

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

**FINANCIAL AUDIT
For the year ended June 30, 2018**

**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	1	-
Repeated audit findings	-	-
Prior recommendations implemented or not repeated	-	3

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>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2018-001	10-11	Delay of Audit	Noncompliance
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			

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

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, 2018. Throughout the audit, numerous meetings were held between the auditors and Regional Office officials to discuss matters contained in this audit report. Response to the recommendation was provided by the Regional Office of Education on February 6, 2019.

**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.



613 Broadway Avenue
P.O. Box 945
Mattoon, Illinois 61938

(217) 235-4747
www.westcpa.com

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, paragraph E in the notes to the financial statements, in fiscal year 2018, the Regional Office of Education No. 31 adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information listed in the table of contents 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 April 30, 2019 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.

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Mattoon, Illinois
April 30, 2019



613 Broadway Avenue
P.O. Box 945
Mattoon, Illinois 61938

(217) 235-4747
www.westcpa.com

**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, 2018, 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 April 30, 2019.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of Findings and Responses as Finding 2018-001.

Regional Office of Education No. 31's Response to Finding

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

Purpose of this Report

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

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Mattoon, Illinois
April 30, 2019

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, 2018**

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, 2018**

FINDING NO. 2018–001 – Delay of Audit

Criteria/Specific Requirement:

Regional Office of Education No. 31 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General’s office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

Condition:

The Regional Office of Education No. 31 did not provide completed financial statements in the appropriate format until October 22, 2018, which delayed timely completion of the audit.

Effect:

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

Cause:

According to the Regional Office of Education No. 31’s management, the ROE was unaware of this specific deadline requirement.

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

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2018**

FINDING NO. 2018–001 – Delay of Audit (Concluded)

Auditors' Recommendation:

The Regional Office of Education No. 31 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

The Regional Office of Education No. 31 was unaware of the specific deadline requirement for fiscal year ended June 30, 2018.

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

**CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS
For the year ended June 30, 2018**

Corrective Action Plan

FINDING NO. 2018-001 – Delay of Audit

Condition:

The Regional Office of Education No. 31 did not provide completed financial statements in the appropriate format until October 22, 2018, which delayed timely completion of the audit.

Plan:

The Regional Office of Education No. 31 will have drafted financial statements presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Anticipated Date of Completion:

August 31, 2019

Name of Contact Person:

Meg Fetzer

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the year ended June 30, 2018**

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
June 30, 2018**

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, 2018 with comparative information for the year ended June 30, 2017. 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.

2018 Financial Highlights

- General Fund revenues increased from \$2,963,273 in fiscal year 2017 to \$5,172,528 in fiscal year 2018. General Fund expenditures increased from \$2,721,092 in fiscal year 2017 to \$4,292,519 in fiscal year 2018. The increase in revenue was related to a prior year funding being released and recognized in 2018 due to the state budget impasse in the prior year and the growth of a new ALOP. The increase in expenses was primarily due to the growth of a new ALOP.
- Education Fund revenues increased from \$1,237,301 in fiscal year 2017 to \$1,900,927 in fiscal year 2018. Expenditures decreased from \$1,540,293 in fiscal year 2017 to \$1,173,343 in fiscal year 2018. The revenue increase was related to a delay in grant funding for reporting purposes. Decreases in expenditures from staffing changes due to elimination of the Technology for Success grant.
- Institute Fund revenues increased from \$215,982 in fiscal year 2017 to \$349,876 in fiscal year 2018. Expenditures in the Institute Fund decreased from \$136,890 in fiscal year 2017 to \$133,428 in fiscal year 2018. The increase was due to the cyclical nature of license renewal and better interest returns. The decrease in expense was due to better management of Institute Day expenses.

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

**Management's Discussion and Analysis
June 30, 2018**

- Enterprise Fund revenues decreased from \$487,418 in fiscal year 2017 to \$385,556 in fiscal year 2018. Enterprise Fund expenses also decreased from \$592,464 in fiscal year 2017 to \$541,912 in fiscal year 2018. Revenue decreased due to a change in professional development opportunities offered to our districts as we move to an online platform and the elimination of a purchasing partnership. The decrease in expenses was primarily due to the elimination of one of the purchasing partnerships to purchase at a discount for our districts and increased expenses for the online professional development program.
- Government-wide revenues increased from \$5,793,564 in fiscal year 2017 to \$6,847,202 in fiscal year 2018. Government-wide expenses increased from \$5,194,110 in fiscal year 2017 to \$6,274,258 in fiscal year 2018. These changes are most notably related to timing of delayed grant funding from prior years.

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, OPEB 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, 2018**

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 \$9,102,436 as of June 30, 2018.

