

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

**FINANCIAL AUDIT
For the Year Ended June 30, 2014**

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

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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 June 30, 2014)

Mr. Mark Klaisner

Assistant Regional Superintendent
(Current effective July 1, 2014)

Ms. Paige McNulty

Office is located at:

210 S. Sixth 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	1	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	1

Details of the audit finding is 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)

2014-001	11-12	Controls Over Financial Statement Preparation	Material Weakness
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PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2013-002	15	Lack of Formal Policies and Controls Over Procurement Cards	Significant Deficiency
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**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, 2014. Throughout the audit, meetings were held between auditors and Regional Office officials to discuss matters obtained in this report. The response to the recommendation was 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 William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kane County Regional Office of Education No. 31, as of and for the year ended June 30, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 26 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 January 5, 2015 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
January 5, 2015

**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 William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kane County Regional Office of Education No. 31, as of and for the year ended June 30, 2014, 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 January 5, 2015.

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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2014-001 to be a material weakness.

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 Response to Finding

Kane County Regional Office of Education No. 31's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Kane County Regional Office of Education No. 31's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
January 5, 2015

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

Section I: Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: _____ Unmodified _____

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes x no

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

Section II: Financial Statement Findings:

FINDING 2014-001 - Controls Over Financial Statement Preparation (Repeat of findings 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 cash, accounts receivable, accounts payable and unavailable revenue. While the Regional Office did maintain records to indicate the balances of cash, accounts receivable, accounts payable and unavailable revenue, material audit adjustments were proposed in order to ensure financial statement balances were materially 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, 2014**

Section II: Financial Statement Findings:

FINDING 2014-001 - Controls Over Financial Statement Preparation (Repeat of findings 13-001, 12-1, 11-1 and 10-1)(Continued)

Cause:

Management did not effectively detect all of the material 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 and Cabinet members regular and timely financial reports. These reports include but are not limited to grant reporting, bank reconciliations, monthly financial reporting, expense comparisons, 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, 2014**

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, 2014**

FINDING 2014-001 - Controls Over Financial Statement Preparation (Repeat of findings 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 cash, accounts receivable, accounts payable and unavailable revenue. While the Regional Office did maintain records to indicate the balances of cash, accounts receivable, accounts payable and unavailable revenue, material audit adjustments were proposed in order to ensure financial statement balances were materially accurate.

Plan:

Effective with the fiscal year 2014 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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2014**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2013-001	Controls Over Financial Statement Preparation	Repeated
2013-002	Lack of Formal Policies and Controls Over Procurement Cards	Not Repeated

Management's Discussion and Analysis

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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, 2014 with comparative information for the year ended June 30, 2013. 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 121,785 public school students and over 12,400 private/parochial students. Our region includes nine (K-12) unit districts, two community college districts, 212 public school buildings, and over 9,000 public/private school teachers.

2014 Financial Highlights

- General Fund revenues increased from \$2,062,630 in fiscal year 2013 to \$2,748,444 in fiscal year 2014. General Fund expenditures also increased from \$1,382,215 in fiscal year 2013 to \$2,104,192 in fiscal year 2014. These increases were primarily due to continued reallocation of services provided due to loss of funding opportunities available.
- Education Fund revenues decreased from \$1,535,899 in fiscal year 2013 to \$1,190,131 in fiscal year 2014. Expenditures also decreased from \$1,491,746 in fiscal year 2013 to \$1,202,014 in fiscal year 2014. These decreases were primarily due to reduced funding.
- Institute Fund revenues decreased from \$161,702 in fiscal year 2013 to \$150,470 in fiscal year 2014. Expenditures in the Institute Fund increased from \$62,133 in fiscal year 2013 to \$108,559 in fiscal year 2014. The decrease in revenues was primarily due to the cyclical nature of license renewal and the change in certification requirements for professional teachers, administrators and paraprofessionals in Kane County. The increase in expenditures was primarily due to changes in program operations.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

- Enterprise Fund revenues increased from \$320,325 in fiscal year 2013 to \$416,373 in fiscal year 2014. Enterprise Fund expenses also increased from \$404,896 in fiscal year 2013 to \$481,880 in fiscal year 2014. These increases were primarily due to taking advantage of revenue generating opportunities.
- Government-wide revenues decreased by less than 1% from \$4,279,758 in fiscal year 2013 to \$4,249,261 in fiscal year 2014. Government-wide expenses increased by approximately 12% from \$3,568,168 in fiscal year 2013 to \$4,004,402 in fiscal year 2014.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of 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 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.

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, 2014**

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
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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 Net Position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve when examined over time as one indicator of the financial position of the Regional Office. The net position at the end of fiscal year 2014 and 2013 totaled \$7,036,920 and \$6,792,061, respectively. The analysis that follows provides a summary of the Regional Office's net position as of June 30.

<u>2014</u>	Governmental Activities	Business- Type Activities	Total
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	404,016	19,584	423,600
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>
Total net position	<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, 2014**

2013

	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 7,083,973	\$ 345,169	\$ 7,429,142
Capital assets, net of depreciation	<u>18,837</u>	<u>63,718</u>	<u>82,555</u>
Total assets	<u>7,102,810</u>	<u>408,887</u>	<u>7,511,697</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities	185,402	137,847	323,249
Non-current liabilities	<u>373,801</u>	<u>22,586</u>	<u>396,387</u>
Total liabilities	<u>559,203</u>	<u>160,433</u>	<u>719,636</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Net investment in capital assets	14,708	32,125	46,833
Unrestricted	5,200,204	216,329	5,416,533
Restricted for educational purposes	<u>1,328,695</u>	<u>-</u>	<u>1,328,695</u>
Total net position	<u>\$ 6,543,607</u>	<u>\$ 248,454</u>	<u>\$ 6,792,061</u>

The Regional Office's net position increased by \$244,859 (4%) from fiscal year 2013. The increase was primarily due to conservative usage of resources and seeking out new revenue opportunities.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Changes in net position. The following shows the changes in net position for the years ended June 30, 2014 and 2013.

2014

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
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>
Expenses:			
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>
Excess (deficiency) of revenues over (under) expenses before transfers	310,366	(65,507)	244,859
Transfers	<u>14,665</u>	<u>(14,665)</u>	<u>-</u>
Change in net position	325,031	(80,172)	244,859
Net position, beginning	<u>6,543,607</u>	<u>248,454</u>	<u>6,792,061</u>
Net position, ending	<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, 2014**

2013

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ 260,181	\$ 319,800	\$ 579,981
Operating grants and contributions	1,508,388	-	1,508,388
General revenues			
Local sources	44,107	525	44,632
State sources	1,487,494	-	1,487,494
On-behalf payments	<u>659,263</u>	<u>-</u>	<u>659,263</u>
Total revenues	<u>3,959,433</u>	<u>320,325</u>	<u>4,279,758</u>
Expenses:			
Education			
Salaries and benefits	1,708,627	-	1,708,627
Purchased services	494,372	344,286	838,658
Supplies and materials	51,755	25,337	77,092
Payments to other governments	220,796	175	220,971
Other objects	9,536	6,920	16,456
Capital outlay	6,430	8,782	15,212
Depreciation and disposition losses	12,493	19,396	31,889
Administrative			
On-behalf payments	<u>659,263</u>	<u>-</u>	<u>659,263</u>
Total expenses	<u>3,163,272</u>	<u>404,896</u>	<u>3,568,168</u>
Excess (deficiency) of revenues over (under) expenses before transfers	796,161	(84,571)	711,590
Transfers	<u>16,979</u>	<u>(16,979)</u>	<u>-</u>
Change in net position	813,140	(101,550)	711,590
Net position, beginning	<u>5,730,467</u>	<u>350,004</u>	<u>6,080,471</u>
Net position, ending	<u>\$ 6,543,607</u>	<u>\$ 248,454</u>	<u>\$ 6,792,061</u>

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Governmental Activities

Revenues for governmental activities were \$3,832,888 and \$3,959,433 and expenses were \$3,522,522 and \$3,163,272 for 2014 and 2013, respectively. The decrease in program revenues was mainly due to decreased funding levels. The increase in program expenses was mainly due to paying out General State Aid flow through payments and reallocation of program expenses.

