of the total bank balances as of June 30, 2015, \$625,000 was secured by federal depository insurance, and \$6,076,283 was collateralized by securities pledged by the Regional Office of Education No. 31's financial institution on behalf of the Regional Office.

The Regional Office's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the Regional Office 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.

As of June 30, 2015, the Kane County Regional Office of Education No. 31 had cash equivalents with carrying and fair value of \$78,479 invested in the Illinois Funds Money Market.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

*Credit Risk*

At June 30, 2015, the Illinois Funds Money Market Fund had a Standards and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

*Interest Rate Risk*

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to funds. The investment policy of the Illinois Funds Money Market Fund states that unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

*Concentration of Credit Risk*

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of portfolio, with the exception of cash equivalents of U.S. Treasury securities. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

Investments

The Regional Office of Education's investments at June 30, 2015 were as follows:

Certificate of deposit	\$ 353,805
Certificate of deposit	<u>517,508</u>
Total investments	<u>\$ 871,313</u>



**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 3 - CAPITAL ASSETS**

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

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Governmental Funds:				
Furniture and equipment	\$ 407,767	\$ -	\$ (385,708)	\$ 22,059
Less: accumulated depreciation	<u>(397,826)</u>	<u>(5,854)</u>	<u>383,668</u>	<u>(20,012)</u>
Capital assets, net	<u>\$ 9,941</u>	<u>\$ (5,854)</u>	<u>\$ (2,040)</u>	<u>\$ 2,047</u>
Proprietary Funds:				
Furniture and equipment	\$ 168,730	\$ -	\$ (68,259)	\$ 100,471
Less: accumulated depreciation	<u>(105,333)</u>	<u>(25,922)</u>	<u>63,542</u>	<u>(67,713)</u>
Capital assets, net	<u>\$ 63,397</u>	<u>\$ (25,922)</u>	<u>\$ (4,717)</u>	<u>\$ 32,758</u>

Depreciation expense was charged as follows:

Governmental Funds:	
Depreciation expense	\$ 5,854
Proprietary Funds:	
Depreciation expense	<u>25,922</u>
Total depreciation expense	<u>\$ 31,776</u>

**NOTE 4 - CAPITAL LEASE AND LONG-TERM LIABILITIES**

Kane County Regional Office of Education No. 31 has entered into lease agreements as lessee for financing the acquisition of copiers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account. The gross amount of assets recorded under capital leases is \$68,584 and the accumulated depreciation as of June 30, 2015 was \$48,645. The leases include end of term purchase options of \$1.

The future minimum lease obligations and the net present value of these lease payments as of June 30, 2015 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	18,061
2017	<u>3,275</u>
Total minimum lease payments	21,336
Less: amount representing interest	<u>1,396</u>
Present value of minimum lease payments	<u>\$ 19,940</u>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 4 - CAPITAL LEASE AND LONG-TERM LIABILITIES (CONTINUED)**

Long-term liability activity for the year ended June 30, 2015, is as follows:

<u>Capital Leases</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Funds	\$ 2,351	\$ -	\$ 1,995	\$ 356	\$ 356
Proprietary Funds	<u>34,237</u>	<u>-</u>	<u>14,653</u>	<u>19,584</u>	<u>16,370</u>
<b>Total</b>	<u>\$ 36,588</u>	<u>\$ -</u>	<u>\$ 16,648</u>	<u>\$ 19,940</u>	<u>\$ 16,726</u>

**NOTE 5 - COMPENSATED ABSENCES**

Kane County Regional Office of Education No. 31 provides vacation time to all employees except seasonal employees. Vacation time is calculated from the first month in which the date of hire occurred. After one year of continuous service, employees are entitled to vacation pay based upon the years of service. Upon termination employees receive pay for unused vacation earned from the previous working year. In addition, employees will receive pay for any accrued vacation earned as of the date of termination. Kane County Regional Office of Education No. 31 records a liability associated with compensated absences. At June 30, 2015, the balance in this account was \$47,659.

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Governmental Funds:	<u>\$ 38,660</u>	<u>\$ 39,704</u>	<u>\$ 30,705</u>	<u>\$ 47,659</u>

**NOTE 6 - SALARIES AND PENSION PLAN CONTRIBUTIONS**

The salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. The salaries of all other employees of the Kane County Regional Office of Education No. 31 are paid by Kane County. Pension plan contributions associated with these salaries are also paid either by the State of Illinois or Kane County.

The Kane County Regional Office of Education No. 31 reimburses Kane County for salaries as well as the employer contributions made to postretirement medical plans (OPEB) and the Illinois Municipal Retirement Fund (IMRF). Postretirement medical plans (OPEB) obligations for Kane County Regional Office of Education No. 31 employees are included in Kane County's postretirement medical plans (OPEB) obligation. IMRF pension plan obligations for Kane County Regional Office of Education No. 31 employees (except for visual media personnel) are included in the statistics IMRF provides to Kane County.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 7 - RETIREMENT FUND COMMITMENTS**

Teachers' Retirement System of the State of Illinois

**General Information about the Pension Plan**

**Plan description**

Kane County Regional Office of Education No. 31 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

**Benefits provided**

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

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

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

**KANE COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 7 - RETIREMENT FUND COMMITMENTS (CONTINUED)**

**Contributions**

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by Kane County Regional Office of Education No. 31.

