

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

**FINANCIAL AUDIT
For the year ended June 30, 2017**

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

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

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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 (Current and during the audit period)..... Ms. Deanna Oliver

Office is located at:

28 N. First 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	-	3
Repeated audit findings	-	1
Prior recommendations implemented or not repeated	3	1

Details of audit findings are presented in a separate report section.

SUMMARY OF FINDINGS AND RESPONSES

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

There were no findings for the year ended June 30, 2017.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2016-001		Controls over Financial Statement Preparation	Material Weakness
2016-002		Controls over Grant Compliance	Significant Deficiency and Noncompliance
2016-003		Controls over Preparation of Journal Entries	Significant Deficiency

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, 2017. Throughout the audit, numerous meetings were held between the auditors and Regional Office to discuss matters contained in this audit report.

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

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Kane County Regional Office of Education No. 31 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Kane County Regional Office of Education No. 31's basic financial statements.

MEMBERS

BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT
JOSHUA D. LOWE
DAVID W. FALLER
ALEXANDER M. HAGEN

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kane County Regional Office of Education No. 31, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kane County Regional Office of Education No. 31, as of June 30, 2017, 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, Teachers' Retirement System of the State of Illinois – Schedules of Employer's Proportionate Share of the Net Pension Liability, Teacher's Retirement System of the State of Illinois – Schedule of Employer Contributions, Illinois Municipal Retirement Fund – Schedules of Changes in Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, and Other Postemployment Benefits – Health Insurance Schedule of Funding Progress on pages 13a – 13j and 64 - 69 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.

Other Information

Our audit was conducted for forming opinions on the financial statements that collectively comprise the 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 – Distributive Fund 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 – Distributive Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund 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 May 29, 2018 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kane County Regional Office of Education No. 31's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kane County Regional Office of Education No. 31's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
May 29, 2018

MEMBERS

BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT
JOSHUA D. LOWE
DAVID W. FALLER
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**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***

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kane County Regional Office of Education No. 31, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Kane County Regional Office of Education No. 31's basic financial statements, and have issued our report thereon dated May 29, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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 the 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 the Kane County Regional Office of Education No. 31's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
May 29, 2018

SCHEDULE OF FINDINGS AND RESPONSES

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

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION I— SUMMARY OF AUDITORS' RESULTS
For the year ended June 30, 2017**

Section I – Summary of Auditors' Results

Financial statements in accordance with GAAP

Type of auditors' report issued:

UNMODIFIED

Internal control over financial reporting:

- Material weakness identified?

_____ yes X no

- Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial
statements noted?

_____ yes X no

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

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2017**

Section II – Financial Statement Findings

No findings were noted for the year ended June 30, 2017.

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

**CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS
For the year ended June 30, 2017**

Corrective Action Plan

No findings were noted for the year ended June 30, 2017.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the year ended June 30, 2017**

2016-001	Controls over Financial Statement Preparation	Not repeated
2016-002	Controls over Grant Compliance	Not repeated
2016-003	Controls over Preparation of Journal Entries	Not repeated

During the current audit, the Regional Office of Education No. 31:

- a) had sufficient internal controls that allowed the auditors to not propose any material entries.
- b) timely filed the necessary expenditure reports.
- c) provided adequate documentation that the journal entries were approved by management.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
June 30, 2017**

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, 2017 with comparative information for the year ended June 30, 2016. 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 advocate for education, provide leadership, perform regulatory functions, and coordinate state and local services for educators, school districts and the community.

Education Service Region

The Kane County Regional Office of Education serves over 120,000 students. Our region includes nine (K-12) unit districts, two community college districts, 222 public school buildings, and over 9,000 public/private school teachers.

2017 Financial Highlights

- General Fund revenues decreased from \$3,205,302 in fiscal year 2016 to \$2,963,273 in fiscal year 2017. General Fund expenditures increased from \$2,398,098 in fiscal year 2016 to \$2,721,092 in fiscal year 2017. The decrease in revenue was related to a delay in funding due to the state budget impasse. The increase in expenses was primarily due to the growth of a new ALOP (a program funded primarily through general state aid monies).
- Education Fund revenues increased from \$895,792 in fiscal year 2016 to \$1,237,301 in fiscal year 2017. Expenditures also increased from \$1,453,201 in fiscal year 2016 to \$1,540,293 in fiscal year 2017. The revenue increase was related to a timing variances of payments received relating to the Technology for Success grant reported within this fund. Increases in expenditures were due to reallocation of staff and the addition of a new conference on at-risk youth.
- Institute Fund revenues decreased from \$236,978 in fiscal year 2016 to \$215,982 in fiscal year 2017. Expenditures in the Institute Fund increased from \$116,796 in fiscal year 2016 to \$136,890 in fiscal year 2017. The decrease was primarily due to the cyclical nature of license renewal. The increase in expense was mainly due to additional support to districts regarding teacher evaluator licenses.

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

**Management's Discussion and Analysis
June 30, 2017**

- Enterprise Fund revenues increased from \$370,261 in fiscal year 2016 to \$487,418 in fiscal year 2017. Enterprise Fund expenses also increased from \$547,132 in fiscal year 2016 to \$592,464 in fiscal year 2017. Revenue increased due to the success of additional professional development opportunities offered to our districts. The increase in expenses was primarily due to the partnerships with our districts to purchase cooperatively at a discount.
- Government-wide revenues increased from \$4,911,942 in fiscal year 2016 to \$5,793,564 in fiscal year 2017. Government-wide expenses increased from \$4,497,029 in fiscal year 2016 to \$5,194,110 in fiscal year 2017. These changes are most notably related to timing of delayed grant funding from prior years and an increase in activity of the ALOP program.

Using This Annual Report

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

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

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office as a whole and present an overall view of the Regional Office's finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information that is needed for a full understanding of the data provided in the basic financial statements.

Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with information about the Regional Office of Education No. 31's pension liability, proportionate share of the net pension liability and related contributions.

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

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.

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

**Management's Discussion and Analysis
June 30, 2017**

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.
- 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

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Regional Office, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,431,550 as of June 30, 2017.

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

**Management's Discussion and Analysis
June 30, 2017**

The following table presents a summary of Kane County Regional Office of Education No. 31's net position for the fiscal year ended June 30, 2017:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets	\$ 8,481,461	\$ 812,355	\$ 9,293,816
Capital assets, net	<u>118,960</u>	<u>20,453</u>	<u>139,413</u>
Total assets	<u>8,600,421</u>	<u>832,808</u>	<u>9,433,229</u>
Deferred outflows of resources	<u>355,996</u>	<u>7,938</u>	<u>363,934</u>
Current liabilities	505,412	57,489	562,901
Noncurrent liabilities	<u>714,496</u>	<u>9,567</u>	<u>724,063</u>
Total liabilities	<u>1,219,908</u>	<u>67,056</u>	<u>1,286,964</u>
Deferred inflows of resources	<u>76,965</u>	<u>1,684</u>	<u>78,649</u>
Net position:			
Net investment in capital assets	75,184	20,453	95,637
Restricted - other	2,113,226	-	2,113,226
Unrestricted	<u>5,471,134</u>	<u>751,553</u>	<u>6,222,687</u>
Total net position	<u>\$ 7,659,544</u>	<u>\$ 772,006</u>	<u>\$ 8,431,550</u>

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

**Management's Discussion and Analysis
June 30, 2017**

The following table presents a summary of Kane County Regional Office of Education No. 31's net position for the fiscal year ended June 30, 2016:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets	\$ 8,078,476	\$ 364,114	\$ 8,442,590
Capital assets, net	<u>144,019</u>	<u>6,663</u>	<u>150,682</u>
Total assets	<u>8,222,495</u>	<u>370,777</u>	<u>8,593,272</u>
Deferred outflows of resources	<u>410,301</u>	<u>19,276</u>	<u>429,577</u>
Current liabilities	362,499	54,174	416,673
Noncurrent liabilities	<u>747,622</u>	<u>21,131</u>	<u>768,753</u>
Total liabilities	<u>1,110,121</u>	<u>75,305</u>	<u>1,185,426</u>
Deferred inflows of resources	<u>5,219</u>	<u>108</u>	<u>5,327</u>
Net position:			
Net investment in capital assets	89,840	6,663	96,503
Restricted - other	1,521,573	-	1,521,573
Unrestricted	<u>5,906,043</u>	<u>307,977</u>	<u>6,214,020</u>
Total net position	<u>\$ 7,517,456</u>	<u>\$ 314,640</u>	<u>\$ 7,832,096</u>

The Regional Office's net position increased by \$599,454 (7.6%) from fiscal year 2016. The increase was in part due to continued conservative usage of resources and seeking out new revenue opportunities. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Unrestricted net position was \$6,222,687 for the year ended June 30, 2017. The net position related to the Institute Fund, Education Fund and Nonmajor Special Revenue Funds are restricted for educational purposes.

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

**Management's Discussion and Analysis
June 30, 2017**

Changes in Net Position

The following shows the change in net position for the year ended June 30, 2017:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ -	\$ 487,418	\$ 487,418
Operating grants and contributions	4,208,107	-	4,208,107
General revenues:			-
Local sources	300,527	-	300,527
Interest	23,792	367	24,159
On-behalf payments	773,353	-	773,353
Total revenues	<u>5,305,779</u>	<u>487,785</u>	<u>5,793,564</u>
Expenses:			
Instructional services:			
Salaries and benefits	1,350,971	28,414	1,379,385
Purchased services	564,189	483,208	1,047,397
Supplies and materials	92,371	52,142	144,513
Capital outlay	89,176	19,274	108,450
Payments to other governments	1,501,889	-	1,501,889
Other objects	128	89	217
Depreciation	25,059	5,785	30,844
Pension expense	204,510	3,552	208,062
Administrative:			
On-behalf payments	773,353	-	773,353
Total expenses	<u>4,601,646</u>	<u>592,464</u>	<u>5,194,110</u>
Excess (deficiency) of revenue over (under) expenditures	704,133	(104,679)	599,454
Transfers	<u>(562,045)</u>	<u>562,045</u>	<u>-</u>
Change in net position	142,088	457,366	599,454
Net position, beginning	<u>7,517,456</u>	<u>314,640</u>	<u>7,832,096</u>
Net position, ending	<u>\$ 7,659,544</u>	<u>\$ 772,006</u>	<u>\$ 8,431,550</u>

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

**Management's Discussion and Analysis
June 30, 2017**

The following shows the change in net position for the year ended June 30, 2016:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ -	\$ 370,261	\$ 370,261
Operating grants and contributions	3,409,899	-	3,409,899
General revenues:			
Local sources	329,906	-	329,906
Interest	19,527	242	19,769
On-behalf payments	782,107	-	782,107
Total revenues	<u>4,541,439</u>	<u>370,503</u>	<u>4,911,942</u>
Expenses:			
Instructional services:			
Salaries and benefits	1,310,881	51,700	1,362,581
Purchased services	502,483	435,627	938,110
Supplies and materials	65,319	23,243	88,562
Capital outlay	24,881	14,733	39,614
Payments to other governments	1,065,472	-	1,065,472
Other objects	38	-	38
Depreciation	20,648	12,672	33,320
Pension expense	178,068	9,157	187,225
Administrative:			
On-behalf payments	782,107	-	782,107
Total expenses	<u>3,949,897</u>	<u>547,132</u>	<u>4,497,029</u>
Excess (deficiency) of revenue over (under) expenditures	591,542	(176,629)	414,913
Transfers	<u>(614,546)</u>	<u>614,546</u>	<u>-</u>
Change in net position	(23,004)	437,917	414,913
Net position, beginning, restated	<u>7,540,460</u>	<u>(123,277)</u>	<u>7,417,183</u>
Net position, ending	<u>\$ 7,517,456</u>	<u>\$ 314,640</u>	<u>\$ 7,832,096</u>

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

**Management's Discussion and Analysis
June 30, 2017**

Governmental Activities

Revenues for governmental activities were \$5,305,779 and \$4,541,439 and expenses were \$4,601,646 and \$3,949,897 for 2017 and 2016, respectively. The increase in revenues and expenses were due to the growth in the ALOP program.