Business-Type Activities

Revenues for business-type activities were \$416,373 and \$320,325 and expenses were \$481,880 and \$404,896 for 2014 and 2013, respectively. These increases were primarily due to taking advantage of revenue generating opportunities.

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 \$7,052,983, above last year's ending fund balances of \$6,358,847.

Governmental Fund Highlights

The General Fund fund balance increased from \$5,112,797 in 2013 to \$5,755,282 in 2014. The increase in fund balance was mostly attributable to excess funds generated by one of the educational programs the Regional Office of Education No. 31 manages.

The Institute Fund fund balance increased from \$850,865 in 2013 to \$892,776 in 2014. The increase in fund balance was mostly attributable to better management of expenses in response to lower revenue stream.

The Education Fund fund balance increased from \$264,589 in 2013 to \$269,178 in 2014. The increase in fund balance was mostly attributable to better management of expenses in response to lower revenue stream. 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 \$(15,787) in 2013 to \$(106,397) in 2014. The primary reason for the decrease is attributable to reduction in related revenue stream and continued need for professional development services.

Technology net position decreased from \$(41,415) in 2013 to \$(57,595) in 2014. The primary reason for the decrease is attributable to reduction in revenue stream and continued allocation of expenses.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Fiduciary Fund Highlights

Total assets and liabilities increased from \$148,347 in fiscal year 2013 to \$236,928 in fiscal year 2014. Transactions during fiscal year 2014 represent mainly transfers in and out of funds for the distributive and payroll funds.

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 2014, total additions and retirements amounted to \$23,313 and \$0, respectively. Depreciation expense for fiscal year 2014 was \$32,530. Additional information on Kane County Regional Office of Education No. 31's capital assets can be found in Note 3 on page 50 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, 2013 was \$35,722, which was increased during fiscal year 2014 by \$866, resulting in a balance of \$36,588 at June 30, 2014. Additional information on Kane County Regional Office of Education No. 31's capital leases can be found in Note 4 on page 51 of this report.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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 2015 and may see a decline in future years.

The Regional Office may be 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 next step in educational excellence.

The Youth Home licensing costs will increase due to implementation of online curriculum evaluation and learning tools. Software support costs will be ongoing for the HLS inspection program to be rolled out in fiscal year 2015.

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 210 South Sixth Street, Geneva, IL 60134. For a more detailed analysis and explanation of operations and programs, the complete fiscal year 2014 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, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,143,228	\$ 354,050	\$ 6,497,278
Investments	865,327	-	865,327
Accounts receivable	5,204	29,548	34,752
Due from other governments	331,409	-	331,409
Due from (to) other funds	175,265	(175,265)	-
Total current assets	<u>7,520,433</u>	<u>208,333</u>	<u>7,728,766</u>
Non-current assets:			
Capital assets, net of depreciation	<u>9,941</u>	<u>63,397</u>	<u>73,338</u>
Total assets	<u>7,530,374</u>	<u>271,730</u>	<u>7,802,104</u>
DEFERRED OUTFLOWS OF RESOURCES			
None	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	217,849	7,104	224,953
Due to other governments	37,876	62,107	99,983
Leases payable	1,995	14,653	16,648
Total current liabilities	<u>257,720</u>	<u>83,864</u>	<u>341,584</u>
Non-current liabilities:			
Leases payable	356	19,584	19,940
Accrued compensated absences	38,660	-	38,660
Other postemployment benefits	365,000	-	365,000
Total 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			
None	-	-	-
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	1,306,645	-	1,306,645
Total net position	<u>\$ 6,868,638</u>	<u>\$ 168,282</u>	<u>\$ 7,036,920</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, 2014

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Education:						
Salaries and benefits	\$ 1,448,634	\$ 75,811	\$ 606,882	\$ (765,941)	\$ -	\$ (765,941)
Purchased services	589,993	129,963	280,964	(179,066)	-	(179,066)
Supplies and materials	20,377	8,664	-	(11,713)	-	(11,713)
Payments to other governments	731,121	-	236,010	(495,111)	-	(495,111)
Other objects	1,392	2,166	-	774	-	774
Capital outlay	9,809	-	-	(9,809)	-	(9,809)
Depreciation	8,896	-	-	(8,896)	-	(8,896)
Administrative:						
On-behalf payments	712,300	-	-	(712,300)	-	(712,300)
Total governmental activities	3,522,522	216,604	1,123,856	(2,182,062)	-	(2,182,062)
Business-type activities:						
Professional development	481,880	415,442	-	-	(66,438)	(66,438)
Total primary government	\$ 4,004,402	\$ 632,046	\$ 1,123,856	(2,182,062)	(66,438)	(2,248,500)
General revenues:						
Local sources				51,281	931	52,212
State sources				1,728,847	-	1,728,847
On-behalf payments				712,300	-	712,300
Transfers				14,665	(14,665)	-
Total general revenues and transfers				2,507,093	(13,734)	2,493,359
CHANGE IN NET POSITION				325,031	(80,172)	244,859
NET POSITION, BEGINNING OF YEAR				6,543,607	248,454	6,792,061
NET POSITION, END OF YEAR				\$ 6,868,638	\$ 168,282	\$ 7,036,920

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, 2014

	Special Revenue				Total Governmental Funds
	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	
ASSETS					
Cash and cash equivalents	\$ 4,742,387	\$ 916,931	\$ 349,675	\$ 134,235	\$ 6,143,228
Investments	865,327	-	-	-	865,327
Accounts receivable	1,125	-	-	4,079	5,204
Due from other governments	201,656	-	129,753	-	331,409
Due from other funds	<u>238,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,278</u>
Total assets	<u>6,048,773</u>	<u>916,931</u>	<u>479,428</u>	<u>138,314</u>	<u>7,583,446</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,048,773</u>	<u>\$ 916,931</u>	<u>\$ 479,428</u>	<u>\$ 138,314</u>	<u>\$ 7,583,446</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 52,834	\$ 24,155	\$ 138,293	\$ 2,567	\$ 217,849
Due to other governments	37,876	-	-	-	37,876
Due to other funds	<u>-</u>	<u>-</u>	<u>63,013</u>	<u>-</u>	<u>63,013</u>
Total liabilities	<u>90,710</u>	<u>24,155</u>	<u>201,306</u>	<u>2,567</u>	<u>318,738</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>202,781</u>	<u>-</u>	<u>8,944</u>	<u>-</u>	<u>211,725</u>
FUND BALANCE					
Restricted	-	892,776	332,592	135,747	1,361,115
Assigned	1,127,701	-	-	-	1,127,701
Unassigned	<u>4,627,581</u>	<u>-</u>	<u>(63,414)</u>	<u>-</u>	<u>4,564,167</u>
Total fund balance	<u>5,755,282</u>	<u>892,776</u>	<u>269,178</u>	<u>135,747</u>	<u>7,052,983</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 6,048,773</u>	<u>\$ 916,931</u>	<u>\$ 479,428</u>	<u>\$ 138,314</u>	<u>\$ 7,583,446</u>