***On behalf contributions to TRS.*** The state of Illinois makes employer pension contributions on behalf of Kane County Regional Office of Education No. 31. For the year ended June 30, 2015, state of Illinois contributions recognized by Kane County Regional Office of Education No. 31 were based on the state's proportionate share of the collective net pension liability associated with Kane County Regional Office of Education No. 31, and Kane County Regional Office of Education No. 31 recognized revenue and expenditures of \$36,240 in pension contributions from the state of Illinois.

***2.2 formula contributions.*** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$417, and are deferred because they were paid after the June 30, 2014 measurement date.

***Federal and special trust fund contributions.*** When TRS members are paid from federal and special trust funds administered by Kane County Regional Office of Education No. 31, there is a statutory requirement for Kane County Regional Office of Education No. 31 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. When incurred, these contributions are deferred because they were paid after the June 30, 2014 measurement date.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 7 - RETIREMENT FUND COMMITMENTS (CONTINUED)**

**Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. Kane County Regional Office of Education No. 31 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015 Kane County Regional Office of Education No. 31 paid no employer contributions under the ERO program.

Kane County Regional Office of Education No. 31 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015 Kane County Regional Office of Education No. 31 did not make any employer contributions to TRS due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2015, Kane County Regional Office of Education No. 31 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 7,243
State's proportionate share of the net pension liability associated with the employer	450,131
<b>Total</b>	<b>\$ 457,374</b>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. Kane County Regional Office of Education No. 31's proportion of the net pension liability was based on Kane County Regional Office of Education No. 31's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2014, Kane County Regional Office of Education No. 31's proportion was .0000119012 percent.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 7 - RETIREMENT FUND COMMITMENTS (CONTINUED)**

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. Kane County Regional Office of Education No. 31's proportion of the net pension liability as of June 30, 2013, was based on Kane County Regional Office of Education No. 31's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2013, Kane County Regional Office of Education No. 31's proportion was .0000188459 percent.

For the year ended June 30, 2015, Kane County Regional Office of Education No. 31 recognized pension expense of \$36,240 and revenue of \$36,240 for support provided by the state. For the year ended June 30, 2015, Kane County Regional Office of Education No. 31 recognized a pension asset of \$278. At June 30, 2015, Kane County Regional Office of Education No. 31 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4	\$ -
Net difference between projected and actual earnings on pension plan investment	-	364
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,501
Employer contributions subsequent to the measurement date	<u>417</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 421</u></b>	<b><u>\$ 3,865</u></b>

\$417 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30:</b>	
2016	\$ (940)
2017	(940)
2018	(940)
2019	(940)
2020	<u>(101)</u>
Total	<b><u>\$ (3,861)</u></b>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 7 - RETIREMENT FUND COMMITMENTS (CONTINUED)**

**Actuarial assumptions**

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

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

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

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

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 - RETIREMENT FUND COMMITMENTS (CONTINUED)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	18%	8.23%
Global equity excluding U.S.	18	8.58
Aggregate bonds	16	2.27
U.S. TIPS	2	3.52
NCREIF	11	5.81
Opportunistic real estate	4	9.79
ARS	8	3.27
Risk parity	8	5.57
Diversified inflation strategy	1	3.96
Private equity	14	13.03
<b>Total</b>	<b>100%</b>	

**Discount rate**

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

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



**KANE COUNTY  
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**NOTE 7 - RETIREMENT FUND COMMITMENTS (CONTINUED)**

**Sensitivity of Kane County Regional Office of Education No. 31's proportionate share of the net pension liability to changes in the discount rate**

The following presents Kane County Regional Office of Education No. 31's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what Kane County Regional Office of Education No. 31's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Regional Office of Education No. 31's proportionate share of the net pension liability	<u>\$ 8,945</u>	<u>\$ 7,243</u>	<u>\$ 5,834</u>

**TRS fiduciary net position**

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

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS**

Teachers Health Insurance Security Fund

Kane County Regional Office of Education No. 31 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS).

Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
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**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

- **On-behalf Contributions.** The state of Illinois makes employer retiree health insurance contributions on behalf of Kane County Regional Office of Education No. 31. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$734, and Kane County Regional Office of Education No. 31 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2014 and June 30, 2013 were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of Kane County Regional Office of Education No. 31's employees were \$720 and \$845, respectively.
- **Employer Contributions.** Kane County Regional Office of Education No. 31 also makes contributions to the THIS Fund. Kane County Regional Office of Education No. 31's THIS Fund contribution was 0.76 percent during the year ended June 30, 2015 and 0.72 and 0.69 percent during the years ended June 30, 2014 and June 30, 2013, respectively. For the year ended June 30, 2015, Kane County Regional Office of Education No. 31 paid \$547 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and June 30, 2013, Kane County Regional Office of Education No. 31 paid \$535 and \$634, respectively, which was 100 percent of the required contributions.