Business-Type Activities

Revenues for business-type activities were \$487,785 and \$370,503 and expenses were \$592,464 and \$547,132 for 2017 and 2016, respectively. The increase in revenues and expenses were due to partnerships with our districts to cooperatively purchase at a discount.

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 \$6,623,691, below last year's ending fund balances of \$7,165,890.

Governmental Fund Highlights

The General Fund fund balance decreased from \$6,204,807 in 2016 to \$5,874,540 in 2017. The decrease in fund balance was mostly attributable to a transfer out to another fund.

The Institute Fund fund balance increased from \$1,088,045 in 2016 to \$1,167,137 in 2017. The increase in fund balance was mostly attributable to being more efficient and conservative with program funds.

The Education Fund fund balance decreased from \$(256,833) in 2016 to \$(559,825) in 2017. The decrease in fund balance was mostly attributable to timing of grant funding by the state. 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 funding increases and decreases.

Proprietary Fund Highlights

Business-Type Funds net position increased from \$314,640 in 2016 to \$772,006 in 2017. The primary reason for the increase is attributable to a transfer in from another fund.

Fiduciary Fund Highlights

Total assets and liabilities increased from \$133,358 in fiscal year 2016 to \$771,864 in fiscal year 2017. Transactions during fiscal year 2017 represent mainly transfers in and out of funds for the distributive and payroll funds. The increase is attributable to the timing of additions and deductions.

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

**Management's Discussion and Analysis
June 30, 2017**

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 2017, total additions and retirements amounted to \$19,575 and \$0, respectively. Depreciation expense for fiscal year 2017 was \$30,844. Additional information on Kane County Regional Office of Education No. 31's capital assets can be found in Note 8 on pages 41 and 42 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, 2016 was \$54,179, which was decreased during fiscal year 2017 by \$10,403, resulting in a balance of \$43,776 at June 30, 2017. Additional information on Kane County Regional Office of Education No. 31's capital leases can be found in Note 9 on pages 42 and 43 of this report.

Economic Factors Bearing on Kane County Regional Office of Education NO. 31's Future

County Board support is expected to decline for fiscal year 2017 and may also decline in future years.

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 to take them to the next step in educational excellence.

The Youth Home licensing costs will continue to increase due to implementation of online curriculum evaluation and learning tools. A summer curriculum at the Youth Home was successful and will continue to be a part of Regional Office expenses as it grows.

Software support costs will be ongoing for the HLS inspection program rolled out in fiscal year 2015 with expected upgrades and adjustments implemented in 2017 and beyond. The Regional Office also rolled out a similar program for the compliance reviews that are required by state mandate.

The state budget struggle makes predictions for future revenue and expenditures difficult for all state funded organizations.

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

**Management's Discussion and Analysis
June 30, 2017**

Contacting Kane County Regional Office of Education No. 31's Financial Management

This financial report is designed to provide Kane County Regional Office of Education No. 31's citizens, taxpayers, customers, and creditors with a general overview of Kane County Regional Office of Education No. 31's finances and to demonstrate Kane County Regional Office of Education No. 31's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kane County Regional Office of Education No. 31 at 28 N 1st Street, Geneva, IL 60134. For a more detailed analysis and explanation of operations and programs, the complete fiscal year 2016 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, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 6,380,698	\$ 398,004	\$ 6,778,702
Due from other governments	1,545,264	-	1,545,264
Accounts receivable	14,608	46,055	60,663
Prepaid expenses	31,215	-	31,215
Investments	877,972	-	877,972
Internal balances	(368,296)	368,296	-
Total current assets	<u>8,481,461</u>	<u>812,355</u>	<u>9,293,816</u>
Noncurrent assets:			
Capital assets, net	118,960	20,453	139,413
Total assets	<u>8,600,421</u>	<u>832,808</u>	<u>9,433,229</u>
Deferred outflow of resources:			
Pension	355,996	7,938	363,934
Liabilities:			
Current liabilities:			
Accounts payable	872	-	872
Accrued expenses	32,634	8,095	40,729
Payroll liabilities	88,487	1,180	89,667
Due to other governments	371,702	48,214	419,916
Current portion of capital lease liability	11,717	-	11,717
Total current liabilities	<u>505,412</u>	<u>57,489</u>	<u>562,901</u>
Noncurrent liabilities:			
Net pension liability	436,481	9,567	446,048
Other postemployment benefit obligation	192,410	-	192,410
Compensated absences	53,546	-	53,546
Capital lease liability, net of current portion	32,059	-	32,059
Total noncurrent liabilities	<u>714,496</u>	<u>9,567</u>	<u>724,063</u>
Total liabilities	<u>1,219,908</u>	<u>67,056</u>	<u>1,286,964</u>

The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF NET POSITION
June 30, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Deferred inflow of resources:			
Pension	76,965	1,684	78,649
Net position:			
Net investment in capital assets	75,184	20,453	95,637
Restricted - other	2,113,226	-	2,113,226
Unrestricted	5,471,134	751,553	6,222,687
Total net position	<u>\$ 7,659,544</u>	<u>\$ 772,006</u>	<u>\$ 8,431,550</u>

The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2017**

Functions/Programs:	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for	Operating	Governmental	Business-Type	Total
		Services	Grants and Contributions			
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,350,971	\$ -	\$ 1,542,930	\$ 191,959	\$ -	\$ 191,959
Purchased services	564,189	-	643,831	79,642	-	79,642
Supplies and materials	92,371	-	105,410	13,039	-	13,039
Capital outlay	89,176	-	89,176	-	-	-
Payments to other governments	1,501,889	-	1,713,900	212,011	-	212,011
Other objects	128	-	146	18	-	18
Depreciation	25,059	-	-	(25,059)	-	(25,059)
Pension expense	204,510	-	112,714	(91,796)	-	(91,796)
Administrative:						
On-behalf payments	773,353	-	-	(773,353)	-	(773,353)
Total governmental activities	4,601,646	-	4,208,107	(393,539)	-	(393,539)
Business-type activities:						
Operating	592,464	487,418	-	-	(105,046)	(105,046)
Total business-type activities	592,464	487,418	-	-	(105,046)	(105,046)
Total primary government	\$ 5,194,110	\$ 487,418	\$ 4,208,107	(393,539)	(105,046)	(498,585)
General revenues (expenses):						
Local sources				300,527	-	300,527
On-behalf payments				773,353	-	773,353
Interest				23,792	367	24,159
Transfers				(562,045)	562,045	-
Total general revenues and transfers				535,627	562,412	1,098,039
Change in net position				142,088	457,366	599,454
Net position - beginning of year				7,517,456	314,640	7,832,096
Net position - ending				\$ 7,659,544	\$ 772,006	\$ 8,431,550

The notes to the financial statements are an integral part of this statement.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	General Fund	Education Fund	Institute Fund
ASSETS			
Cash and cash equivalents	\$ 4,772,786	\$ 298,262	\$ 1,169,529
Due from other funds	219,994	-	-
Due from other governments	551,778	993,427	-
Prepaid expense	31,215	-	-
Accounts receivable	12,918	-	-
Investments	877,972	-	-
	\$ 6,466,663	\$ 1,291,689	\$ 1,169,529
Total assets	\$ 6,466,663	\$ 1,291,689	\$ 1,169,529
LIABILITIES			
Accounts payable	\$ -	\$ 872	\$ -
Due to other funds	-	588,290	-
Accrued expenses	7,965	22,969	1,700
Payroll liabilities	31,380	56,415	692
Due to other governments	-	371,702	-
	39,345	1,040,248	2,392
Total liabilities	39,345	1,040,248	2,392
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	552,778	811,266	-
	552,778	811,266	-
FUND BALANCES (DEFICITS)			
Nonspendable	31,215	-	-
Restricted	-	275,731	1,167,137
Assigned	1,249,747	-	-
Unassigned	4,593,578	(835,556)	-
	5,874,540	(559,825)	1,167,137
Total fund balances (deficits)	5,874,540	(559,825)	1,167,137
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 6,466,663	\$ 1,291,689	\$ 1,169,529

The notes to the financial statements are an integral part of this statement.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	<u>Nonmajor Special Revenue Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 140,121	\$ -	\$ 6,380,698
Due from other funds	-	(219,994)	-
Due from other governments	59	-	1,545,264
Prepaid expense	-	-	31,215
Accounts receivable	1,690	-	14,608
Investments	-	-	877,972
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 141,870</u>	<u>\$ (219,994)</u>	<u>\$ 8,849,757</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 872
Due to other funds	-	(219,994)	368,296
Accrued expenses	-	-	32,634
Payroll liabilities	-	-	88,487
Due to other governments	-	-	371,702
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>(219,994)</u>	<u>861,991</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>31</u>	<u>-</u>	<u>1,364,075</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	31,215
Restricted	141,839	-	1,584,707
Assigned	-	-	1,249,747
Unassigned	-	-	3,758,022
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>141,839</u>	<u>-</u>	<u>6,623,691</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 141,870</u>	<u>\$ (219,994)</u>	<u>\$ 8,849,757</u>

The notes to the financial statements are an integral part of this statement.