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, 2014**

Total fund balance of governmental funds (page 30)	\$ 7,052,983
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.	9,941
Capital lease obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(2,351)
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.	211,725
Compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(38,660)
Other postemployment benefits reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the governmental funds.	<u>(365,000)</u>
Net position of governmental activities (page 28)	<u>\$ 6,868,638</u>

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, 2014

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	
REVENUES:					
Local sources	\$ 50,156	\$ 150,470	\$ 57	\$ 70,965	\$ 271,648
State sources	1,985,988	-	1,015,383	2,655	3,004,026
Federal sources	-	-	174,691	-	174,691
On-behalf payments	<u>712,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>712,300</u>
Total revenues	<u>2,748,444</u>	<u>150,470</u>	<u>1,190,131</u>	<u>73,620</u>	<u>4,162,665</u>
EXPENDITURES:					
Education:					
Salaries and benefits	699,314	13,548	656,390	47,172	1,416,424
Purchased services	188,177	86,745	295,803	19,268	589,993
Supplies and materials	11,156	8,052	358	811	20,377
Payments to other governments	481,658	-	249,463	-	731,121
Other objects	-	214	-	1,178	1,392
On-behalf payments	712,300	-	-	-	712,300
Capital outlay	<u>11,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,587</u>
Total expenditures	<u>2,104,192</u>	<u>108,559</u>	<u>1,202,014</u>	<u>68,429</u>	<u>3,483,194</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>644,252</u>	<u>41,911</u>	<u>(11,883)</u>	<u>5,191</u>	<u>679,471</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	400,457	-	33,438	-	433,895
Transfers out	<u>(402,224)</u>	<u>-</u>	<u>(16,966)</u>	<u>(40)</u>	<u>(419,230)</u>
Total other financing sources (uses)	<u>(1,767)</u>	<u>-</u>	<u>16,472</u>	<u>(40)</u>	<u>14,665</u>
NET CHANGE IN FUND BALANCE	642,485	41,911	4,589	5,151	694,136
FUND BALANCE, BEGINNING OF YEAR	<u>5,112,797</u>	<u>850,865</u>	<u>264,589</u>	<u>130,596</u>	<u>6,358,847</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,755,282</u>	<u>\$ 892,776</u>	<u>\$ 269,178</u>	<u>\$ 135,747</u>	<u>\$ 7,052,983</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, 2014**

Net change in fund balance (page 32) **\$ 694,136**

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 (8,896)

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. 1,778

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. (329,777)

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

Decrease in compensated absences 7,206
Increase in OPEB expense (39,416)

Change in net position of governmental activities (page 29) **\$ 325,031**

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, 2014

	Business-Type Activities Enterprise Funds			Total
	ESC Professional Development Local 2	Technology	Nonmajor Funds	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 354,050	\$ 354,050
Accounts receivable	4,500	3,645	21,403	29,548
Total current assets	4,500	3,645	375,453	383,598
Non-current assets:				
Capital assets, net of depreciation	37,164	5,620	20,613	63,397
Total assets	41,664	9,265	396,066	446,995
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	3,300	2,119	1,685	7,104
Due to other governments	-	-	62,107	62,107
Due to other funds	110,524	64,741	-	175,265
Leases payable	14,653	-	-	14,653
Total current liabilities	128,477	66,860	63,792	259,129
Non-current liabilities:				
Leases payable	19,584	-	-	19,584
Total liabilities	148,061	66,860	63,792	278,713
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
NET POSITION				
Net investment in capital assets	2,927	5,620	20,613	29,160
Unrestricted	(109,324)	(63,215)	311,661	139,122
TOTAL NET POSITION	\$ (106,397)	\$ (57,595)	\$ 332,274	\$ 168,282

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, 2014

	Business-Type Activities Enterprise Funds			
	ESC Professional Development	Technology	Nonmajor Funds	Total
	Local 2			
OPERATING REVENUES:				
Charges for services	\$ 53,309	\$ 33,973	\$ 328,160	\$ 415,442
OPERATING EXPENSES:				
Salaries and benefits	-	26,608	26,087	52,695
Purchased services	99,490	17,739	266,204	383,433
Supplies and materials	12,694	1,143	1,856	15,693
Other objects	251	-	833	1,084
Capital outlay	5,341	-	-	5,341
Depreciation	12,389	4,663	6,582	23,634
Total operating expenses	<u>130,165</u>	<u>50,153</u>	<u>301,562</u>	<u>481,880</u>
OPERATING INCOME (LOSS)	(76,856)	(16,180)	26,598	(66,438)
NONOPERATING REVENUES				
Interest revenue	526	-	405	931
INCOME (LOSS) BEFORE TRANSFERS	<u>(76,330)</u>	<u>(16,180)</u>	<u>27,003</u>	<u>(65,507)</u>
Transfers in	17,509	-	-	17,509
Transfers out	(31,789)	-	(385)	(32,174)
Total transfers	<u>(14,280)</u>	<u>-</u>	<u>(385)</u>	<u>(14,665)</u>
CHANGE IN NET POSITION	(90,610)	(16,180)	26,618	(80,172)
NET POSITION, BEGINNING OF YEAR	<u>(15,787)</u>	<u>(41,415)</u>	<u>305,656</u>	<u>248,454</u>
NET POSITION, END OF YEAR	<u>\$ (106,397)</u>	<u>\$ (57,595)</u>	<u>\$ 332,274</u>	<u>\$ 168,282</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, 2014

	Business-Type Activities Enterprise Funds			
	ESC Professional Development <u>Local 2</u>	<u>Technology</u>	Nonmajor <u>Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for workshops and services	\$ 41,097	\$ 30,328	\$ 248,639	\$ 320,064
Payments to suppliers and providers of goods and services	(125,104)	(16,781)	(256,442)	(398,327)
Payments to employees	-	(26,608)	(26,087)	(52,695)
Net cash used in operating activities	(84,007)	(13,061)	(33,890)	(130,958)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund loans	108,977	13,061	-	122,038
Transfers from (to) other funds	(14,280)	-	(385)	(14,665)
Net cash provided by (used in) noncapital financing activities	94,697	13,061	(385)	107,373
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Purchase of capital assets	-	-	(9,453)	(9,453)
Principal paid on capital lease obligations	(11,216)	-	-	(11,216)
Net cash used in capital financing activities	(11,216)	-	(9,453)	(20,669)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	526	-	405	931
Net cash provided by investing activities	526	-	405	931
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	(43,323)	(43,323)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-	397,373	397,373
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -	\$ 354,050	\$ 354,050
Reconciliation of operating income (loss) to net cash used in operating activities:				
Operating income (loss)	\$ (76,856)	\$ (16,180)	\$ 26,598	\$ (66,438)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:				
Depreciation	12,389	4,663	6,582	23,634
Effects of changes in assets and liabilities:				
Accounts receivable	(3,687)	(3,645)	(21,193)	(28,525)
Accounts payable and accrued expenses	(6,888)	2,101	(3,852)	(8,639)
Due to other governments	(440)	-	16,303	15,863
Unearned revenue	(8,525)	-	(58,328)	(66,853)
Net cash used in operating activities	\$ (84,007)	\$ (13,061)	\$ (33,890)	\$ (130,958)
Noncash Capital Financing Activities:				
Capital asset of \$11,651 was acquired through a capital lease.				