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

**NOTE 9 - ON-BEHALF PAYMENTS**

The breakdown of the on-behalf payments by the State of Illinois for the Regional Superintendent and the Assistant Regional Superintendent of the Kane County Regional Office of Education No. 31 are as follows:

Regional Superintendent - salary	\$ 111,108
Regional Superintendent - benefits (includes state paid insurance)	32,557
Assistant Regional Superintendent - salary	58,331
Assistant Regional Superintendent - benefits (includes state paid insurance)	20,961
THIS on-behalf payments	734
County on-behalf payments	<u>333,099</u>
<b>Total on-behalf payments</b>	<b><u>\$ 556,790</u></b>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 9 - ON-BEHALF PAYMENTS (CONTINUED)**

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). Kane County Regional Office of Education No. 31 recorded the on-behalf payments as both revenues and expenditures in the general fund.

Kane County Regional Office of Education No. 31 also recorded \$36,240 in revenues and expenses as on-behalf payments from ISBE for Kane County Regional Office of Education No. 31's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, Kane County Regional Office of Education No. 31 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 556,790
Regional Office of Education No. 31's share of TRS pension expense	<u>36,240</u>
<b>Total</b>	<b><u>\$ 593,030</u></b>

**NOTE 10 - DEFICIT FUND BALANCES**

At June 30, 2015, the following funds had deficit fund balances. They are expected to correct themselves in 2016, through payments from the State and transfers from local funds.

Education Fund	
Technology for Success	\$ (461)
Title I Delinquent	(8,489)
Proprietary Funds	
ESC Professional Development Local 2	(298,687)
Technology	(176,530)
Discovery Education United Streaming	(418)

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 11 - DUE FROM/TO OTHER GOVERNMENTS**

The Kane County Regional Office of Education No. 31's General Fund, Special Revenue Funds, Enterprise Funds, and Agency Funds have funds due from and to various other governmental units which consist of the following:

**Due From Other Governments**

General Fund		
Local governments	\$	400,729
Education Fund		
Local governments		9,480
Illinois State Board of Education		29,632
Agency Funds		
Local governments		<u>19,331</u>
<b>Total</b>	<b>\$</b>	<b><u><u>459,172</u></u></b>

**Due To Other Governments**

Proprietary Funds		
Local governments	\$	49,532
Agency Funds		
Local governments		<u>10,851</u>
<b>Total</b>	<b>\$</b>	<b><u><u>60,383</u></u></b>

**NOTE 12 - DUE FROM/TO FUNDS**

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

	<b><u>Due From</u></b>	<b><u>Due To</u></b>
General Fund		
General State Aid	\$ 493,744	\$ -
Education Fund		
Regional Safe Schools	-	7,501
Title I - Delinquent	-	8,489
Proprietary Funds		
ESC Professional Development Local 2	-	300,180
Technology	-	177,156
Discovery Education United Streaming	-	418
<b>Total</b>	<b><u>\$ 493,744</u></b>	<b><u>\$ 493,744</u></b>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 13 - TRANSFERS**

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Regional Program Development	\$ 150,000	\$ -
General State Aid	-	29,252
Youth Home Education	-	150,000
Local Truancy	-	68,712
Education Fund		
Technology for Success	13,077	-
Truants' Alternative and Optional Education Program (TAOEP)	68,712	-
ROE/ISC Operations	16,175	-
<b>Total</b>	<u>\$ 247,964</u>	<u>\$ 247,964</u>

**NOTE 14 - RISK MANAGEMENT**

Kane County Regional Office of Education No. 31 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. Kane County Regional Office of Education No. 31 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

**NOTE 15 - NEW PRONOUNCEMENTS**

In 2015, Kane County Regional Office of Education No. 31 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*; and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. These statements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. Kane County Regional Office of Education No. 31 also implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement had no impact on the financial statements for Kane County Regional Office of Education No. 31.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 16 - ACCOUNTING CHANGE/RESTATEMENT**

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

The other postemployment benefit liability reported as of June 30, 2014 was removed as this liability is reported for Kane County.

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

Net position June 30, 2014, as previously reported	\$ 6,868,638
Net pension liability at June 30, 2014	(11,807)
Change in outflows of resources related to contributions made after the June 30, 2013 measurement date	425
Adjustment to other postemployment benefit liability	<u>365,000</u>
Net position July 1, 2014, as restated	<u>\$ 7,222,256</u>

**NOTE 17 - SUBSEQUENT EVENTS**

The Regional Office entered into a lease agreement for office space. The agreement commences on August 1, 2015 and expires July 31, 2022. The agreement requires monthly payments of \$3,729 for the first fiscal period and increases by 4% each subsequent fiscal period.