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2017**

Total fund balance – governmental funds		\$ 6,623,691
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.</p>		1,364,075
<p>Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	\$ 355,996	
Deferred inflows of resources	<u>(76,965)</u>	279,031
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability	\$ (436,481)	
Other postemployment benefit obligation	(192,410)	
Compensated absences	(53,546)	
Capital lease liability	<u>(43,776)</u>	(726,213)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		<u>118,960</u>
Net position of governmental activities		<u><u>\$ 7,659,544</u></u>

The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2017**

	General Fund	Education Fund	Institute Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Local sources	\$ 53,832	\$ 14,625	\$ 212,243
State sources	2,179,527	1,041,254	-
Federal sources	-	181,359	-
Interest	19,801	63	3,739
On-behalf payments	710,113	-	-
	<u>2,963,273</u>	<u>1,237,301</u>	<u>215,982</u>
Total revenues			
Expenditures:			
Instructional services:			
Salaries and benefits	721,410	614,926	15,732
Purchased services	199,235	244,269	110,295
Supplies and materials	27,744	54,990	9,597
Payments to other governments	916,834	585,055	-
Other objects	-	-	128
Pension expense	56,580	41,053	1,138
On-behalf payments	710,113	-	-
Capital outlay	89,176	-	-
	<u>2,721,092</u>	<u>1,540,293</u>	<u>136,890</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>242,181</u>	<u>(302,992)</u>	<u>79,092</u>
Other financing uses:			
Transfers out	(562,045)	-	-
Repayment of long term capital lease	(10,403)	-	-
	<u>(572,448)</u>	<u>-</u>	<u>-</u>
Total other financing uses			
Net changes in fund balances	(330,267)	(302,992)	79,092
Fund balances (deficits), beginning of year	<u>6,204,807</u>	<u>(256,833)</u>	<u>1,088,045</u>
Fund balances (deficits), end of year	<u>\$ 5,874,540</u>	<u>\$ (559,825)</u>	<u>\$ 1,167,137</u>

The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2017**

	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Revenues:		
Local sources	\$ 19,827	\$ 300,527
State sources	2,382	3,223,163
Federal sources	-	181,359
Interest	189	23,792
On-behalf payments	-	710,113
	<u>22,398</u>	<u>4,438,954</u>
Expenditures:		
Instructional services:		
Salaries and benefits	-	1,352,068
Purchased services	10,390	564,189
Supplies and materials	40	92,371
Payments to other governments	-	1,501,889
Other objects	-	128
Pension expense	-	98,771
On-behalf payments	-	710,113
Capital outlay	-	89,176
	<u>10,430</u>	<u>4,408,705</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,968</u>	<u>30,249</u>
Other financing uses:		
Transfers out	-	(562,045)
Repayment of long term capital lease	-	(10,403)
	<u>-</u>	<u>(572,448)</u>
Net changes in fund balances	11,968	(542,199)
Fund balances (deficits), beginning of year	<u>129,871</u>	<u>7,165,890</u>
Fund balances (deficits), end of year	<u>\$ 141,839</u>	<u>\$ 6,623,691</u>

The notes to the financial statements are an integral part of this statement.

**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
For the year ended June 30, 2017**

Net changes in fund balances – governmental funds		\$ (542,199)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
Pension contributions	\$ 98,771	
Pension expense	<u>(204,510)</u>	(105,739)
<p>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.</p>		
Depreciation expense		(25,059)
<p>The issuance of long-term debt (capital leases) provides current financial resources to the governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Repayment of long term capital lease		10,403
<p>Some revenues were not collected for several months after the Regional Office's fiscal year ended; they were not considered "available" revenues and were deferred in the governmental funds; however, they were recognized in the current year in the Statement of Activities.</p>		
Current year unavailable revenue	\$ 1,364,075	
Prior year unavailable revenue	<u>(560,490)</u>	803,585
<p>Some expenses in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.</p>		
Increase in compensated absences		(6,548)
Decrease in other postemployment benefit obligation		<u>7,645</u>
Change in net position of governmental activities		<u><u>\$ 142,088</u></u>

The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017**

	Business-Type Activities
	Nonmajor Funds
Assets:	
Cash and cash equivalents	\$ 398,004
Due from other funds	368,296
Accounts receivable	46,055
Total current assets	812,355
Noncurrent assets:	
Capital assets, net	20,453
Total assets	832,808
Deferred outflow of resources:	
Pension	7,938
Liabilities:	
Current liabilities:	
Accrued expenses	8,095
Payroll liabilities	1,180
Due to other governments	48,214
Total current liabilities	57,489
Noncurrent liabilities:	
Net pension liability	9,567
Total liabilities	67,056
Deferred inflow of resources:	
Pension	1,684
Net position:	
Net investment in capital assets	20,453
Unrestricted	751,553
Total net position	\$ 772,006

The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the year ended June 30, 2017

	Business-Type Activities
	Nonmajor Funds
Operating revenues:	
Charges for services	\$ 487,418
Total operating revenues	487,418
Operating expenses:	
Salaries and benefits	28,414
Purchased services	483,208
Supplies and materials	52,142
Depreciation	5,785
Pension expense	3,552
Other Objects	89
Capital outlay	19,274
Total operating expenses	592,464
Operating loss	(105,046)
Nonoperating revenues:	
Investment income	367
Total nonoperating revenues	367
Loss before transfers	(104,679)
Transfers in	562,045
Change in net position	457,366
Net position, beginning of year	314,640
Net position, end of year	\$ 772,006

The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2017**

	Business-Type Activities
	Nonmajor Funds
Cash flows from operating activities:	
Receipts from customers	\$ 463,114
Payments to suppliers and providers of goods and services	(544,221)
Payments to employees	(28,293)
Net cash used for operating activities	(109,400)
Cash flows from noncapital financing activities:	
Outflows due to interfund borrowings, net	(419,305)
Transfers from other funds	562,045
Net cash provided by noncapital financing activities	142,740
Cash flows from capital and related financing activities:	
Payments for purchase of capital assets	(19,575)
Net cash used for capital and related financing activities	(19,575)
Cash flows from investing activities:	
Interest received	367
Net cash provided by investing activities	367
Net increase in cash and cash equivalents	14,132
Cash and cash equivalents - beginning	383,872
Cash and cash equivalents- ending	\$ 398,004

The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2017**

	Business-Type Activities
	Nonmajor Funds
Reconciliation of operating loss	
to net cash used for	
operating activities:	
Operating loss	\$ (105,046)
Adjustments to reconcile operating	
loss to net cash used for	
operating activities:	
Depreciation expense	5,785
Pension expense	3,552
Cash contributions for pension liability	(2,202)
Decrease (increase) in:	
Accounts receivable	(24,304)
Prepaid expenses	9,500
Increase (decrease) in:	
Accrued expenses	486
Payroll liabilities	121
Due to other governments	2,708
	2,708
Net cash used for	
operating activities	\$ (109,400)

The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 6,184
Due from other governments	<u>765,680</u>
Total assets	<u><u>\$ 771,864</u></u>
Liabilities:	
Due to other governments	<u>\$ 771,864</u>
Total liabilities	<u><u>\$ 771,864</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 31's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education No. 31 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Kane County.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional 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 through the 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. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Office of Education No. 31 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 31 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management, or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding, and apportionment of the respective governing order. Therefore, no other agency has been included as a component unit of the Regional Office of Education No. 31's financial statements. In addition, the Regional Office of Education No. 31 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 31 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Position includes all of the Regional Office of Education No. 31's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 applicants 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. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Position, and as other sources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

Proprietary fund 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 for each major proprietary fund and nonmajor funds aggregated.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Regional Office of Education No. 31 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues received after the Regional Office's availability period is reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

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 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.

It is the Regional Office of Education No. 31's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

1. Governmental Funds

The Regional Office of Education No. 31 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education No. 31 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 31. Included in this fund are:

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

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 – Account 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.

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 - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Included among these funds are:

Education Fund – This special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified 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.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

Special Revenue Funds (Continued)

Education Fund (Continued)

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.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

Special Revenue Funds (Continued)

Education Fund (Continued)

Regional Safe School (RSS) Cooperative Education - In cooperation with Gifford Street High School, Kane County ROE will provide a program fostering enhanced experiences of employment related to their current CTE courses. A focus of the program will be on assisting students to locate career opportunities where advancement is possible.

Institute Fund – To account for the stewardship of the assets held for the benefit of the teachers. Fees are collected from registration of teachers' licenses. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

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

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

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

2. Proprietary Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

2. Proprietary Funds (Continued)

The Regional Office of Education No. 31 reports the following nonmajor proprietary funds:

Education Service Center (ESC) Professional Development – 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 Northeastern Illinois Regional Offices of Education.

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

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

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

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

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

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

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the Regional Office of Education No. 31 in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

3. Fiduciary Funds (Continued)

Agency Funds - Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities) and do not involve measurements of results of operations.

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.

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.

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

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.

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

1. Deposits and Investments

The Regional Office of Education No. 31 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of 90 days or less to be cash and cash equivalents. State regulations require that Regional Office of Education No. 31 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education No. 31 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

2. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. Capital assets

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets, such as equipment, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	3-5
Leasehold improvements	7

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

4. Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

4. Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Deferred inflows of resources consist of grant receivables not collected within sixty days after the year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

5. Equity Classifications

Government-wide and Proprietary Fund Statements

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 bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement 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 the 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.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

5. Equity Classifications (Continued)

Governmental Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in a governmental fund. The following types of fund balances may be presented on the Governmental Funds Balance Sheet, the General Fund and Education Fund Combining Schedules of Accounts, and the Nonmajor Special Revenue Funds Combining Balance Sheets:

Nonspendable Fund Balance - the portion of a governmental fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. Youth Home Education has nonspendable fund balance related to prepaid items, as these are not available to be spent.

Restricted Fund Balance - the portion of a governmental fund's fund balance that is subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by grant agreements or contracts: Title II – Teacher Quality Leadership, Title I – School Improvement and Accountability, McKinney Education for Homeless Children, and Building State Capacity. The following funds are restricted by Illinois Statute: Institute, General Education Development, and Bus Driver Training.

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

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 Regional Program Development, General State Aid, Operation Snowball, Technology for Success, Federal Special Education - IDEA Flow-Through, Regional Safe Schools, Truants Alternative Optional Education, ROE/ISC Operations, Title I Delinquent, and RSS Cooperative Education.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Accounting Pronouncements

In 2017, the Regional Office of Education No. 31 implemented Governmental Accounting Standards Board (GASB) Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 77 – *Tax Abatement Disclosures*, GASB Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80 – *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and GASB Statement No. 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. These Statements had no significant impact on the financial statements of the Regional Office of Education No. 31.

2. USE OF 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. Accordingly, actual results could differ from those estimates.

The Illinois Municipal Retirement Fund and Other postemployment benefit liability are estimates based upon Kane County actuary reports. The Kane County Regional Office of Education No. 31 reimburses Kane County for salaries as well as the employer contributions made to postretirement medical plans (OPEB) and the Illinois Municipal Retirement Fund (IMRF). Management has allocated a portion of the Kane County actuarial provided liabilities to the Regional Office of Education No. 31 financial statements in order to reasonably associate the liabilities with the employees of the Regional Office.

3. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education No. 31 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: Technology for Success, Regional Safe Schools, Truants Alternative and Optional Education, Title II – Teacher Quality Leadership, ROE/ISC Operations, and Regional Safe Schools Educational Cooperative.

4. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS

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.

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

NOTES TO FINANCIAL STATEMENTS

4. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS (Continued)

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

5. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2017, the carrying amount of the Regional Office of Education No. 31's deposits for the governmental activities, business-type activities, and fiduciary funds were \$6,769,152, \$398,004, and \$6,184, respectively. The bank balances totaled \$7,138,571, all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 31's name, and were, therefore, not exposed to custodial credit risk.