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

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 223,040
Due from other governments	<u>13,888</u>
TOTAL ASSETS	<u>\$ 236,928</u>
LIABILITIES	
Due to other governments	<u>\$ 236,928</u>

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, 2014**

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, 2014**

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, 2014**

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, 2014**

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, 2014**

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.

Principal Mentoring - Accounts for the grant monies received for, and payment of expenditures to ensure that every new principal in Illinois receives a high-quality mentoring experience that focuses on professional development experiences and enhances a new principal's leadership. In this program, new leaders receive mentoring from proven, trained mentors who are paired with new principals based on geography, grade level, and need.

Preschool Monitoring - Accounts for the grant monies received for, and payment of expenditures to reimburse personnel who evaluate preschools that receive funds from the universal preschool program initiated in 2006 by the Illinois Governor's office.

Gifted Education - Accounts for the revenues and expenditures associated with ongoing professional development for administrators and teachers for gifted and talented students.

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

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.

Institute Fund - Accounts for fees collected for the registration and renewal of teaching certificates. 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.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Supervisory - Accounts for travel and other expenditures necessary to perform the duty of supervising the school districts in Kane County Regional Office of Education No. 31.

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.

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.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Substitute Authorization - Accounts for monies received from the Substitute Authorization school code.

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.

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.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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.

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.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Inflows of Resources - 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 asset 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 consist of receivables not collected within 60 days after year end.

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.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, Truants' Alternative and Optional Education Program (TAOEP), and ROE/ISC Operations.

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.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Kane County Regional Office of Education No. 31 did not formally adopt a budget for the year ended June 30, 2014 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.

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 January 5, 2015, the date the financial statements were available to be issued.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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 \$6,720,318 at June 30, 2014, while the bank balance was \$6,820,682. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2014. Of the total bank balances as of June 30, 2014, \$625,000 was secured by federal depository insurance, and \$6,195,682 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, 2014, the Kane County Regional Office of Education No. 31 had cash equivalents with carrying and fair value of \$483,442 invested in the Illinois Funds Money Market.

Credit Risk

At June 30, 2014, 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.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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

Investments

The Regional Office of Education's investments at June 30, 2014 were as follows:

Certificate of deposit	\$ 352,744
Certificate of deposit	<u>512,583</u>
Total investments	<u>\$ 865,327</u>

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014 is as follows:

	June 30, 2013	Additions	Deletions	June 30, 2014
Governmental Funds:				
Furniture and equipment	\$ 407,767	\$ -	\$ -	\$ 407,767
Less: accumulated depreciation	<u>(388,930)</u>	<u>(8,896)</u>	<u>-</u>	<u>(397,826)</u>
Capital assets, net	<u>\$ 18,837</u>	<u>\$ (8,896)</u>	<u>\$ -</u>	<u>\$ 9,941</u>
Proprietary Funds:				
Furniture and equipment	\$ 145,417	\$ 23,313	\$ -	\$ 168,730
Less: accumulated depreciation	<u>(81,699)</u>	<u>(23,634)</u>	<u>-</u>	<u>(105,333)</u>
Capital assets, net	<u>\$ 63,718</u>	<u>\$ (321)</u>	<u>\$ -</u>	<u>\$ 63,397</u>

Depreciation expense was charged as follows:

Governmental Funds:	
Depreciation expense	\$ 8,896
Proprietary Funds:	
Depreciation expense	<u>23,634</u>
Total depreciation expense	<u>\$ 32,530</u>

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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, 2014 was \$31,996. 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, 2014 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 19,864
2016	18,061
2017	<u>3,275</u>
Total minimum lease payments	41,200
Less: amount representing interest	<u>4,612</u>
Present value of minimum lease payments	<u>\$ 36,588</u>

Long-term liability activity for the year ended June 30, 2014, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<u>Capital Leases</u>					
Governmental Funds	\$ 4,129	\$ -	\$ 1,778	\$ 2,351	\$ 1,995
Proprietary Funds	<u>31,593</u>	<u>13,860</u>	<u>11,216</u>	<u>34,237</u>	<u>14,653</u>
Total	<u>\$ 35,722</u>	<u>\$ 13,860</u>	<u>\$ 12,994</u>	<u>\$ 36,588</u>	<u>\$ 16,648</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, 2014, the balance in this account was \$38,660.

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Governmental Funds:	<u>\$ 45,866</u>	<u>\$ 39,599</u>	<u>\$ 46,805</u>	<u>\$ 38,660</u>

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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 the Illinois Municipal Retirement Fund (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.

NOTE 7 - RETIREMENT FUND COMMITMENTS

Teachers' Retirement System of the State of Illinois

The 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.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The state of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

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

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 7 - RETIREMENT FUND COMMITMENTS (CONTINUED)

The state of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education No. 31's TRS-covered employees.

- **On-behalf Contributions to TRS.** The state of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 31. For the year ended June 30, 2014, state of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the Regional Office of Education No. 31 recognized revenue and expenditures of \$99,952 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the contribution rates were 28.05 percent (\$79,743) and 24.91 percent (\$87,021), respectively.

Regional Office of Education No. 31 makes other types of employer contributions directly to TRS:

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$431. Contributions for the years ending June 30, 2013 and June 30, 2012, were \$533 and \$974, respectively.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 31, there is a statutory requirement for the 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, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91, respectively. For the year ended June 30, 2014, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. For the years ended June 30, 2013 and June 30, 2012, required employer contributions were \$0 and \$697, respectively.

- **Early Retirement Option (ERO).** The Regional Office of Education No. 31 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 7 - RETIREMENT FUND COMMITMENTS (CONTINUED)

The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2014, June 30, 2013 and June 30, 2012, the Regional Office of Education No. 31 paid no employer contributions under the ERO program.

- **Salary increases over 6 percent and excess sick leave.** If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2014, the Regional Office of Education No. 31 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2013, and June 30, 2012, the Regional Office of Education No. 31 paid \$0 and \$133, respectively.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the years ended June 30, 2014, June 30, 2013, and June 30, 2012, the Regional Office of Education No. 31 did not make any employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS website at <http://trs.illinois.gov>.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education No. 31 participates in the Kane County Retiree postretirement medical plans (OPEB). The OPEB Plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

The actuarial valuation of liabilities under the OPEB Plan is calculated using the projected unit credit actuarial cost method as of the January 1, 2012 actuarial valuation and is for the 12 month period from January 1, 2012 through December 31, 2012. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$15,701,965 for Kane County as of December 31, 2012. The Regional Office of Education No. 31's portion of the unfunded actuarial accrued liability is not separately determinable from the Kane County actuarial study.