On October 19, 2015 the Regional Office entered into a lease and service agreement for office equipment. The agreement requires 60 monthly payments of \$1,610.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31

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

	<u>2014</u>
Employer's proportion of the net pension liability	.0000119012%
Employer's proportionate share of the net pension liability	\$ 7,243
State's proportionate share of the net pension liability associated with the employer	<u>450,131</u>
Total	<u>\$ 457,374</u>
Employer's covered-employee payroll	\$ 132,400
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	5.5%
Plan fiduciary net position as a percentage of the total pension liability	43.0%
<i>* The amounts presented were determined as of the prior fiscal-year end.</i>	

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

	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 417	\$ 425
Contributions in relation to the contractually-required contribution	<u>417</u>	<u>425</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 130,302	\$ 132,400
Contributions as a percentage of covered-employee payroll	0.32%	0.32%

**Notes to Required Supplementary Information**

**Changes of assumptions**

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

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



**SUPPLEMENTARY INFORMATION**

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND ACCOUNTS  
 June 30, 2015

	<u>Regional Program Development</u>	<u>General State Aid</u>	<u>Youth Home Education</u>	<u>Local Truancy</u>	<u>Operation Snowball</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,317,474	\$ 1,187,696	\$ 996,964	\$ 140,741	\$ 150	\$ 4,643,025
Investments	-	871,313	-	-	-	871,313
Accounts receivable	6,311	-	-	3,250	-	9,561
Due from other governments	-	-	400,729	-	-	400,729
Due from other funds	-	493,744	-	-	-	493,744
Total assets	<u>2,323,785</u>	<u>2,552,753</u>	<u>1,397,693</u>	<u>143,991</u>	<u>150</u>	<u>6,418,372</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 2,323,785</u>	<u>\$ 2,552,753</u>	<u>\$ 1,397,693</u>	<u>\$ 143,991</u>	<u>\$ 150</u>	<u>\$ 6,418,372</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ -	\$ 20,711	\$ 34,664	\$ 192	\$ -	\$ 55,567
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	500	-	400,729	3,250	-	404,479
<b>FUND BALANCE</b>						
Assigned	-	-	962,300	140,549	150	1,102,999
Unassigned	2,323,285	2,532,042	-	-	-	4,855,327
Total fund balance	<u>2,323,285</u>	<u>2,532,042</u>	<u>962,300</u>	<u>140,549</u>	<u>150</u>	<u>5,958,326</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 2,323,785</u>	<u>\$ 2,552,753</u>	<u>\$ 1,397,693</u>	<u>\$ 143,991</u>	<u>\$ 150</u>	<u>\$ 6,418,372</u>

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
Year Ended June 30, 2015**

	<b>Regional Program Development</b>	<b>General State Aid</b>	<b>Youth Home Education</b>	<b>Local Truancy</b>	<b>Operation Snowball</b>	<b>Totals</b>
<b>REVENUES:</b>						
Local sources	\$ 26,275	\$ 24,950	\$ 664	\$ 11,377	\$ -	\$ 63,266
State sources	-	806,180	766,383	-	-	1,572,563
On-behalf payments	-	556,790	-	-	-	556,790
Total revenues	<u>26,275</u>	<u>1,387,920</u>	<u>767,047</u>	<u>11,377</u>	<u>-</u>	<u>2,192,619</u>
<b>EXPENDITURES:</b>						
Education:						
Salaries	-	155,677	349,022	6,009	-	510,708
Benefits	-	44,717	137,623	3,251	-	185,591
Purchased services	91,673	4,494	58,935	2,014	200	157,316
Supplies and materials	10,314	-	4,582	453	-	15,349
Payments to other governments	-	443,532	-	-	-	443,532
On-behalf payments	-	556,790	-	-	-	556,790
Capital outlay	-	-	22,325	-	-	22,325
Total expenditures	<u>101,987</u>	<u>1,205,210</u>	<u>572,487</u>	<u>11,727</u>	<u>200</u>	<u>1,891,611</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(75,712)</u>	<u>182,710</u>	<u>194,560</u>	<u>(350)</u>	<u>(200)</u>	<u>301,008</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	150,000	-	-	-	-	150,000
Transfers out	-	(29,252)	(150,000)	(68,712)	-	(247,964)
Total other financing sources (uses)	<u>150,000</u>	<u>(29,252)</u>	<u>(150,000)</u>	<u>(68,712)</u>	<u>-</u>	<u>(97,964)</u>
<b>NET CHANGE IN FUND BALANCE</b>	74,288	153,458	44,560	(69,062)	(200)	203,044
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>2,248,997</u>	<u>2,378,584</u>	<u>917,740</u>	<u>209,611</u>	<u>350</u>	<u>5,755,282</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,323,285</u>	<u>\$ 2,532,042</u>	<u>\$ 962,300</u>	<u>\$ 140,549</u>	<u>\$ 150</u>	<u>\$ 5,958,326</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND ACCOUNTS  
 June 30, 2015