B. Investments

The Regional Office of Education No. 31's investments consisted of certificates of deposit with original maturity dates of more than three months. Certificates of deposit comprised the \$877,972 shown as investments for governmental activities. Certificates of deposit are considered deposits and, as such, are included in the deposits note (5A) above.

At June 30, 2017, the carrying amount of the Regional Office of Education No. 31's deposits in the Illinois Funds Money Market Fund for the governmental activities was \$489,518. The bank balance invested in the Illinois Funds Money Market Fund was \$489,518. This fund enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 31's governmental activities.

Credit Risk

At June 30, 2017, the Illinois Funds Money Market Fund had a Standard 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 the 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 the 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.

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

NOTES TO FINANCIAL STATEMENTS

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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 the portfolio, with the exception of cash equivalents and U.S. Treasury securities. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

6. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The Regional Office of Education No. 31 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 31 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

7. CONTINGENCIES

The Regional Office of Education No. 31 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education No. 31 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 31's operations.

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
Governmental activities:				
Capital assets being depreciated:				
Office equipment	\$ 166,904	\$ -	\$ -	\$ 166,904
Less accumulated depreciation for:				
Office equipment	<u>(22,885)</u>	<u>(25,059)</u>	<u>-</u>	<u>(47,944)</u>
Governmental activities capital assets, net	<u>\$ 144,019</u>	<u>\$ (25,059)</u>	<u>\$ -</u>	<u>\$ 118,960</u>

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

NOTES TO FINANCIAL STATEMENTS

8. CAPITAL ASSETS (Continued)

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
Business-type activities:				
Capital assets being depreciated:				
Office equipment	\$ 39,423	\$ 19,575	\$ -	\$ 58,998
Less accumulated depreciation for:				
Office equipment	<u>(32,760)</u>	<u>(5,785)</u>	<u>-</u>	<u>(38,545)</u>
Business-type activities capital assets, net	<u>\$ 6,663</u>	<u>\$ 13,790</u>	<u>\$ -</u>	<u>\$ 20,453</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 31 as follows:

Governmental activities:	
Instructional services	<u>\$ 25,059</u>
Business-type activities:	
Operating expenses	<u>\$ 5,785</u>

9. CAPITAL LEASE

During the fiscal year ended June 30, 2016, the Kane County Regional Office of Education No. 31 entered into a lease agreement to finance the acquisition of copiers. This lease agreement qualifies as a capital lease for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date of the lease. The gross amount of assets recorded under capital lease is \$61,818 and the accumulated depreciation as of June 30, 2017 was \$18,042. The lease includes an end of term purchase option of \$1.

The future minimum lease obligations and the net present value of these lease payments as of June 30, 2017 was as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	11,717	4,603	16,320
2019	13,196	3,124	16,320
2020	14,863	1,457	16,320
2021	<u>4,000</u>	<u>80</u>	<u>4,080</u>
Total payments	<u>\$ 43,776</u>	<u>\$ 9,264</u>	<u>\$ 53,040</u>

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

NOTES TO FINANCIAL STATEMENTS

9. CAPITAL LEASE (Continued)

The long term liability activity associated with the capital leases for the year ended June 30, 2017 was as follows:

	June 30, 2016	Increases	Decreases	June 30, 2017
Governmental Funds	\$ 54,179	\$ -	\$ 10,403	\$ 43,776
	\$ 54,179	\$ -	\$ 10,403	\$ 43,776

10. COMPENSATED ABSENCES

The 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. The Regional Office of Education No. 31 records a liability associated with compensated absences. The long term liability associated with the compensated absences for the year ended June 30, 2017 was as follows:

	June 30, 2016	Increases	Decreases	June 30, 2017
Governmental Funds	\$ 46,998	\$ 42,649	\$ 36,101	\$ 53,546
	\$ 46,998	\$ 42,649	\$ 36,101	\$ 53,546

11. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Benefits Provided

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

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 31.

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, 2017, State of Illinois contributions recognized by the Regional Office of Education No. 31 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 31, and the Regional Office of Education No. 31 recognized revenue and expenditures of \$63,240 in pension contributions from the State of Illinois.

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions (Continued)

2.2 formula contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$514, and are deferred because they were paid after the June 30, 2016 measurement date.

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, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, there were no salaries paid from federal and special trust funds that required employer contributions.

Employer retirement cost contributions – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 31 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the Regional Office of Education No. 31 made no payments to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The Regional Office of Education No. 31 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the Regional Office of Education No. 31 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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

At June 30, 2017, the Regional Office of Education No. 31 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 9,591
State's proportionate share of the net pension liability associated with the employer	643,947
	\$ 653,538

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The Regional Office of Education No. 31's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2016, the Regional Office of Education No. 31's proportion was 0.0000121502 percent, which is an increase of 0.0000002289 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Regional Office of Education No. 31 recognized pension expense of \$63,240 and revenue of \$63,240 for support provided by the State. For the year ended June 30, 2017, the Regional Office of Education No. 31 recognized a pension expense of \$108. At June 30, 2017, the Regional Office of Education No. 31 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 71	\$ 7
Changes of assumptions	824	-
Net difference between projected and actual earnings on pension plan investments	271	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.	129	1,801
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	1,295	1,808
Pension Contributions made Subsequent to the Measurement Date	514	-
Total Deferred Amounts Related to Pensions	\$ 1,809	\$ 1,808

\$514 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Inflows of Resources
2018	\$ (568)
2019	(568)
2020	270
2021	306
2022	47
Total	\$ (513)

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Actuarial assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
Total	<u>100%</u>	

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

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

The following presents the Regional Office of Education's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the Regional Office of Education No. 31's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate.

	1% Lower (5.83%)	Current Discount Rate (6.83%)	1% Higher (7.83%)
Employer's proportionate share of the net pension liability	\$ 11,730	\$ 9,591	\$ 7,844

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2016 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

Plan Description

The Regional Office of Education No. 31's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 31's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Contributions

As set by statute, the Regional Office of Education No. 31's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 31's annual contribution rate for calendar year 2016 was 10.01%. For the fiscal year ended June 30, 2017, the Regional Office of Education No. 31 contributed \$99,449 to the plan. The Regional Office of Education No. 31 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, and rolled forward to December 31, 2016. The Regional Office of Education No. 31's proportion of the net pension liability was based on the employer's share of contributions to IMRF for the measurement year ended December 31, 2016, relative to the projected contributions of all participating IMRF employers and the County during that period. At December 31, 2016, the Regional Office of Education No. 31's proportion was 2.00270306 percent, which is a increase of 0.26390741 percent from its proportion measured as of December 31, 2015.

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2017, the Regional Office of Education No. 31 recognized a pension expense of \$207,954. At June 30, 2017, the Regional Office of Education No. 31 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 43,629	\$ 71,968
Changes of assumptions	46,107	4,873
Net difference between projected and actual earnings on pension plan investments	224,624	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	314,360	76,841
Pension Contributions made Subsequent to the Measurement Date	47,765	-
Total Deferred Amounts Related to Pensions	\$ 362,125	\$ 76,841

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

\$47,765 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
<hr/>	<hr/>
2017	\$ 106,361
2018	81,963
2019	46,688
2020	2,507
	<hr/>
Total	<u>\$ 237,519</u>

Actuarial assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	expected to be 3.75% to 14.50% including inflation
Investment rate of return	assumed to be 7.5%

The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial assumptions (Continued)

For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	38%	6.85%
International equity	17%	6.75%
Fixed income	27%	3.00%
Real estate	8%	5.75%
Alternative investments	9%	2.65-7.35%
Cash equivalents	1%	2.25%
Total	100%	

Discount Rate

At December 31, 2016, the discount rate used to measure the total pension liability was a blended rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

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

NOTES TO FINANCIAL STATEMENTS

11. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

The following presents the Regional Office of Education's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Regional Office of Education No. 31's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Lower (6.50%)	Current Discount Rate (7.50%)	1% Higher (8.50%)
Employer's proportionate share of the net pension liability	\$ 1,113,573	\$ 436,457	\$ (113,004)

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

12. OTHER POSTEMPLOYMENT BENEFITS

A. Teacher 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 postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

NOTES TO FINANCIAL STATEMENTS

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

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

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

On behalf contributions to the 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 the THIS Fund from active members, which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$993, 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, 2016 and June 30, 2015, were 1.07 and 1.02 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 31 employees were \$868 and \$734, respectively.

Employer contributions to the THIS Fund - The Regional Office of Education No. 31 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year end June 30, 2017 and 0.80 and 0.76 percent during the years ended June 30, 2016 and June 30, 2015, respectively. For the year ended June 30, 2017, the Regional Office of Education No. 31 paid \$744 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2016 and June 30, 2015, the Regional Office of Education No. 31 paid \$649 and \$547 to the THIS Fund, 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:" <http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>. Prior reports are available under "Healthcare and Family Services:" <http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>.

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

NOTES TO FINANCIAL STATEMENTS

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits – Health Insurance

Plan Description

In addition to providing the pension benefits described, Kane County provides postemployment health care benefits (OPEB) for retired Regional Office of Education No. 31 employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Kane County and can be amended by Kane County through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Regional Office of Education No. 31 governmental activities.

Benefits Provided

Kane County provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education No. 31 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Regional Office of Education No. 31 retirement plan. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Regional Office of Education No. 31 insurance provider.

Membership

At June 30, 2017 membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	-
Active nonvested plan members	17
Total	<u>17</u>
Number of participating employers	<u>1</u>

Funding Policy

The Regional Office of Education No. 31 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

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

NOTES TO FINANCIAL STATEMENTS

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits – Health Insurance (Continued)

Annual OPEB Costs and Net OPEB Obligation

Kane County had an actuarial valuation performed for the plan as of November 30, 2016 to determine the funded status of the plan as of that date as well as the employer’s annual required contribution (ARC) for the fiscal year ended June 30, 2017. The Regional Office of Education No. 31 allocated balances and activity from this valuation based on the percentage of plan participants that are Regional Office employees. The Regional Office of Education No. 31’s annual OPEB cost (benefit) of \$4,719 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of July 1, 2009. The Regional Office of Education No. 31’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2017, 2016, and 2015 was as follows:

Fiscal Year Ended	Annual OPEB Cost (benefit)	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ (4,478)	\$ 8,416	-188%	\$ 204,533
June 30, 2016	(4,478)	-	0%	200,055
June 30, 2017	(4,719)	12,364	-262%	192,410

The net OPEB obligation as of June 30, 2017, was calculated as follows:

Annual required contribution	\$ 7,728
Interest on net OPEB obligation	7,713
Adjustment to annual required contribution	<u>(10,722)</u>
Annual OPEB cost	4,719
Contributions made	<u>(12,364)</u>
Decrease in net OPEB obligation	(7,645)
Net OPEB obligation, beginning of year	<u>200,055</u>
Net OPEB obligation, end of year	<u><u>\$ 192,410</u></u>

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

NOTES TO FINANCIAL STATEMENTS

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits – Health Insurance (Continued)

Funded Status and Funding Progress

The funded status of the plan was as follows:

	Fiscal Year	
	2017	2016
Actuarial Accrued Liability (AAL)	\$ 192,410	\$ 200,055
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	192,410	200,055
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Covered Payroll (Active Plan Members)	\$ 1,033,607	\$ 1,019,060
UAAL as a Percentage of Covered Payroll	18.62%	19.63%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2017 and 2016, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a discount rate of 4.00% and initial healthcare cost trend rates of 7.00% for PPO plans and 6.50% for HMO plans grading evenly over 10 years to an ultimate healthcare inflation rate of 5.00%. The actuarial value of assets was not determined as the Regional Office of Education No. 31 has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized using a level-percent-of-pay method. The remaining amortization period at June 30, 2017 and 2016 was 30 years.