The Regional Office of Education No. 31 recognized an estimated net OPEB liability of \$365,000 for other postemployment benefits, which represents the Regional Office of Education No. 31's portion of Kane County's net OPEB obligation. The Regional Office of Education No. 31's estimated portion of the net OPEB obligation was calculated using the ratio of full-time equivalent employees of the Regional Office of Education No. 31 compared to full-time equivalent employees of Kane County.

Details of the OPEB Plan are available in Kane County's audit report for the year ended November 30, 2013. The report may be obtained by writing to the Kane County Government Center, 719 S. Batavia Avenue, Geneva, IL 60134.

Teachers Health Insurance Security Fund

The 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. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of 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
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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 to THIS Fund.** The state of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 31. State contributions are intended to match contributions to THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$720, and the 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, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of employees were \$845 and \$1,478, respectively.
- **Employer contributions to the THIS Fund.** The Regional Office of Education No. 31 also makes contributions to the THIS Fund. The Regional Office of Education No. 31 THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the Regional Office of Education No. 31 paid \$535 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the Regional Office of Education No. 31 paid \$634 and \$1,109, respectively, which was 100 percent of the required contribution.

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	\$ 109,464
Regional Superintendent - benefits (includes state paid insurance)	31,847
Assistant Regional Superintendent - salary	98,544
Assistant Regional Superintendent - benefits (includes state paid insurance)	21,919
TRS on-behalf payments	99,952
THIS on-behalf payments	720
County on-behalf payments	<u>349,854</u>
Total on-behalf payments	<u>\$ 712,300</u>

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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.

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

NOTE 10 - DEFICIT FUND BALANCES

At June 30, 2014, the following funds had deficit fund balances. They are expected to correct themselves in 2015, through payments from the State and transfers from local funds.

Education Fund	
Technology for Success	\$ (12,163)
Truants' Alternative and Optional Education Program (TAOEP)	(35,180)
ROE/ISC Operations	(16,071)
Proprietary Funds	
ESC Professional Development Local 2	(106,397)
Technology	(57,595)

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	\$ 201,656
Education Fund	
Local governments	8,944
Illinois State Board of Education	120,809
Agency Funds	
Local governments	13,888
Total	<u>\$ 345,297</u>

Due To Other Governments

General Fund	
Local governments	\$ 37,876
Proprietary Funds	
Local governments	62,107
Agency Funds	
Local governments	236,928
Total	<u>\$ 336,911</u>

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 12 - DUE FROM/TO FUNDS

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, as of June 30, 2014 were:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Regional Program Development	\$ 238,278	\$ -
Education Fund		
Truants' Alternative and Optional Education Program (TAOEP)	-	46,149
Title II - Teacher Quality - Leadership	-	7,021
ROE/ISC Operations	-	9,843
Proprietary Funds		
ESC Professional Development Local 2	-	110,524
Technology	-	64,741
Total	<u>\$ 238,278</u>	<u>\$ 238,278</u>

NOTE 13 - TRANSFERS

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Regional Program Development	\$ 400,040	\$ -
General State Aid	417	2,224
Youth Home Education	-	400,000
Education Fund		
Title I - School Improvement & Accountability	-	1,095
Principal Mentoring	31,789	-
Preschool Monitoring	1,649	-
Gifted Education	-	15,839
Title I - Reading First	-	32
Nonmajor Special Revenue Funds		
Supervisory	-	40
Proprietary Funds		
ESC Professional Development Local 2	17,509	31,789
Substitute Authorization	-	385
Total	<u>\$ 451,404</u>	<u>\$ 451,404</u>

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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 2014, Kane County Regional Office of Education No. 31 implemented Governmental Accounting Standards Board (GASB) Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. These statements had no impact on the financial statements for the Kane County Regional Office of Education No. 31. The Kane County Regional Office of Education No. 31 also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This clarified GASB Statement No. 63's presentation of deferred inflows and outflows of resources.

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

SUPPLEMENTARY INFORMATION

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2014

	Regional Program <u>Development</u>	General State Aid	Youth Home Education	Local Truancy	Operation Snowball	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 2,010,926	\$ 1,568,085	\$ 950,494	\$ 212,532	\$ 350	\$ 4,742,387
Investments	-	865,327	-	-	-	865,327
Accounts receivable	1,125	-	-	-	-	1,125
Due from other governments	-	-	201,656	-	-	201,656
Due from other funds	238,278	-	-	-	-	238,278
Total assets	<u>2,250,329</u>	<u>2,433,412</u>	<u>1,152,150</u>	<u>212,532</u>	<u>350</u>	<u>6,048,773</u>
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,250,329</u>	<u>\$ 2,433,412</u>	<u>\$ 1,152,150</u>	<u>\$ 212,532</u>	<u>\$ 350</u>	<u>\$ 6,048,773</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 207	\$ 16,952	\$ 32,754	\$ 2,921	\$ -	\$ 52,834
Due to other governments	-	37,876	-	-	-	37,876
Total liabilities	<u>207</u>	<u>54,828</u>	<u>32,754</u>	<u>2,921</u>	<u>-</u>	<u>90,710</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,125	-	201,656	-	-	202,781
FUND BALANCE						
Assigned	-	-	917,740	209,611	350	1,127,701
Unassigned	2,248,997	2,378,584	-	-	-	4,627,581
Total fund balance	<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>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 2,250,329</u>	<u>\$ 2,433,412</u>	<u>\$ 1,152,150</u>	<u>\$ 212,532</u>	<u>\$ 350</u>	<u>\$ 6,048,773</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, 2014

	Regional Program <u>Development</u>	General <u>State Aid</u>	Youth Home <u>Education</u>	Local <u>Truancy</u>	Operation <u>Snowball</u>	<u>Totals</u>
REVENUES:						
Local sources	\$ 22,477	\$ 12,384	\$ 619	\$ 14,676	\$ -	\$ 50,156
State sources	-	874,374	1,111,614	-	-	1,985,988
On-behalf payments	-	712,300	-	-	-	712,300
Total revenues	<u>22,477</u>	<u>1,599,058</u>	<u>1,112,233</u>	<u>14,676</u>	<u>-</u>	<u>2,748,444</u>
EXPENDITURES:						
Education:						
Salaries	-	143,990	357,627	13,556	-	515,173
Benefits	-	43,711	133,205	7,225	-	184,141
Purchased services	96,336	14,729	72,559	4,553	-	188,177
Supplies and materials	618	358	9,930	250	-	11,156
Payments to other governments	-	481,658	-	-	-	481,658
On-behalf payments	-	712,300	-	-	-	712,300
Capital outlay	483	-	11,104	-	-	11,587
Total expenditures	<u>97,437</u>	<u>1,396,746</u>	<u>584,425</u>	<u>25,584</u>	<u>-</u>	<u>2,104,192</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(74,960)</u>	<u>202,312</u>	<u>527,808</u>	<u>(10,908)</u>	<u>-</u>	<u>644,252</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	400,040	417	-	-	-	400,457
Transfers out	-	(2,224)	(400,000)	-	-	(402,224)
Total other financing sources (uses)	<u>400,040</u>	<u>(1,807)</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>(1,767)</u>
NET CHANGE IN FUND BALANCE	325,080	200,505	127,808	(10,908)	-	642,485
FUND BALANCE, BEGINNING OF YEAR	<u>1,923,917</u>	<u>2,178,079</u>	<u>789,932</u>	<u>220,519</u>	<u>350</u>	<u>5,112,797</u>
FUND BALANCE, END OF YEAR	<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>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2014