	<u>Technology for Success</u>	<u>Federal Special Education - IDEA Flow-Through</u>	<u>Regional Safe Schools</u>	<u>Truants' Alternative and Optional Education Program (TAOEP)</u>	<u>Title II - Teacher Quality - Leadership</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,756	\$ 10,821	\$ -	\$ 46,627	\$ 3,080
Due from other governments	-	-	24,332	-	5,300
Total assets	<u>1,756</u>	<u>10,821</u>	<u>24,332</u>	<u>46,627</u>	<u>8,380</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,756</u>	<u>\$ 10,821</u>	<u>\$ 24,332</u>	<u>\$ 46,627</u>	<u>\$ 8,380</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 2,217	\$ -	\$ 5,169	\$ 46,627	\$ -
Due to other funds	-	-	7,501	-	-
Total liabilities	<u>2,217</u>	<u>-</u>	<u>12,670</u>	<u>46,627</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	10,821	11,662	-	8,380
Unassigned	(461)	-	-	-	-
Total fund balance (deficit)	<u>(461)</u>	<u>10,821</u>	<u>11,662</u>	<u>-</u>	<u>8,380</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 1,756</u>	<u>\$ 10,821</u>	<u>\$ 24,332</u>	<u>\$ 46,627</u>	<u>\$ 8,380</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND ACCOUNTS  
June 30, 2015

	<u>Title I - School Improvement &amp; Accountability</u>	<u>McKinney Education for Homeless Children</u>	<u>ROE/ISC Operations</u>	<u>Building State Capacity</u>	<u>Title I Delinquent</u>	<u>Totals</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 216,121	\$ 62,341	\$ 12,326	\$ 2,503	\$ -	\$ 355,575
Due from other governments	991	-	-	-	8,489	39,112
Total assets	<u>217,112</u>	<u>62,341</u>	<u>12,326</u>	<u>2,503</u>	<u>8,489</u>	<u>394,687</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>\$ 217,112</u>	<u>\$ 62,341</u>	<u>\$ 12,326</u>	<u>\$ 2,503</u>	<u>\$ 8,489</u>	<u>\$ 394,687</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ -	\$ 3,293	\$ 12,326	\$ -	\$ -	\$ 69,632
Due to other funds	-	-	-	-	8,489	15,990
Total liabilities	<u>-</u>	<u>3,293</u>	<u>12,326</u>	<u>-</u>	<u>8,489</u>	<u>85,622</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,489</u>	<u>8,489</u>
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	217,112	59,048	-	2,503	-	309,526
Unassigned	-	-	-	-	(8,489)	(8,950)
Total fund balance (deficit)	<u>217,112</u>	<u>59,048</u>	<u>-</u>	<u>2,503</u>	<u>(8,489)</u>	<u>300,576</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>						
	<u>\$ 217,112</u>	<u>\$ 62,341</u>	<u>\$ 12,326</u>	<u>\$ 2,503</u>	<u>\$ 8,489</u>	<u>\$ 394,687</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 Year Ended June 30, 2015

SCHEDULE 4

	<u>Technology for Success</u>	<u>Federal Special Education - IDEA Flow-Through</u>	<u>Regional Safe Schools</u>	<u>Truants' Alternative and Optional Education Program (TAOEP)</u>	<u>Title II - Teacher Quality - Leadership</u>
<b>REVENUES:</b>					
Local sources	\$ 8	\$ 1	\$ 7	\$ -	\$ 1
State sources	385,852	-	306,878	232,846	-
Federal sources	-	-	-	-	19,625
Total revenues	385,860	1	306,885	232,846	19,626
<b>EXPENDITURES:</b>					
Education:					
Salaries	35,843	-	64,036	169,689	925
Benefits	10,120	-	13,739	84,301	-
Purchased services	21,857	1,600	6,605	11,881	18,700
Supplies and materials	-	192	-	507	-
Payment to other governments	319,415	-	251,356	-	-
Capital outlay	-	-	-	-	-
Total expenditures	387,235	1,792	335,736	266,378	19,625
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,375)	(1,791)	(28,851)	(33,532)	1
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	13,077	-	-	68,712	-
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	11,702	(1,791)	(28,851)	35,180	1
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	(12,163)	12,612	40,513	(35,180)	8,379
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	\$ (461)	\$ 10,821	\$ 11,662	\$ -	\$ 8,380

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 Year Ended June 30, 2015

SCHEDULE 4  
 (CONTINUED)

	<u>Title I - School Improvement &amp; Accountability</u>	<u>McKinney Education for Homeless Children</u>	<u>ROE/ISC Operations</u>	<u>Building State Capacity</u>	<u>Title I Delinquent</u>	<u>Totals</u>
<b>REVENUES:</b>						
Local sources	\$ 41	\$ 15	\$ 3	\$ 2	\$ 18,673	\$ 18,751
State sources	-	-	199,971	-	-	1,125,547
Federal sources	53,985	56,797	-	-	-	130,407
Total revenues	54,026	56,812	199,974	2	18,673	1,274,705
<b>EXPENDITURES:</b>						
Education:						
Salaries	1,051	41,260	137,280	-	-	450,084
Benefits	199	7,288	39,721	-	-	155,368
Purchased services	43,431	9,623	22,697	-	17,269	153,663
Supplies and materials	360	53	380	-	1,848	3,340
Payment to other governments	-	-	-	-	-	570,771
Capital outlay	-	-	-	-	8,045	8,045
Total expenditures	45,041	58,224	200,078	-	27,162	1,341,271
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>						
	8,985	(1,412)	(104)	2	(8,489)	(66,566)
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	-	-	16,175	-	-	97,964
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>						
	8,985	(1,412)	16,071	2	(8,489)	31,398
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>						
	208,127	60,460	(16,071)	2,501	-	269,178
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>						
	\$ 217,112	\$ 59,048	\$ -	\$ 2,503	\$ (8,489)	\$ 300,576