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

NOTES TO FINANCIAL STATEMENTS

13. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 31 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 31 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

14. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2017, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 219,994	\$ -
Education Fund	-	588,290
Proprietary Funds	368,296	-
Totals	\$ 588,290	\$ 588,290

All of the interfund balances due to the General Fund and Proprietary Funds from the Education Fund consisted of loans between individual funds. The loans were used to cover cash shortages in these individual funds.

15. OPERATING LEASE

On April 20, 2015, the Regional Office entered into a lease agreement for a new office building. The lease term is August 1, 2015 through July 31, 2022. The lease is payable in monthly installments that increase annually. Lease expense for the building for the fiscal year ended June 30, 2017 was \$46,389.

The following is a schedule of future minimum lease payments required under the operating lease:

Year Ending June 30,	Amount
2018	\$ 48,244
2019	50,174
2020	52,181
2021	54,268
2022	56,439
2023	4,718
	\$ 266,024

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

NOTES TO FINANCIAL STATEMENTS

16. DUE TO/DUE FROM OTHER GOVERNMENTS

The Regional Office of Education No. 31's General Fund, Education Fund, Nonmajor Special Revenue Funds, Proprietary Funds, and Agency Funds had funds due from/to various other governmental units which consisted of the following at June 30, 2017:

Due From Other Governments:

General Fund:

Local governments \$ 551,778

Education Fund:

Illinois State Board of Education 993,427

Nonmajor Special Revenue Funds:

Local governments 59

Agency Funds:

Illinois State Board of Education 765,680

\$2,310,944

Due To Other Governments:

Education Fund:

Local governments \$ 371,702

Proprietary Funds:

Local governments 37,107

Illinois State Police 11,107

Total Proprietary Funds 48,214

Agency Funds:

Local governments 771,864

\$1,191,780

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

NOTES TO FINANCIAL STATEMENTS

17. ON-BEHALF PAYMENTS

The Regional Office of Education No. 31 received on-behalf payments for employee salaries and benefits from the State of Illinois and Kane County for the following items:

Kane County:	
Salaries and benefits	\$ 332,952
Purchased services	<u>121,686</u>
	<u>454,638</u>
State of Illinois:	
Regional Superintendent-salary	112,800
Regional Superintendent-benefits (includes State paid insurance)	33,733
Assistant Regional Superintendent-salary	101,520
Assistant Regional Superintendent-benefits (includes State paid insurance)	6,429
Teachers' Health Insurance System	<u>993</u>
	<u>255,475</u>
Total	<u><u>\$ 710,113</u></u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. The on-behalf payments are reflected as revenues and expenditures of the General Fund.

The Regional Office of Education No. 31 also recorded \$63,240 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 31 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

Kane County and State of Illinois on-behalf payments	\$ 710,113
ROE 31's share of TRS pension expense	<u>63,240</u>
Total	<u><u>\$ 773,353</u></u>

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

NOTES TO FINANCIAL STATEMENTS

18. SCHEDULE OF TRANSFERS

During the year ended June 30, 2017, the Regional Office of Education No. 31 reported the following transfers:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 562,045
Proprietary Funds	562,045	-
Totals	\$ 562,045	\$ 562,045

The transfers were made to cover cash shortfalls in the proprietary funds.

19. DEFICIT FUND BALANCE/NET POSITION

The following individual funds carried the following deficit balances as of June 30, 2017:

General Fund:	
Operation Snowball	\$ 10
Education Fund:	
Technology for Success	\$ 411,079
Federal Special Education- IDEA Flow-Through	\$ 4,106
Regional Safe Schools	\$ 189,206
Truants Alternative Optional Education	\$ 193,800
ROE/ISC Operations	\$ 279
Title I Delinquent	\$ 13,593
RSS Cooperative Education	\$ 23,493
Proprietary Fund:	
Technology	\$ 1,511
Discovery Education United Streaming	\$ 1,414

The Regional Office of Education No. 31 intends to reduce these deficits by reducing expenditures in future periods and collecting revenues that did not meet the criteria of “available.”

REQUIRED SUPPLEMENTARY INFORMATION

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

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

**For the years ended June 30, 2017, 2016, and 2015
(Amounts presented are for the years ended June 30, 2016, 2015, and 2014)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	0.0000121502%	0.0000119213%	0.0000119012%
Employer's proportionate share of the net pension liability	\$ 9,591	\$ 7,810	\$ 7,243
State's proportionate share of the net pension liability associated with the employer	<u>643,947</u>	<u>413,041</u>	<u>450,131</u>
Total	<u>\$ 653,538</u>	<u>\$ 420,851</u>	<u>\$ 457,374</u>
Employer's covered-employee payroll	\$ 81,128	\$ 130,302	\$ 132,400
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11.82%	5.99%	5.47%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	41.5%	43.0%

Notes to Schedule

Changes of Assumptions

For the 2016 measurement year, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

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

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

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

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS—
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)
For the years ended June 30,**

Year Ended June 30,	Statutorily Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2017	\$ 514	\$ 514	-	\$ 88,620	0.58%
2016	471	471	-	81,128	0.58%
2015	417	417	-	130,302	0.32%
2014	425	425	-	132,400	0.32%

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

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

**ILLINOIS MUNICIPAL RETIREMENT FUND—
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
(UNAUDITED)**

**For the years ended June 30, 2017, 2016, and 2015
(Amounts presented are for the years ended December 31, 2016, 2015, and 2014)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	2.00270306%	1.73879565%	1.81998033%
Employer's proportionate share of the net pension liability	\$ 436,457	\$ 470,114	\$ 137,876
County's proportionate share of the net pension liability associated with the employer	<u>21,356,951</u>	<u>26,566,664</u>	<u>7,437,833</u>
Total	<u>\$ 21,793,408</u>	<u>\$ 27,036,778</u>	<u>\$ 7,575,709</u>
Employer's covered-employee payroll	\$ 988,385	\$ 872,443	\$ 836,704
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	44.16%	53.88%	16.48%
Plan fiduciary net position as a percentage of the total pension liability	91.20%	88.69%	96.59%

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

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

**ILLINOIS MUNICIPAL RETIREMENT FUND—
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

<u>Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2016	\$ 100,459	\$ 100,459	-	\$ 988,385	10.16%
2015	98,733	98,733	-	872,443	11.32%
2014	101,519	101,519	-	836,704	12.13%

Notes to Schedule

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016
Contribution Rate***

Valuation Date:

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, including inflation

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

**ILLINOIS MUNICIPAL RETIREMENT FUND—
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

Methods and Assumptions Used to Determine 2016 Contribution Rates: (Continued)

Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Notes to Schedule: (Continued)

Other Information:

There were no benefit changes during the year.

Page

*Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation; note two year lag between valuation and rate setting.

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

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

**OTHER POST EMPLOYMENT BENEFITS—HEALTH INSURANCE
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)**

June 30, 2017

(Amounts presented as of the latest valuation report date)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
11/30/16	-	192,410	192,410	0.00%	1,033,607	18.62%
11/30/15	-	200,055	200,055	0.00%	1,019,060	19.63%
11/30/14	-	204,533	204,533	0.00%	989,664	20.67%

The actuarial valuation of the plan was performed as of November 30, 2016. The valuation was completed based upon the use of the entry age actuarial cost method with a 30-year amortization of the unfunded actuarial accrued liability. The results were also based on a discount rate of 4.0% and a health care cost trend rate beginning at 7.0% and scaling down to an ultimate rate of 5.0%.

SUPPLEMENTARY INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2017**

	Regional Program Development	General State Aid	Youth Home Education
Assets:			
Cash and cash equivalents	\$ 1,769,161	\$ 1,748,255	\$ 1,113,387
Due from other funds	-	834,550	-
Due from other governments	-	-	551,778
Accounts receivable	1,000	-	-
Prepaid expense	-	-	31,215
Investments	-	877,972	-
	<u>\$ 1,770,161</u>	<u>\$ 3,460,777</u>	<u>\$ 1,696,380</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Due to other funds	\$ 614,546	\$ -	\$ -
Accrued expenses	7,904	-	61
Payroll liabilities	856	13,044	17,480
	<u>623,306</u>	<u>13,044</u>	<u>17,541</u>
Deferred inflows of resources:			
Unavailable revenue	1,000	-	551,778
	<u>1,000</u>	<u>-</u>	<u>551,778</u>
Fund balances:			
Nonspendable	-	-	31,215
Assigned	-	-	1,095,846
Unassigned	1,145,855	3,447,733	-
	<u>1,145,855</u>	<u>3,447,733</u>	<u>1,127,061</u>
Total fund balances (deficits)	<u>1,145,855</u>	<u>3,447,733</u>	<u>1,127,061</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,770,161</u>	<u>\$ 3,460,777</u>	<u>\$ 1,696,380</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2017**

	Local Truancy	Operation Snowball	Eliminations	Total
Assets:				
Cash and cash equivalents	\$ 141,983	\$ -	\$ -	\$ 4,772,786
Due from other funds	-	-	(614,556)	219,994
Due from other governments	-	-	-	551,778
Accounts receivable	11,918	-	-	12,918
Prepaid expense	-	-	-	31,215
Investments	-	-	-	877,972
	<u>\$ 153,901</u>	<u>\$ -</u>	<u>\$ (614,556)</u>	<u>\$ 6,466,663</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):				
Liabilities:				
Due to other funds	\$ -	\$ 10	\$ (614,556)	\$ -
Accrued expenses	-	-	-	7,965
Payroll liabilities	-	-	-	31,380
	<u>-</u>	<u>10</u>	<u>(614,556)</u>	<u>39,345</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	-	552,778
	<u>-</u>	<u>-</u>	<u>-</u>	<u>552,778</u>
Fund balances:				
Nonspendable	-	-	-	31,215
Assigned	153,901	-	-	1,249,747
Unassigned	-	(10)	-	4,593,578
	<u>153,901</u>	<u>(10)</u>	<u>-</u>	<u>5,874,540</u>
Total fund balances (deficits)	<u>153,901</u>	<u>(10)</u>	<u>-</u>	<u>5,874,540</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 153,901</u>	<u>\$ -</u>	<u>\$ (614,556)</u>	<u>\$ 6,466,663</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2017**