	<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>
ASSETS					
Cash and cash equivalents	\$ 50,219	\$ 12,612	\$ 12,762	\$ -	\$ -
Due from other governments	24,774	-	31,429	49,206	15,400
Total assets	<u>74,993</u>	<u>12,612</u>	<u>44,191</u>	<u>49,206</u>	<u>15,400</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 74,993</u>	<u>\$ 12,612</u>	<u>\$ 44,191</u>	<u>\$ 49,206</u>	<u>\$ 15,400</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 87,156	\$ -	\$ 3,678	\$ 38,237	\$ -
Due to other funds	-	-	-	46,149	7,021
Total liabilities	<u>87,156</u>	<u>-</u>	<u>3,678</u>	<u>84,386</u>	<u>7,021</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
FUND BALANCE (DEFICIT)					
Restricted	-	12,612	40,513	-	8,379
Unassigned	(12,163)	-	-	(35,180)	-
Total fund balance (deficit)	<u>(12,163)</u>	<u>12,612</u>	<u>40,513</u>	<u>(35,180)</u>	<u>8,379</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 74,993</u>	<u>\$ 12,612</u>	<u>\$ 44,191</u>	<u>\$ 49,206</u>	<u>\$ 15,400</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2014

	<u>Title I - School Improvement & Accountability</u>	<u>McKinney Education for Homeless Children</u>	<u>Principal Mentoring</u>	<u>Preschool Monitoring</u>	<u>Gifted Education</u>
ASSETS					
Cash and cash equivalents	\$ 208,127	\$ 63,454	\$ -	\$ -	\$ -
Due from other governments	8,944	-	-	-	-
Total assets	<u>217,071</u>	<u>63,454</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 217,071</u>	<u>\$ 63,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable and accrued expenses Due to other funds	\$ -	\$ 2,994	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>2,994</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>8,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)					
Restricted	208,127	60,460	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance (deficit)	<u>208,127</u>	<u>60,460</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 217,071</u>	<u>\$ 63,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2014

	<u>Title I - Reading First</u>	<u>ROE/ISC Operations</u>	<u>Building State Capacity</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 2,501	\$ 349,675
Due from other governments	-	-	-	129,753
Total assets	-	-	2,501	479,428
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,501</u>	<u>\$ 479,428</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ -	\$ 6,228	\$ -	\$ 138,293
Due to other funds	-	9,843	-	63,013
Total liabilities	-	16,071	-	201,306
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	8,944
FUND BALANCE (DEFICIT)				
Restricted	-	-	2,501	332,592
Unassigned	-	(16,071)	-	(63,414)
Total fund balance (deficit)	-	(16,071)	2,501	269,178
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,501</u>	<u>\$ 479,428</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, 2014

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>
REVENUES:					
Local sources	\$ 10	\$ -	\$ 12	\$ 1	\$ 1
State sources	373,446	-	314,209	238,206	-
Federal sources	-	7,768	-	-	41,085
Total revenues	<u>373,456</u>	<u>7,768</u>	<u>314,221</u>	<u>238,207</u>	<u>41,086</u>
EXPENDITURES:					
Education:					
Salaries	152,362	-	48,513	177,569	-
Benefits	37,888	-	3,924	86,733	-
Purchased services	197,748	-	14,028	21,325	40,428
Supplies and materials	-	-	-	39	-
Payment to other governments	-	-	249,463	-	-
Total expenditures	<u>387,998</u>	<u>-</u>	<u>315,928</u>	<u>285,666</u>	<u>40,428</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,542)</u>	<u>7,768</u>	<u>(1,707)</u>	<u>(47,459)</u>	<u>658</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	(14,542)	7,768	(1,707)	(47,459)	658
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>2,379</u>	<u>4,844</u>	<u>42,220</u>	<u>12,279</u>	<u>7,721</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (12,163)</u>	<u>\$ 12,612</u>	<u>\$ 40,513</u>	<u>\$ (35,180)</u>	<u>\$ 8,379</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, 2014

SCHEDULE 4
 (CONTINUED)

	<u>Title I - School Improvement & Accountability</u>	<u>McKinney Education for Homeless Children</u>	<u>Principal Mentoring</u>	<u>Preschool Monitoring</u>	<u>Gifted Education</u>
REVENUES:					
Local sources	\$ 13	\$ 16	\$ -	\$ -	\$ 4
State sources	-	-	-	-	-
Federal sources	71,141	54,697	-	-	-
Total revenues	71,154	54,713	-	-	4
EXPENDITURES:					
Education:					
Salaries	2,745	40,190	-	-	-
Benefits	1,187	7,337	-	-	-
Purchased services	9,177	7,509	-	-	-
Supplies and materials	319	-	-	-	-
Payment to other governments	-	-	-	-	-
Total expenditures	13,428	55,036	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	57,726	(323)	-	-	4
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	31,789	1,649	-
Transfers out	(1,095)	-	-	-	(15,839)
Total other financing sources (uses)	(1,095)	-	31,789	1,649	(15,839)
NET CHANGE IN FUND BALANCE (DEFICIT)	56,631	(323)	31,789	1,649	(15,835)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	151,496	60,783	(31,789)	(1,649)	15,835
FUND BALANCE (DEFICIT), END OF YEAR	\$ 208,127	\$ 60,460	\$ -	\$ -	\$ -

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, 2014

SCHEDULE 4
 (CONTINUED)

	<u>Title I - Reading First</u>	<u>ROE/ISC Operations</u>	<u>Building State Capacity</u>	<u>Totals</u>
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ 57
State sources	-	89,522	-	1,015,383
Federal sources	-	-	-	174,691
Total revenues	-	89,522	-	1,190,131
EXPENDITURES:				
Education:				
Salaries	-	74,553	-	495,932
Benefits	-	23,389	-	160,458
Purchased services	-	5,588	-	295,803
Supplies and materials	-	-	-	358
Payment to other governments	-	-	-	249,463
Total expenditures	-	103,530	-	1,202,014
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(14,008)	-	(11,883)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	33,438
Transfers out	(32)	-	-	(16,966)
Total other financing sources (uses)	(32)	-	-	16,472
NET CHANGE IN FUND BALANCE (DEFICIT)	(32)	(14,008)	-	4,589
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	32	(2,063)	2,501	264,589
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ (16,071)	\$ 2,501	\$ 269,178