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2015

	Technology for Success				Regional Safe Schools			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
<b>REVENUES:</b>								
Local sources	\$ -	\$ -	\$ 8	\$ 8	\$ -	\$ -	\$ 7	\$ 7
State sources	385,852	385,852	385,852	-	313,942	306,878	306,878	-
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>385,852</u>	<u>385,852</u>	<u>385,860</u>	<u>8</u>	<u>313,942</u>	<u>306,878</u>	<u>306,885</u>	<u>7</u>
<b>EXPENDITURES:</b>								
Education:								
Salaries	30,462	30,462	35,843	(5,381)	56,765	56,765	64,036	(7,271)
Benefits	12,242	12,242	10,120	2,122	24,064	17,000	13,739	3,261
Purchased services	23,742	23,742	21,857	1,885	21,520	21,520	6,605	14,915
Supplies and materials	-	-	-	-	2,130	2,130	-	2,130
Payments to other governments	319,406	319,406	319,415	(9)	209,463	209,463	251,356	(41,893)
Total expenditures	<u>385,852</u>	<u>385,852</u>	<u>387,235</u>	<u>(1,383)</u>	<u>313,942</u>	<u>306,878</u>	<u>335,736</u>	<u>(28,858)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ -	\$ -	(1,375)	\$ (1,375)	\$ -	\$ -	(28,851)	\$ (28,851)
<b>OTHER FINANCING SOURCES:</b>								
Transfers in			<u>13,077</u>				<u>-</u>	
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>			11,702				(28,851)	
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			<u>(12,163)</u>				<u>40,513</u>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ (461)</u>				<u>\$ 11,662</u>	



KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2015

	Truants' Alternative and Optional Education Program (TAOEP)				Title II - Teacher Quality - Leadership			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
<b>REVENUES:</b>								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
State sources	238,206	232,846	232,846	-	-	-	-	-
Federal sources	-	-	-	-	20,425	20,425	19,625	(800)
Total revenues	<u>238,206</u>	<u>232,846</u>	<u>232,846</u>	<u>-</u>	<u>20,425</u>	<u>20,425</u>	<u>19,626</u>	<u>(799)</u>
<b>EXPENDITURES:</b>								
Education:								
Salaries	163,805	158,805	169,689	(10,884)	925	925	925	-
Benefits	63,495	63,135	84,301	(21,166)	-	-	-	-
Purchased services	10,406	10,406	11,881	(1,475)	19,500	19,500	18,700	800
Supplies and materials	500	500	507	(7)	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Total expenditures	<u>238,206</u>	<u>232,846</u>	<u>266,378</u>	<u>(33,532)</u>	<u>20,425</u>	<u>20,425</u>	<u>19,625</u>	<u>800</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ -	\$ -	(33,532)	\$ (33,532)	\$ -	\$ -	1	\$ 1
<b>OTHER FINANCING SOURCES:</b>								
Transfers in			<u>68,712</u>				<u>-</u>	
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>			35,180				1	
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			<u>(35,180)</u>				<u>8,379</u>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ -</u>				<u>\$ 8,380</u>	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2015

	ROE/ISC Operations			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ 3	\$ 3
State sources	199,971	199,971	199,971	-
Federal sources	-	-	-	-
Total revenues	<u>199,971</u>	<u>199,971</u>	<u>199,974</u>	<u>3</u>
<b>EXPENDITURES:</b>				
Education:				
Salaries	129,300	129,300	137,280	(7,980)
Benefits	41,400	41,400	39,721	1,679
Purchased services	23,900	23,900	22,697	1,203
Supplies and materials	5,371	5,371	380	4,991
Payments to other governments	-	-	-	-
Total expenditures	<u>199,971</u>	<u>199,971</u>	<u>200,078</u>	<u>(107)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(104)</u>	<u>\$ (104)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in			<u>16,175</u>	
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>			16,071	
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			<u>(16,071)</u>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ -</u>	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2015

	<u>GED</u>	<u>Bus Driver Training</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 99,912	\$ 19,812	\$ 119,724
Accounts receivable	-	1,400	1,400
Total assets	<u>99,912</u>	<u>21,212</u>	<u>121,124</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
None	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 99,912</u>	<u>\$ 21,212</u>	<u>\$ 121,124</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 1,487	\$ -	\$ 1,487
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	400	400
<b>FUND BALANCE</b>			
Restricted	<u>98,425</u>	<u>20,812</u>	<u>119,237</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 99,912</u>	<u>\$ 21,212</u>	<u>\$ 121,124</u>