	Regional Program Development	General State Aid	Youth Home Education
Revenues:			
Local sources	\$ 13,343	\$ 26,157	\$ -
State sources	-	1,862,109	317,418
Interest	8,071	10,845	857
On-behalf payments	-	710,113	-
Total revenues	<u>21,414</u>	<u>2,609,224</u>	<u>318,275</u>
Expenditures:			
Salaries and benefits	48,814	182,485	490,111
Purchased services	142,068	6,778	41,138
Supplies and materials	24,162	-	3,572
Capital outlay	71,854	-	16,623
Payments to other governments	-	916,834	-
Pension expense	5,875	15,570	35,135
On-behalf payments	-	710,113	-
Total expenditures	<u>292,773</u>	<u>1,831,780</u>	<u>586,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(271,359)</u>	<u>777,444</u>	<u>(268,304)</u>
Other financing uses:			
Transfers out	-	(562,045)	-
Repayment of long term capital lease	(10,403)	-	-
Total other financing uses	<u>(10,403)</u>	<u>(562,045)</u>	<u>-</u>
Net change in fund balances	(281,762)	215,399	(268,304)
Fund balances (deficits), beginning of year	<u>1,427,617</u>	<u>3,232,334</u>	<u>1,395,365</u>
Fund balances (deficits), end of year	<u>\$ 1,145,855</u>	<u>\$ 3,447,733</u>	<u>\$ 1,127,061</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2017**

	<u>Local Truancy</u>	<u>Operation Snowball</u>	<u>Total</u>
Revenues:			
Local sources	\$ 14,332	\$ -	\$ 53,832
State sources	-	-	2,179,527
Interest	28	-	19,801
On-behalf payments	-	-	710,113
	<u>14,360</u>	<u>-</u>	<u>2,963,273</u>
Total revenues			
Expenditures:			
Salaries and benefits	-	-	721,410
Purchased services	9,251	-	199,235
Supplies and materials	10	-	27,744
Capital outlay	699	-	89,176
Payments to other governments	-	-	916,834
Pension expense	-	-	56,580
On-behalf payments	-	-	710,113
	<u>9,960</u>	<u>-</u>	<u>2,721,092</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>4,400</u>	<u>-</u>	<u>242,181</u>
Other financing uses:			
Transfers out	-	-	(562,045)
Repayment of long term capital lease	-	-	(10,403)
	<u>-</u>	<u>-</u>	<u>(572,448)</u>
Total other financing uses			
Net change in fund balances	4,400	-	(330,267)
Fund balances (deficits), beginning of year	<u>149,501</u>	<u>(10)</u>	<u>6,204,807</u>
Fund balances (deficits), end of year	<u>\$ 153,901</u>	<u>\$ (10)</u>	<u>\$ 5,874,540</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2017**

	Technology for Success	Federal Special Education - IDEA Flow- Through	Regional Safe Schools	Truants Alternative/ Optional Education
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	410,591	-	294,741	210,447
	<u>410,591</u>	<u>-</u>	<u>294,741</u>	<u>210,447</u>
Total assets	<u>\$ 410,591</u>	<u>\$ -</u>	<u>\$ 294,741</u>	<u>\$ 210,447</u>
Liabilities, deferred inflows of resources, and fund balances (deficits)				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	78,342	3,334	244,760	231,072
Accrued expenses	-	772	-	-
Payroll liabilities	-	-	3,728	41,642
Due to other governments	332,737	-	38,965	-
	<u>332,737</u>	<u>-</u>	<u>38,965</u>	<u>-</u>
Total liabilities	<u>411,079</u>	<u>4,106</u>	<u>287,453</u>	<u>272,714</u>
Deferred inflows of resources:				
Unavailable revenue	410,591	-	196,494	131,533
	<u>410,591</u>	<u>-</u>	<u>196,494</u>	<u>131,533</u>
Fund balances (deficits):				
Restricted	-	-	-	-
Unassigned	(411,079)	(4,106)	(189,206)	(193,800)
	<u>(411,079)</u>	<u>(4,106)</u>	<u>(189,206)</u>	<u>(193,800)</u>
Total fund balances (deficits)	<u>(411,079)</u>	<u>(4,106)</u>	<u>(189,206)</u>	<u>(193,800)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 410,591</u>	<u>\$ -</u>	<u>\$ 294,741</u>	<u>\$ 210,447</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2017**

	Title II - Teacher Quality Leadership	Title I - School Improvement and Accountability	McKinney Education for Homeless Children	ROE/ISC Operations
Assets:				
Cash and cash equivalents	\$ 9,277	\$ 212,797	\$ 64,969	\$ 8,715
Due from other governments	5,000	14,601	-	-
Total assets	\$ 14,277	\$ 227,398	\$ 64,969	\$ 8,715
Liabilities, deferred inflows of resources, and fund balances (deficits)				
Liabilities:				
Accounts payable	\$ -	\$ 872	\$ -	\$ -
Due to other funds	7,093	-	-	-
Accrued expenses	-	8,800	-	-
Payroll liabilities	-	-	2,051	8,994
Due to other governments	-	-	-	-
Total liabilities	7,093	9,672	2,051	8,994
Deferred inflows of resources:				
Unavailable revenue	-	14,601	-	-
Fund balances (deficits):				
Restricted	7,184	203,125	62,918	-
Unassigned	-	-	-	(279)
Total fund balances (deficits)	7,184	203,125	62,918	(279)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 14,277	\$ 227,398	\$ 64,969	\$ 8,715

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2017**

	Building State Capacity	Title I Delinquent	RSS Cooperative Education	Totals
Assets:				
Cash and cash equivalents	\$ 2,504	\$ -	\$ -	\$ 298,262
Due from other governments	-	-	58,047	993,427
Total assets	\$ 2,504	\$ -	\$ 58,047	\$ 1,291,689
Liabilities, deferred inflows of resources, and fund balances (deficits)				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 872
Due to other funds	-	5,104	18,585	588,290
Accrued expenses	-	8,489	4,908	22,969
Payroll liabilities	-	-	-	56,415
Due to other governments	-	-	-	371,702
Total liabilities	-	13,593	23,493	1,040,248
Deferred inflows of resources:				
Unavailable revenue	-	-	58,047	811,266
Fund balances (deficits):				
Restricted	2,504	-	-	275,731
Unassigned	-	(13,593)	(23,493)	(835,556)
Total fund balances (deficits)	2,504	(13,593)	(23,493)	(559,825)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 2,504	\$ -	\$ 58,047	\$ 1,291,689

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2017**

	Technology for Success	Federal Special Education - IDEA Flow- Through	Regional Safe Schools	Truants Alternative/ Optional Education
Revenues:				
Local sources	\$ -	\$ 14,625	\$ -	\$ -
State sources	290,434	-	132,152	105,220
Federal sources	-	-	-	-
Interest	-	10	-	-
Total revenues	290,434	14,635	132,152	105,220
Expenditures:				
Salaries and benefits	34,796	-	72,017	241,470
Purchased services	40,272	21,062	3,591	9,543
Supplies and materials	-	8,504	-	1,146
Payment to other governments	332,737	-	252,318	-
Pension expense	2,786	-	1,572	15,381
Total expenditures	410,591	29,566	329,498	267,540
Net change in fund balance	(120,157)	(14,931)	(197,346)	(162,320)
Fund balances (deficits), beginning of year	(290,922)	10,825	8,140	(31,480)
Fund balances (deficits), end of year	<u>\$ (411,079)</u>	<u>\$ (4,106)</u>	<u>\$ (189,206)</u>	<u>\$ (193,800)</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2017**

	Title II - Teacher Quality Leadership	Title I - School Improvement and Accountability	McKinney Education for Homeless Children	ROE/ISC Operations
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	507,937
Federal sources	17,974	22,315	60,900	-
Interest	2	41	10	-
	<u>17,976</u>	<u>22,356</u>	<u>60,910</u>	<u>507,937</u>
Expenditures:				
Salaries and benefits	-	1,910	46,646	206,203
Purchased services	17,974	34,161	6,829	70,139
Supplies and materials	-	320	-	3,847
Payment to other governments	-	-	-	-
Pension expense	-	-	4,401	16,913
	<u>17,974</u>	<u>36,391</u>	<u>57,876</u>	<u>297,102</u>
Net change in fund balance	2	(14,035)	3,034	210,835
Fund balances (deficits), beginning of year	<u>7,182</u>	<u>217,160</u>	<u>59,884</u>	<u>(211,114)</u>
Fund balances (deficits), end of year	<u>\$ 7,184</u>	<u>\$ 203,125</u>	<u>\$ 62,918</u>	<u>\$ (279)</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2017**

	Building State Capacity	Title I Delinquent	RSS Cooperative Education	Total
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ 14,625
State sources	-	-	5,511	1,041,254
Federal sources	-	80,170	-	181,359
Interest	-	-	-	63
Total revenues	-	80,170	5,511	1,237,301
Expenditures:				
Salaries and benefits	-	-	11,884	614,926
Purchased services	-	39,952	746	244,269
Supplies and materials	-	16,480	24,693	54,990
Payment to other governments	-	-	-	585,055
Pension expense	-	-	-	41,053
Total expenditures	-	56,432	37,323	1,540,293
Net change in fund balance	-	23,738	(31,812)	(302,992)
Fund balances (deficits), beginning of year	2,504	(37,331)	8,319	(256,833)
Fund balances (deficits), end of year	<u>\$ 2,504</u>	<u>\$ (13,593)</u>	<u>\$ (23,493)</u>	<u>\$ (559,825)</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TECHNOLOGY FOR SUCCESS (2016)
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 387,244	\$ 387,244	\$ 290,434
Total revenues	<u>387,244</u>	<u>387,244</u>	<u>290,434</u>
Expenditures:			
Salaries and benefits	42,698	42,698	-
Purchased services	25,140	25,140	-
Payments to other governments	<u>319,406</u>	<u>319,406</u>	<u>-</u>
Total expenditures	<u>387,244</u>	<u>387,244</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	290,434
Fund balance (deficit), beginning of year			<u>(290,922)</u>
Fund balance (deficit), July 1, 2016			<u>\$ (488)</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TECHNOLOGY FOR SUCCESS (2017)
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	<u>\$ 410,591</u>	<u>\$ 410,591</u>	<u>\$ -</u>
Total revenues	<u>410,591</u>	<u>410,591</u>	<u>-</u>
Expenditures:			
Salaries and benefits	38,368	38,368	34,796
Purchased services	33,560	33,560	40,272
Payments to other governments	338,663	338,663	332,737
Pension expense	<u>-</u>	<u>-</u>	<u>2,786</u>
Total expenditures	<u>410,591</u>	<u>410,591</u>	<u>410,591</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(410,591)
Fund balance (deficit), July 1, 2016			<u>(488)</u>
Fund balance (deficit), end of year			<u>\$ (411,079)</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	\$ 328,639	\$ 328,639	\$ 132,152
Total revenues	<u>328,639</u>	<u>328,639</u>	<u>132,152</u>
Expenditures:			
Salaries and benefits	86,498	86,498	72,017
Purchased services	26,660	26,660	3,591
Supplies and materials	2,128	2,128	-
Payments to other governments	213,353	213,353	252,318
Pension expense	<u>-</u>	<u>-</u>	<u>1,572</u>
Total expenditures	<u>328,639</u>	<u>328,639</u>	<u>329,498</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(197,346)
Fund balance, beginning of year			<u>8,140</u>
Fund balance (deficit), end of year			<u>\$ (189,206)</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION
For the year ended June 30, 2017**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 236,753	\$ 236,753	\$ 105,220
Total revenues	236,753	236,753	105,220
Expenditures:			
Salaries and benefits	227,527	227,527	241,470
Purchased services	8,726	8,726	9,543
Supplies and materials	500	500	1,146
Pension expense	-	-	15,381
Total expenditures	236,753	236,753	267,540
Net change in fund balance	\$ -	\$ -	(162,320)
Fund balance (deficit), beginning of year			(31,480)
Fund balance (deficit), end of year			\$ (193,800)