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2014

	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		
REVENUES:								
Local sources	\$ -	\$ -	\$ 10	\$ 10	\$ -	\$ -	\$ 12	\$ 12
State sources	354,774	373,446	373,446	-	314,209	314,209	314,209	-
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>354,774</u>	<u>373,446</u>	<u>373,456</u>	<u>10</u>	<u>314,209</u>	<u>314,209</u>	<u>314,221</u>	<u>12</u>
EXPENDITURES:								
Education:								
Salaries	162,739	149,822	152,362	(2,540)	57,032	57,032	48,513	8,519
Benefits	36,647	39,094	37,888	1,206	24,064	24,064	3,924	20,140
Purchased services	155,388	184,530	197,748	(13,218)	21,520	21,520	14,028	7,492
Supplies and materials	-	-	-	-	2,130	2,130	-	2,130
Payments to other governments	-	-	-	-	209,463	209,463	249,463	(40,000)
Total expenditures	<u>354,774</u>	<u>373,446</u>	<u>387,998</u>	<u>(14,552)</u>	<u>314,209</u>	<u>314,209</u>	<u>315,928</u>	<u>(1,719)</u>
NET CHANGE IN								
FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>(14,542)</u>	<u>\$ (14,542)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,707)</u>	<u>\$ (1,707)</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>2,379</u>				<u>42,220</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (12,163)</u>				<u>\$ 40,513</u>	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2014

	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		
REVENUES:								
Local sources	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 1	\$ 1
State sources	238,206	238,206	238,206	-	-	-	-	-
Federal sources	-	-	-	-	23,034	23,034	41,085	18,051
Total revenues	238,206	238,206	238,207	1	23,034	23,034	41,086	18,052
EXPENDITURES:								
Education:								
Salaries	163,805	163,805	177,569	(13,764)	-	-	-	-
Benefits	63,953	63,953	86,733	(22,780)	-	-	-	-
Purchased services	10,413	10,413	21,325	(10,912)	23,034	23,034	40,428	(17,394)
Supplies and materials	35	35	39	(4)	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Total expenditures	238,206	238,206	285,666	(47,460)	23,034	23,034	40,428	(17,394)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	(47,459)	\$ (47,459)	\$ -	\$ -	658	\$ 658
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			12,279				7,721	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (35,180)				\$ 8,379	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2014

SCHEDULE 5
 (CONTINUED)

	ROE/ISC Operations			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	89,522	89,522	89,522	-
Federal sources	-	-	-	-
Total revenues	<u>89,522</u>	<u>89,522</u>	<u>89,522</u>	<u>-</u>
EXPENDITURES:				
Education:				
Salaries	66,292	66,292	74,553	(8,261)
Benefits	21,013	21,013	23,389	(2,376)
Purchased services	2,217	2,217	5,588	(3,371)
Supplies and materials	-	-	-	-
Payments to other governments	-	-	-	-
Total expenditures	<u>89,522</u>	<u>89,522</u>	<u>103,530</u>	<u>(14,008)</u>
NET CHANGE IN				
FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	(14,008)	<u>\$ (14,008)</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>(2,063)</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (16,071)</u>	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2014

	<u>GED</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 116,635	\$ 17,600	\$ -	\$ 134,235
Accounts receivable	823	3,256	-	4,079
Total assets	117,458	20,856	-	138,314
 DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	\$ 117,458	\$ 20,856	\$ -	\$ 138,314
 LIABILITIES				
Accounts payable and accrued expenses	\$ 2,559	\$ 8	\$ -	\$ 2,567
 DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
 FUND BALANCE				
Restricted	114,899	20,848	-	135,747
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
	\$ 117,458	\$ 20,856	\$ -	\$ 138,314

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, 2014

SCHEDULE 7

	<u>GED</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Totals</u>
REVENUES:				
Local sources	\$ 55,993	\$ 14,972	\$ -	\$ 70,965
State sources	-	2,655	-	2,655
Total revenues	<u>55,993</u>	<u>17,627</u>	<u>-</u>	<u>73,620</u>
EXPENDITURES:				
Education:				
Salaries	32,323	-	-	32,323
Benefits	14,849	-	-	14,849
Purchased services	12,197	7,071	-	19,268
Supplies and materials	701	110	-	811
Other objects	1,117	61	-	1,178
Total expenditures	<u>61,187</u>	<u>7,242</u>	<u>-</u>	<u>68,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,194)	10,385	-	5,191
OTHER FINANCING USES:				
Transfers out	-	-	(40)	(40)
NET CHANGE IN FUND BALANCE	(5,194)	10,385	(40)	5,151
FUND BALANCE, BEGINNING OF YEAR	<u>120,093</u>	<u>10,463</u>	<u>40</u>	<u>130,596</u>
FUND BALANCE, END OF YEAR	<u>\$ 114,899</u>	<u>\$ 20,848</u>	<u>\$ -</u>	<u>\$ 135,747</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 June 30, 2014

SCHEDULE 8

	Kane County Library Resources Consortium	Visual Media Cooperative	Local Administrators Academy	Criminal Background Investigation	Kane County Human Resources Consortium	Discovery Education United Streaming	Substitute Authorization	Totals
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 7,409	\$ 52,329	\$ 146,515	\$ 67,765	\$ 79,131	\$ 901	\$ -	\$ 354,050
Accounts receivable	-	-	625	20,778	-	-	-	21,403
Total current assets	<u>7,409</u>	<u>52,329</u>	<u>147,140</u>	<u>88,543</u>	<u>79,131</u>	<u>901</u>	<u>-</u>	<u>375,453</u>
Non-current assets:								
Capital assets, net of depreciation	<u>8,492</u>	<u>-</u>	<u>-</u>	<u>12,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,613</u>
Total assets	<u>15,901</u>	<u>52,329</u>	<u>147,140</u>	<u>100,664</u>	<u>79,131</u>	<u>901</u>	<u>-</u>	<u>396,066</u>
DEFERRED OUTFLOWS OF RESOURCES								
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES								
Current liabilities:								
Accounts payable and accrued expenses	-	-	-	1,685	-	-	-	1,685
Due to other governments	<u>-</u>	<u>37,107</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,107</u>
Total current liabilities	<u>-</u>	<u>37,107</u>	<u>-</u>	<u>26,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,792</u>
DEFERRED INFLOWS OF RESOURCES								
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION								
Net investment in capital assets	8,492	-	-	12,121	-	-	-	20,613
Unrestricted	<u>7,409</u>	<u>15,222</u>	<u>147,140</u>	<u>61,858</u>	<u>79,131</u>	<u>901</u>	<u>-</u>	<u>311,661</u>
Total net position	<u>\$ 15,901</u>	<u>\$ 15,222</u>	<u>\$ 147,140</u>	<u>\$ 73,979</u>	<u>\$ 79,131</u>	<u>\$ 901</u>	<u>\$ -</u>	<u>\$ 332,274</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, 2014