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Year Ended June 30, 2015**

**SCHEDULE 7**

	<u>GED</u>	<u>Bus Driver Training</u>	<u>Totals</u>
<b>REVENUES:</b>			
Local sources	\$ 7,238	\$ 12,893	\$ 20,131
State sources	-	2,655	2,655
Total revenues	<u>7,238</u>	<u>15,548</u>	<u>22,786</u>
<b>EXPENDITURES:</b>			
Education:			
Salaries	18,064	-	18,064
Benefits	5,296	-	5,296
Purchased services	352	15,106	15,458
Supplies and materials	-	478	478
Total expenditures	<u>23,712</u>	<u>15,584</u>	<u>39,296</u>
<b>NET CHANGE IN FUND BALANCE</b>	(16,474)	(36)	(16,510)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>114,899</u>	<u>20,848</u>	<u>135,747</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 98,425</u>	<u>\$ 20,812</u>	<u>\$ 119,237</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 June 30, 2015

SCHEDULE 8

	<u>Kane County Library Resources Consortium</u>	<u>Visual Media Cooperative</u>	<u>Local Administrators Academy</u>	<u>Criminal Background Investigation</u>	<u>Kane County Human Resources Consortium</u>	<u>Discovery Education United Streaming</u>	<u>Totals</u>
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 7,414	\$ 49,349	\$ 147,893	\$ 79,723	\$ 85,472	\$ -	\$ 369,851
Accounts receivable	-	-	7,696	11,060	-	-	18,756
Total current assets	<u>7,414</u>	<u>49,349</u>	<u>155,589</u>	<u>90,783</u>	<u>85,472</u>	<u>-</u>	<u>388,607</u>
Non-current assets:							
Capital assets, net of depreciation	<u>3,202</u>	<u>-</u>	<u>-</u>	<u>9,165</u>	<u>-</u>	<u>-</u>	<u>12,367</u>
Total assets	<u>10,616</u>	<u>49,349</u>	<u>155,589</u>	<u>99,948</u>	<u>85,472</u>	<u>-</u>	<u>400,974</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued expenses	-	-	-	1,840	-	-	1,840
Due to other governments	-	37,107	-	12,425	-	-	49,532
Due to other funds	-	-	-	-	-	418	418
Total current liabilities	<u>-</u>	<u>37,107</u>	<u>-</u>	<u>14,265</u>	<u>-</u>	<u>418</u>	<u>51,790</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>							
Net investment in capital assets	3,202	-	-	9,165	-	-	12,367
Unrestricted	<u>7,414</u>	<u>12,242</u>	<u>155,589</u>	<u>76,518</u>	<u>85,472</u>	<u>(418)</u>	<u>336,817</u>
<b>TOTAL NET POSITION</b>	<u>\$ 10,616</u>	<u>\$ 12,242</u>	<u>\$ 155,589</u>	<u>\$ 85,683</u>	<u>\$ 85,472</u>	<u>\$ (418)</u>	<u>\$ 349,184</u>

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2015**

**SCHEDULE 9**

	<u>Kane County Library Resources Consortium</u>	<u>Visual Media Cooperative</u>	<u>Local Administrators Academy</u>	<u>Criminal Background Investigation</u>	<u>Kane County Human Resources Consortium</u>	<u>Discovery Education United Streaming</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>							
Charges for services	\$ 58,838	\$ -	\$ 13,897	\$ 137,945	\$ 50,000	\$ 57,187	\$ 317,867
<b>OPERATING EXPENSES:</b>							
Salaries	-	-	-	12,402	8,400	-	20,802
Benefits	-	-	-	2,831	3,600	-	6,431
Purchased services	58,838	3,205	4,952	107,862	30,089	58,513	263,459
Supplies and materials	-	-	548	213	1,592	-	2,353
Depreciation	4,166	-	-	2,956	-	-	7,122
Total operating expenses	<u>63,004</u>	<u>3,205</u>	<u>5,500</u>	<u>126,264</u>	<u>43,681</u>	<u>58,513</u>	<u>300,167</u>
<b>OPERATING INCOME (LOSS)</b>	(4,166)	(3,205)	8,397	11,681	6,319	(1,326)	17,700
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest revenue	5	225	52	23	22	7	334
Loss on disposal of assets	(1,124)	-	-	-	-	-	(1,124)
Total nonoperating revenues (expenses)	<u>(1,119)</u>	<u>225</u>	<u>52</u>	<u>23</u>	<u>22</u>	<u>7</u>	<u>(790)</u>
<b>CHANGE IN NET POSITION</b>	(5,285)	(2,980)	8,449	11,704	6,341	(1,319)	16,910
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>15,901</u>	<u>15,222</u>	<u>147,140</u>	<u>73,979</u>	<u>79,131</u>	<u>901</u>	<u>332,274</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 10,616</u>	<u>\$ 12,242</u>	<u>\$ 155,589</u>	<u>\$ 85,683</u>	<u>\$ 85,472</u>	<u>\$ (418)</u>	<u>\$ 349,184</u>