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II – TEACHER QUALITY LEADERSHIP
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Federal sources	\$ 17,974	\$ 17,974	\$ 17,974
Interest	-	-	2
	<u>17,974</u>	<u>17,974</u>	<u>17,976</u>
Total revenues			
Expenditures:			
Purchased services	<u>17,974</u>	<u>17,974</u>	<u>17,974</u>
Total expenditures	<u>17,974</u>	<u>17,974</u>	<u>17,974</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2
Fund balance, beginning of year			<u>7,182</u>
Fund balance, end of year			<u>\$ 7,184</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS (2016)
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 210,904	\$ 211,114	\$ 211,114
Total revenues	<u>210,904</u>	<u>211,114</u>	<u>211,114</u>
Expenditures:			
Salaries and benefits	180,830	180,830	-
Purchased services	24,160	24,370	-
Supplies and materials	<u>5,914</u>	<u>5,914</u>	<u>-</u>
Total expenditures	<u>210,904</u>	<u>211,114</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,114</u>
Fund balance (deficit), beginning of year			<u>(211,114)</u>
Fund balance, July 1, 2016			<u>\$ -</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS (2017)
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	<u>\$ 296,823</u>	<u>\$ 296,823</u>	<u>\$ 296,823</u>
Total revenues	<u>296,823</u>	<u>296,823</u>	<u>296,823</u>
Expenditures:			
Salaries and benefits	222,744	222,744	206,203
Purchased services	68,079	68,079	70,139
Supplies and materials	6,000	6,000	3,847
Pension expense	<u>-</u>	<u>-</u>	<u>16,913</u>
Total expenditures	<u>296,823</u>	<u>296,823</u>	<u>297,102</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (279)</u>
Fund balance, July 1, 2016			<u>-</u>
Fund balance (deficit), end of year			<u>\$ (279)</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS EDUCATIONAL COOPERATIVE (2016)
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	\$ 54,571	\$ 54,571	\$ 5,511
Total revenues	<u>54,571</u>	<u>54,571</u>	<u>5,511</u>
Expenditures:			
Salaries and benefits	15,000	13,527	-
Purchased services	21,250	7,321	-
Supplies and materials	<u>18,321</u>	<u>33,723</u>	<u>13,830</u>
Total expenditures	<u>54,571</u>	<u>54,571</u>	<u>13,830</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(8,319)
Fund balance, beginning of year			<u>8,319</u>
Fund balance, October 31, 2016			<u>\$ -</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS EDUCATIONAL COOPERATIVE (2017)
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 58,047	\$ 58,047	\$ -
Total revenues	<u>58,047</u>	<u>58,047</u>	<u>-</u>
Expenditures:			
Salaries and benefits	16,000	15,713	11,884
Purchased services	21,726	1,163	746
Supplies and materials	<u>20,321</u>	<u>41,171</u>	<u>10,863</u>
Total expenditures	<u>58,047</u>	<u>58,047</u>	<u>23,493</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(23,493)
Fund balance, November 1, 2016			<u>-</u>
Fund balance (deficit), end of year			<u>\$ (23,493)</u>

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017**

	General Education Development	Bus Driver Training	Total
Assets:			
Cash and cash equivalents	\$ 110,650	\$ 29,471	\$ 140,121
Accounts receivable	-	1,690	1,690
Due from other governments	59	-	59
Total assets	\$ 110,709	\$ 31,161	\$ 141,870
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:	\$ -	\$ -	\$ -
Deferred inflows of resources:			
Unavailable revenue	-	31	31
Fund balances:			
Restricted	110,709	31,130	141,839
Total fund balances	110,709	31,130	141,839
Total liabilities, deferred inflows of resources, and fund balances	\$ 110,709	\$ 31,161	\$ 141,870

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2017**

	General Education Development	Bus Driver Training	Total
Revenues:			
Local sources	\$ 6,797	\$ 13,030	\$ 19,827
State sources	-	2,382	2,382
Interest	135	54	189
Total revenues	<u>6,932</u>	<u>15,466</u>	<u>22,398</u>
Expenditures:			
Purchased services	\$ 520	9,870	10,390
Supplies and materials	-	40	40
Total expenditures	<u>520</u>	<u>9,910</u>	<u>10,430</u>
Net changes in fund balances	6,412	5,556	11,968
Fund balances, beginning of year	<u>104,297</u>	<u>25,574</u>	<u>129,871</u>
Fund balances, end of year	<u><u>\$ 110,709</u></u>	<u><u>\$ 31,130</u></u>	<u><u>\$ 141,839</u></u>

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

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2017**

	ESC Professional Development	Technology	Kane County Library Resources Consortium	Visual Media Cooperative
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,034	\$ -	\$ 7,423	\$ 47,718
Due from other funds	371,290	-	-	-
Accounts receivable	32,680	-	-	-
Total current assets	405,004	-	7,423	47,718
Noncurrent assets:				
Capital assets, net	16,856	69	-	-
Total assets	421,860	69	7,423	47,718
Deferred outflow of resources:				
Pension	-	-	-	-
Liabilities:				
Current liabilities:				
Accrued expenses	5,777	-	-	-
Payroll liabilities	-	-	-	-
Due to other governments	-	-	-	37,107
Due to other funds	-	1,580	-	-
Total current liabilities	5,777	1,580	-	37,107
Noncurrent liabilities:				
Net pension liability	-	-	-	-
Total liabilities	5,777	1,580	-	37,107
Deferred inflow of resources:				
Pension	-	-	-	-
Net position:				
Net investment in capital assets	16,856	69	-	-
Unrestricted	399,227	(1,580)	7,423	10,611
Total net position	\$ 416,083	\$ (1,511)	\$ 7,423	\$ 10,611

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

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS**

June 30, 2017

	Local Administrators Academy	Criminal Background Investigation	Kane County Human Resources Consortium
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 143,666	\$ 113,932	\$ 84,231
Due from other funds	-	-	-
Accounts receivable	15	13,360	-
	<u> </u>	<u> </u>	<u> </u>
Total current assets	143,681	127,292	84,231
Noncurrent assets:			
Capital assets, net	-	3,528	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>143,681</u>	<u>130,820</u>	<u>84,231</u>
Deferred outflow of resources:			
Pension	-	7,938	-
	<u> </u>	<u> </u>	<u> </u>
Liabilities:			
Current liabilities:			
Accrued expenses	2,171	134	13
Payroll liabilities	-	1,180	-
Due to other governments	-	11,107	-
Due to other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	2,171	12,421	13
Noncurrent liabilities:			
Net pension liability	-	9,567	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,171</u>	<u>21,988</u>	<u>13</u>
Deferred inflow of resources:			
Pension	-	1,684	-
	<u> </u>	<u> </u>	<u> </u>
Net position:			
Net investment in capital assets	-	3,528	-
Unrestricted	141,510	111,558	84,218
	<u> </u>	<u> </u>	<u> </u>
Total net position	<u>\$ 141,510</u>	<u>\$ 115,086</u>	<u>\$ 84,218</u>

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

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS**

June 30, 2017

	Discovery Education United Streaming	Eliminations	Totals
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ 398,004
Due from other funds	-	(2,994)	368,296
Accounts receivable	-	-	46,055
	<u>-</u>	<u>(2,994)</u>	<u>812,355</u>
Total current assets	-	(2,994)	812,355
Noncurrent assets:			
Capital assets, net	-	-	20,453
	<u>-</u>	<u>-</u>	<u>20,453</u>
Total assets	-	(2,994)	832,808
Deferred outflow of resources:			
Pension	-	-	7,938
	<u>-</u>	<u>-</u>	<u>7,938</u>
Liabilities:			
Current liabilities:			
Accrued expenses	-	-	8,095
Payroll liabilities	-	-	1,180
Due to other governments	-	-	48,214
Due to other funds	1,414	(2,994)	-
	<u>1,414</u>	<u>(2,994)</u>	<u>-</u>
Total current liabilities	1,414	(2,994)	57,489
Noncurrent liabilities:			
Net pension liability	-	-	9,567
	<u>-</u>	<u>-</u>	<u>9,567</u>
Total liabilities	1,414	(2,994)	67,056
Deferred inflow of resources:			
Pension	-	-	1,684
	<u>-</u>	<u>-</u>	<u>1,684</u>
Net position:			
Net investment in capital assets	-	-	20,453
Unrestricted	(1,414)	-	751,553
	<u>(1,414)</u>	<u>-</u>	<u>751,553</u>
Total net position	\$ (1,414)	\$ -	\$ 772,006

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

**COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2017**

	ESC Professional Development	Technology	Kane County Library Resources Consortium
Operating revenues:			
Charges for services	\$ 119,286	\$ 31,405	\$ 86,287
Total operating revenues	<u>119,286</u>	<u>31,405</u>	<u>86,287</u>
Operating expenses:			
Salaries and benefits	-	-	-
Purchased services	161,517	22,872	86,287
Supplies and materials	49,390	700	-
Depreciation	2,828	138	-
Pension expense	-	(1,002)	-
Other Objects	89	-	-
Capital Outlay	10,068	9,206	-
Total operating expenses	<u>223,892</u>	<u>31,914</u>	<u>86,287</u>
Operating income (loss)	<u>(104,606)</u>	<u>(509)</u>	<u>-</u>
Nonoperating revenues:			
Investment income	-	-	4
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>4</u>
Income (loss) before transfers	<u>(104,606)</u>	<u>(509)</u>	<u>4</u>
Transfers in	<u>562,045</u>	<u>-</u>	<u>-</u>
Change in net position	457,439	(509)	4
Net position, beginning of year	<u>(41,356)</u>	<u>(1,002)</u>	<u>7,419</u>
Net position, end of year	<u>\$ 416,083</u>	<u>\$ (1,511)</u>	<u>\$ 7,423</u>