SCHEDULE 9

	Kane County Library Resources Consortium	Visual Media Cooperative	Local Administrators Academy	Criminal Background Investigation	Kane County Human Resources Consortium	Discovery Education United Streaming	Substitute Authorization	Totals
OPERATING REVENUES:								
Charges for services	\$ 66,931	\$ -	\$ 3,775	\$ 154,779	\$ 50,000	\$ 52,675	\$ -	\$ 328,160
OPERATING EXPENSES:								
Salaries	-	-	-	19,881	-	-	-	19,881
Benefits	-	-	-	6,206	-	-	-	6,206
Purchased services	59,472	-	115	120,309	34,533	51,775	-	266,204
Supplies and materials	4	-	76	1,504	272	-	-	1,856
Other objects	-	-	-	833	-	-	-	833
Depreciation	4,167	-	-	2,415	-	-	-	6,582
Total operating expenses	<u>63,643</u>	<u>-</u>	<u>191</u>	<u>151,148</u>	<u>34,805</u>	<u>51,775</u>	<u>-</u>	<u>301,562</u>
OPERATING INCOME	3,288	-	3,584	3,631	15,195	900	-	26,598
NONOPERATING REVENUES								
Interest revenue	<u>2</u>	<u>265</u>	<u>53</u>	<u>66</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>405</u>
INCOME BEFORE TRANSFERS	3,290	265	3,637	3,697	15,214	900	-	27,003
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(385)</u>	<u>(385)</u>
CHANGE IN NET POSITION	3,290	265	3,637	3,697	15,214	900	(385)	26,618
NET POSITION, BEGINNING OF YEAR	<u>12,611</u>	<u>14,957</u>	<u>143,503</u>	<u>70,282</u>	<u>63,917</u>	<u>1</u>	<u>385</u>	<u>305,656</u>
NET POSITION, END OF YEAR	<u>\$ 15,901</u>	<u>\$ 15,222</u>	<u>\$ 147,140</u>	<u>\$ 73,979</u>	<u>\$ 79,131</u>	<u>\$ 901</u>	<u>\$ -</u>	<u>\$ 332,274</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 Year Ended June 30, 2014

SCHEDULE 10

	Kane County Library Resources Consortium	Visual Media Cooperative	Local Administrators Academy	Criminal Background Investigation	Kane County Human Resources Consortium	Discovery Education United Streaming	Substitute Authorization	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts for workshops and services	\$ 8,603	\$ -	\$ 3,360	\$ 134,001	\$ 50,000	\$ 52,675	\$ -	\$ 248,639
Payments to suppliers and providers of goods and services	(59,476)	-	(1,088)	(109,298)	(34,805)	(51,775)	-	(256,442)
Payments to employees	-	-	-	(26,087)	-	-	-	(26,087)
Net cash provided by (used in) operating activities	(50,873)	-	2,272	(1,384)	15,195	900	-	(33,890)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfers from (to) other funds	-	-	-	-	-	-	(385)	(385)
Net cash used in noncapital financing activities	-	-	-	-	-	-	(385)	(385)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:								
Purchase of capital assets	-	-	-	(9,453)	-	-	-	(9,453)
Net cash used in capital financing activities	-	-	-	(9,453)	-	-	-	(9,453)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest	2	265	53	66	19	-	-	405
Net cash provided by investing activities	2	265	53	66	19	-	-	405
NET CHANGE IN CASH AND CASH EQUIVALENTS	(50,871)	265	2,325	(10,771)	15,214	900	(385)	(43,323)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	58,280	52,064	144,190	78,536	63,917	1	385	397,373
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,409	\$ 52,329	\$ 146,515	\$ 67,765	\$ 79,131	\$ 901	\$ -	\$ 354,050
Reconciliation of operating income to net cash provided by (used in) operating activities:								
Operating income	\$ 3,288	\$ -	\$ 3,584	\$ 3,631	\$ 15,195	\$ 900	\$ -	\$ 26,598
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:								
Depreciation	4,167	-	-	2,415	-	-	-	6,582
Effects of changes in assets and liabilities:								
Accounts receivable	-	-	(415)	(20,778)	-	-	-	(21,193)
Accounts payable and accrued expenses	-	-	(897)	(2,955)	-	-	-	(3,852)
Due to other governments	-	-	-	16,303	-	-	-	16,303
Unearned revenue	(58,328)	-	-	-	-	-	-	(58,328)
Net cash provided by (used in) operating activities	\$ (50,873)	\$ -	\$ 2,272	\$ (1,384)	\$ 15,195	\$ 900	\$ -	\$ (33,890)

Noncash Capital Financing Activities:
 Capital asset of \$11,651 was acquired through a capital lease.

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 June 30, 2014

	<u>Payroll</u>	<u>Juvenile Drug Court</u>	<u>Distributive</u>	<u>Regional Board of Trustees</u>	<u>Total</u>
ASSETS					
Cash (overdrafts) and cash equivalents	\$ (13,888)	\$ 5,597	\$ 230,341	\$ 990	\$ 223,040
Due from other governments	<u>13,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,888</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 5,597</u>	<u>\$ 230,341</u>	<u>\$ 990</u>	<u>\$ 236,928</u>
LIABILITIES					
Due to other governments	<u>\$ -</u>	<u>\$ 5,597</u>	<u>\$ 230,341</u>	<u>\$ 990</u>	<u>\$ 236,928</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2014

	<u>Balance,</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2014</u>
PAYROLL				
ASSETS				
Cash (overdrafts) and cash equivalents	\$ 1,969	\$ 1,379,103	\$ 1,394,960	\$ (13,888)
Due from other governments	<u>-</u>	<u>13,888</u>	<u>-</u>	<u>13,888</u>
TOTAL ASSETS	<u>\$ 1,969</u>	<u>\$ 1,392,991</u>	<u>\$ 1,394,960</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	<u>\$ 1,969</u>	<u>\$ 1,392,991</u>	<u>\$ 1,394,960</u>	<u>\$ -</u>
JUVENILE DRUG COURT				
ASSETS				
Cash and cash equivalents	\$ 5,595	\$ 2	\$ -	\$ 5,597
LIABILITIES				
Due to other governments	<u>\$ 5,595</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 5,597</u>
DISTRIBUTIVE				
ASSETS				
Cash and cash equivalents	\$ 139,768	\$ 1,974,882	\$ 1,884,309	\$ 230,341
LIABILITIES				
Due to other governments	<u>\$ 139,768</u>	<u>\$ 1,974,882</u>	<u>\$ 1,884,309</u>	<u>\$ 230,341</u>
REGIONAL BOARD OF TRUSTEES				
ASSETS				
Cash and cash equivalents	\$ 1,015	\$ -	\$ 25	\$ 990
LIABILITIES				
Due to other governments	<u>\$ 1,015</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 990</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 148,347	\$ 3,353,987	\$ 3,279,294	\$ 223,040
Due from other governments	<u>-</u>	<u>13,888</u>	<u>-</u>	<u>13,888</u>
TOTAL ASSETS	<u>\$ 148,347</u>	<u>\$ 3,367,875</u>	<u>\$ 3,279,294</u>	<u>\$ 236,928</u>
LIABILITIES				
Due to other governments	<u>\$ 148,347</u>	<u>\$ 3,367,875</u>	<u>\$ 3,279,294</u>	<u>\$ 236,928</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
 Year Ended June 30, 2014

Valley Education for Employment System

Vocational Education - Career and Technical Education Improvement	\$	1,398,123
Vocational Education - CTE Perkins		486,186
		1,884,309
		1,884,309