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2015**

SCHEDULE 10

	<u>Kane County Library Resources Consortium</u>	<u>Visual Media Cooperative</u>	<u>Local Administrators Academy</u>	<u>Criminal Background Investigation</u>	<u>Kane County Human Resources Consortium</u>	<u>Discovery Education United Streaming</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts for workshops and services	\$ 58,838	\$ -	\$ 6,826	\$ 147,663	\$ 50,000	\$ 57,187	\$ 320,514
Payments to suppliers and providers of goods and services	(58,838)	(3,205)	(5,500)	(120,495)	(31,681)	(58,513)	(278,232)
Payments to employees	-	-	-	(15,233)	(12,000)	-	(27,233)
Net cash provided by (used in) operating activities	<u>-</u>	<u>(3,205)</u>	<u>1,326</u>	<u>11,935</u>	<u>6,319</u>	<u>(1,326)</u>	<u>15,049</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Interfund loans	-	-	-	-	-	418	418
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Interest	5	225	52	23	22	7	334
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	5	(2,980)	1,378	11,958	6,341	(901)	15,801
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>7,409</u>	<u>52,329</u>	<u>146,515</u>	<u>67,765</u>	<u>79,131</u>	<u>901</u>	<u>354,050</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 7,414</u>	<u>\$ 49,349</u>	<u>\$ 147,893</u>	<u>\$ 79,723</u>	<u>\$ 85,472</u>	<u>\$ -</u>	<u>\$ 369,851</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ (4,166)	\$ (3,205)	\$ 8,397	\$ 11,681	\$ 6,319	\$ (1,326)	\$ 17,700
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	4,166	-	-	2,956	-	-	7,122
Effects of changes in assets and liabilities:							
Accounts receivable	-	-	(7,071)	9,718	-	-	2,647
Accounts payable and accrued expenses	-	-	-	155	-	-	155
Due to other governments	-	-	-	(12,575)	-	-	(12,575)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ -</u>	<u>\$ (3,205)</u>	<u>\$ 1,326</u>	<u>\$ 11,935</u>	<u>\$ 6,319</u>	<u>\$ (1,326)</u>	<u>\$ 15,049</u>

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 June 30, 2015**

	<u>Payroll</u>	<u>Juvenile Drug Court</u>	<u>Distributive</u>	<u>Regional Board of Trustees</u>	<u>Total</u>
<b>ASSETS</b>					
Cash (overdrafts) and cash equivalents	\$ (19,331)	\$ 5,401	\$ 4,460	\$ 990	\$ (8,480)
Due from other governments	<u>19,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,331</u>
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 5,401</u>	<u>\$ 4,460</u>	<u>\$ 990</u>	<u>\$ 10,851</u>
<b>LIABILITIES</b>					
Due to other governments	<u>\$ -</u>	<u>\$ 5,401</u>	<u>\$ 4,460</u>	<u>\$ 990</u>	<u>\$ 10,851</u>



**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
AGENCY FUNDS  
Year Ended June 30, 2015**

	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2015</u>
<b>PAYROLL</b>				
<b>ASSETS</b>				
Cash (overdrafts) and cash equivalents	\$ (13,888)	\$ 1,395,565	\$ 1,401,008	\$ (19,331)
Due from other governments	<u>13,888</u>	<u>5,443</u>	<u>-</u>	<u>19,331</u>
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 1,401,008</u>	<u>\$ 1,401,008</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ -</u>	<u>\$ 1,401,008</u>	<u>\$ 1,401,008</u>	<u>\$ -</u>
<b>JUVENILE DRUG COURT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 5,597</u>	<u>\$ 1</u>	<u>\$ 197</u>	<u>\$ 5,401</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 5,597</u>	<u>\$ 1</u>	<u>\$ 197</u>	<u>\$ 5,401</u>
<b>DISTRIBUTIVE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 230,341</u>	<u>\$ 2,267,858</u>	<u>\$ 2,493,739</u>	<u>\$ 4,460</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 230,341</u>	<u>\$ 2,267,858</u>	<u>\$ 2,493,739</u>	<u>\$ 4,460</u>
<b>REGIONAL BOARD OF TRUSTEES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 990</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 990</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash (overdrafts) and cash equivalents	\$ 223,040	\$ 3,663,424	\$ 3,894,944	\$ (8,480)
Due from other governments	<u>13,888</u>	<u>5,443</u>	<u>-</u>	<u>19,331</u>
<b>TOTAL ASSETS</b>	<u>\$ 236,928</u>	<u>\$ 3,668,867</u>	<u>\$ 3,894,944</u>	<u>\$ 10,851</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 236,928</u>	<u>\$ 3,668,867</u>	<u>\$ 3,894,944</u>	<u>\$ 10,851</u>

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT**  
**TREASURERS AND OTHER ENTITIES**  
**Year Ended June 30, 2015**

**Valley Education for Employment System**

Vocational Education - Career and Technical Education Improvement	\$	1,440,353
Vocational Education - CTE Perkins		<u>1,053,386</u>
	\$	<u><u>2,493,739</u></u>