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

**COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2017**

	<u>Visual Media Cooperative</u>	<u>Local Administrators Academy</u>	<u>Criminal Background Investigation</u>
Operating revenues:			
Charges for services	\$ -	\$ -	\$ 156,055
Total operating revenues	<u>-</u>	<u>-</u>	<u>156,055</u>
Operating expenses:			
Salaries and benefits	-	-	16,414
Purchased services	142	18,078	111,575
Supplies and materials	811	781	460
Depreciation	-	-	2,819
Pension expense	-	-	4,554
Other Objects	-	-	-
Capital Outlay	-	-	-
Total operating expenses	<u>953</u>	<u>18,859</u>	<u>135,822</u>
Operating income (loss)	<u>(953)</u>	<u>(18,859)</u>	<u>20,233</u>
Nonoperating revenues:			
Investment income	<u>149</u>	<u>176</u>	<u>19</u>
Total nonoperating revenues	<u>149</u>	<u>176</u>	<u>19</u>
Income (loss) before transfers	<u>(804)</u>	<u>(18,683)</u>	<u>20,252</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(804)	(18,683)	20,252
Net position, beginning of year	<u>11,415</u>	<u>160,193</u>	<u>94,834</u>
Net position, end of year	<u>\$ 10,611</u>	<u>\$ 141,510</u>	<u>\$ 115,086</u>

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

**COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2017**

	Kane County Human Resources Consortium	Discovery Education United Streaming	Total
Operating revenues:			
Charges for services	\$ 32,510	\$ 61,875	\$ 487,418
Total operating revenues	<u>32,510</u>	<u>61,875</u>	<u>487,418</u>
Operating expenses:			
Salaries and benefits	12,000	-	28,414
Purchased services	19,862	62,875	483,208
Supplies and materials	-	-	52,142
Depreciation	-	-	5,785
Pension expense	-	-	3,552
Other Objects	-	-	89
Capital Outlay	-	-	19,274
Total operating expenses	<u>31,862</u>	<u>62,875</u>	<u>592,464</u>
Operating income (loss)	<u>648</u>	<u>(1,000)</u>	<u>(105,046)</u>
Nonoperating revenues:			
Investment income	<u>16</u>	<u>3</u>	<u>367</u>
Total nonoperating revenues	<u>16</u>	<u>3</u>	<u>367</u>
Income (loss) before transfers	<u>664</u>	<u>(997)</u>	<u>(104,679)</u>
Transfers in	<u>-</u>	<u>-</u>	<u>562,045</u>
Change in net position	664	(997)	457,366
Net position, beginning of year	<u>83,554</u>	<u>(417)</u>	<u>314,640</u>
Net position, end of year	<u>\$ 84,218</u>	<u>\$ (1,414)</u>	<u>\$ 772,006</u>

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2017**

	ESC Professional Development	Technology	Kane County Library Resources Consortium
Cash flows from operating activities:			
Receipts from customers	\$ 91,456	\$ 34,001	\$ 86,287
Payments to suppliers and providers of goods and services	(221,047)	(25,127)	(86,287)
Payments to employees	-	-	-
Net cash provided by (used for) operating activities	<u>(129,591)</u>	<u>8,874</u>	<u>-</u>
Cash flows from noncapital financing activities:			
Outflows due to interfund borrowings, net	(411,845)	(8,874)	-
Transfers from other funds	562,045	-	-
Net cash provided by (used for) noncapital financing activities	<u>150,200</u>	<u>(8,874)</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Payments for purchase of capital assets	(19,575)	-	-
Net cash used for capital and related financing activities	<u>(19,575)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	-	-	4
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>4</u>
Net increase (decrease) in cash and cash equivalents	1,034	-	4
Cash and cash equivalents - beginning	-	-	7,419
Cash and cash equivalents- ending	<u>\$ 1,034</u>	<u>\$ -</u>	<u>\$ 7,423</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (104,606)	\$ (509)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	2,828	138	-
Pension expense	-	(1,002)	-
Cash contributions for pension liability	-	-	-
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(27,830)	2,596	-
Decrease in prepaid expense	-	9,500	-
Increase (decrease) in accrued expenses	17	(1,849)	-
Increase in payroll liabilities	-	-	-
Increase in due to other governments	-	-	-
Net cash provided by (used for) operating activities	<u>\$ (129,591)</u>	<u>\$ 8,874</u>	<u>\$ -</u>

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2017**

	Visual Media Cooperative	Local Administrators Academy	Criminal Background Investigation
Cash flows from operating activities:			
Receipts from customers	\$ -	810	\$ 156,175
Payments to suppliers and providers of goods and services	(953)	(16,688)	(111,395)
Payments to employees	-	-	(16,293)
Net cash provided by (used for) operating activities	<u>(953)</u>	<u>(15,878)</u>	<u>28,487</u>
Cash flows from noncapital financing activities:			
Outflows due to interfund borrowings, net	-	-	417
Transfers from other funds	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>417</u>
Cash flows from capital and related financing activities:			
Payments for purchase of capital assets	-	-	-
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	149	176	19
Net cash provided by investing activities	<u>149</u>	<u>176</u>	<u>19</u>
Net increase (decrease) in cash and cash equivalents	(804)	(15,702)	28,923
Cash and cash equivalents - beginning	48,522	159,368	85,009
Cash and cash equivalents- ending	<u>\$ 47,718</u>	<u>\$ 143,666</u>	<u>\$ 113,932</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (953)	\$ (18,859)	\$ 20,233
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	-	2,819
Pension expense	-	-	4,554
Cash contributions for pension liability	-	-	(2,202)
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	-	810	120
Decrease in prepaid expense	-	-	-
Increase (decrease) in accrued expenses	-	2,171	134
Increase in payroll liabilities	-	-	121
Increase in due to other governments	-	-	2,708
Net cash provided by (used for) operating activities	<u>\$ (953)</u>	<u>\$ (15,878)</u>	<u>\$ 28,487</u>

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2017**

	Kane County Human Resources Consortium	Discovery Education United Streaming	Total
Cash flows from operating activities:			
Receipts from customers	\$ 32,510	\$ 61,875	\$ 463,114
Payments to suppliers and providers of goods and services	(19,849)	(62,875)	(544,221)
Payments to employees	(12,000)	-	(28,293)
Net cash provided by (used for) operating activities	661	(1,000)	(109,400)
Cash flows from noncapital financing activities:			
Outflows due to interfund borrowings, net	-	997	(419,305)
Transfers from other funds	-	-	562,045
Net cash provided by (used for) noncapital financing activities	-	997	142,740
Cash flows from capital and related financing activities:			
Payments for purchase of capital assets	-	-	(19,575)
Net cash used for capital and related financing activities	-	-	(19,575)
Cash flows from investing activities:			
Interest received	16	3	367
Net cash provided by investing activities	16	3	367
Net increase (decrease) in cash and cash equivalents	677	-	14,132
Cash and cash equivalents - beginning	83,554	-	383,872
Cash and cash equivalents- ending	\$ 84,231	\$ -	\$ 398,004
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 648	\$ (1,000)	\$ (105,046)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	-	5,785
Pension expense	-	-	3,552
Cash contributions for pension liability	-	-	(2,202)
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	-	-	(24,304)
Decrease in prepaid expense	-	-	9,500
Increase (decrease) in accrued expenses	13	-	486
Increase in payroll liabilities	-	-	121
Increase in due to other governments	-	-	2,708
Net cash provided by (used for) operating activities	\$ 661	\$ (1,000)	\$ (109,400)

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2017**

	Distributive Fund	Juvenile Drug Court	Payroll
Assets:			
Cash and cash equivalents	\$ -	\$ 5,194	\$ -
Due from other governments	765,680	-	-
Total assets	\$ 765,680	\$ 5,194	\$ -
 Liabilities:			
Due to other governments	\$ 765,680	\$ 5,194	\$ -
Total liabilities	\$ 765,680	\$ 5,194	\$ -

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2017**

	Regional Board of Trustees	Totals
Assets:		
Cash and cash equivalents	\$ 990	\$ 6,184
Due from other governments	-	765,680
	\$ 990	\$ 771,864
Total assets	\$ 990	\$ 771,864
Liabilities:		
Due to other governments	\$ 990	\$ 771,864
Total liabilities	\$ 990	\$ 771,864

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the year ended June 30, 2017

	Balance□ July 1, 2016	Additions	Deductions	Balance□ June 30, 2017
<u>DISTRIBUTIVE</u>				
Assets:				
Cash and cash equivalents	\$ 4,459	\$ 2,175,147	\$ 2,179,606	\$ -
Due from other governments	92,004	765,680	92,004	765,680
Total assets	<u>\$ 96,463</u>	<u>\$ 2,940,827</u>	<u>\$ 2,271,610</u>	<u>\$ 765,680</u>
Liabilities:				
Due to other governments	\$ 96,463	\$ 2,940,827	\$ 2,271,610	\$ 765,680
Total liabilities	<u>\$ 96,463</u>	<u>\$ 2,940,827</u>	<u>\$ 2,271,610</u>	<u>\$ 765,680</u>
<u>JUVENILE DRUG COURT</u>				
Assets:				
Cash and cash equivalents	\$ 5,277	\$ 1	\$ 84	\$ 5,194
Total assets	<u>\$ 5,277</u>	<u>\$ 1</u>	<u>\$ 84</u>	<u>\$ 5,194</u>
Liabilities:				
Due to other governments	\$ 5,277	\$ 1	\$ 84	\$ 5,194
Total liabilities	<u>\$ 5,277</u>	<u>\$ 1</u>	<u>\$ 84</u>	<u>\$ 5,194</u>
<u>PAYROLL</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 210,223	\$ 210,223	\$ -
Due from other governments	30,628	-	30,628	-
Total assets	<u>\$ 30,628</u>	<u>\$ 210,223</u>	<u>\$ 240,851</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	\$ 30,628	\$ 210,223	\$ 240,851	\$ -
Total liabilities	<u>\$ 30,628</u>	<u>\$ 210,223</u>	<u>\$ 240,851</u>	<u>\$ -</u>

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the year ended June 30, 2017

	Balance□ July 1, 2016	Additions	Deductions	Balance□ June 30, 2017
<u>REGIONAL BOARD OF TRUSTEES</u>				
Assets:				
Cash and cash equivalents	\$ 990	\$ -	\$ -	\$ 990
Total assets	<u>\$ 990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 990</u>
Liabilities:				
Due to other governments	\$ 990	\$ -	\$ -	\$ 990
Total liabilities	<u>\$ 990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 990</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and cash equivalents	\$ 10,726	\$ 2,385,371	\$ 2,389,913	\$ 6,184
Due from other governments	122,632	765,680	122,632	765,680
Total assets	<u>\$ 133,358</u>	<u>\$ 3,151,051</u>	<u>\$ 2,512,545</u>	<u>\$ 771,864</u>
Liabilities:				
Due to other governments	\$ 133,358	\$ 3,151,051	\$ 2,512,545	\$ 771,864
Total liabilities	<u>\$ 133,358</u>	<u>\$ 3,151,051</u>	<u>\$ 2,512,545</u>	<u>\$ 771,864</u>

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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS
AND OTHER ENTITIES
DISTRIBUTIVE FUND**

For the year ended June 30, 2017

	<u>Valley Education for Employment System</u>
Career and Technical Education Improvement	\$ 1,454,932
CTE Perkins	<u>724,674</u>
TOTAL	<u><u>\$ 2,179,606</u></u>