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

**Management's Discussion and Analysis
June 30, 2018**

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, 2018:

	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 8,688,811	\$ 870,620	\$ 9,559,431
Capital assets, net	92,651	11,118	103,769
Net pension asset	82,052	1,976	84,028
Total assets	8,863,514	883,714	9,747,228
Deferred outflows of resources	240,124	5,000	245,124
Current liabilities	142,546	61,258	203,804
Noncurrent liabilities	188,588	-	188,588
Total liabilities	331,134	61,258	392,392
Deferred inflows of resources	486,135	11,389	497,524
Net position:			
Net investment in capital assets	60,592	11,118	71,710
Restricted - other	1,917,401	1,976	1,919,377
Unrestricted	6,308,376	802,973	7,111,349
Total net position	\$ 8,286,369	\$ 816,067	\$ 9,102,436

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

**Management's Discussion and Analysis
June 30, 2018**

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:

	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 8,481,461	\$ 812,355	\$ 9,293,816
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 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>

The Regional Office's net position increased by \$670,886 (7.96%) from fiscal year 2017. 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 \$7,111,349 for the year ended June 30, 2018. 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, 2018**

Changes in Net Position

The following shows the change in net position for the year ended June 30, 2018:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ -	\$ 385,556	\$ 385,556
Operating grants and contributions	5,147,374	-	5,147,374
General revenues:			
Local sources	407,484	-	407,484
Interest	53,935	1,594	55,529
On-behalf payments	851,259	-	851,259
Total revenues	<u>6,460,052</u>	<u>387,150</u>	<u>6,847,202</u>
Expenses:			
Instructional services:			
Salaries and benefits	1,438,221	29,259	1,467,480
Purchased services	509,864	426,502	936,366
Supplies and materials	104,479	25,283	129,762
Other objects	152	4,314	4,466
Depreciation	26,309	9,335	35,644
Pension expense	126,459	3,289	129,748
OPEB	11,146	-	11,146
Intergovernmental:			
Payments to other governments	2,628,826	-	2,628,826
Capital outlay	35,631	43,930	79,561
Administrative:			
On-behalf payments	851,259	-	851,259
Total expenses	<u>5,732,346</u>	<u>541,912</u>	<u>6,274,258</u>
Excess (deficiency) of revenue over (under) expenditures	727,706	(154,762)	572,944
Transfers	<u>(198,823)</u>	<u>198,823</u>	<u>-</u>
Change in net position	528,883	44,061	572,944
Net position, beginning, restated	<u>7,757,486</u>	<u>772,006</u>	<u>8,529,492</u>
Net position, ending	<u>\$ 8,286,369</u>	<u>\$ 816,067</u>	<u>\$ 9,102,436</u>

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

**Management's Discussion and Analysis
June 30, 2018**

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
State sources	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
Other objects	128	89	217
Depreciation	25,059	5,785	30,844
Pension expense	204,510	3,552	208,062
Intergovernmental:			
Payments to other governments	1,501,889	-	1,501,889
Capital outlay	89,176	19,274	108,450
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, 2018**

Governmental Activities

Revenues for governmental activities were \$6,460,052 and \$5,305,779 and expenses were \$5,732,346 and \$4,601,646 for 2018 and 2017, respectively. The increase in revenues was mainly due increase in growth of an ALOP. The increase in expenses was due to the growth of an ALOP.

Business-Type Activities

Revenues for business-type activities were \$387,150 and \$487,785 and expenses were \$541,912 and \$592,464 for 2018 and 2017, respectively. The decrease in expenses was related to elimination of one 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 \$8,263,524, above last year's ending fund balances of \$6,623,691.

Governmental Fund Highlights

The General Fund fund balance increased from \$5,874,540 in 2017 to \$6,551,147 in 2018. The increase in fund balance was mostly attributable to a smaller transfer out to another fund than prior year, staffing changes and timing of grant funding by the state.

The Institute Fund fund balance increased from \$1,167,137 in 2017 to \$1,386,090 in 2018. The increase in fund balance was mostly attributable to the cyclical nature of certification renewals.

The Education Fund fund balance increased from \$(559,825) in 2017 to \$169,833 in 2018. The increase 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 \$772,006 in 2017 to \$816,067 in 2018. The primary reason for the increase is attributable to a transfer in from another fund.

Fiduciary Fund Highlights

Total assets and liabilities decreased from \$771,864 in fiscal year 2017 to \$64,346 in fiscal year 2018. Transactions during fiscal year 2018 represent mainly transfers in and out of funds for the distributive and payroll funds. The decrease is attributable to the timing of additions and deductions.

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

**Management's Discussion and Analysis
June 30, 2018**

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 2018, total additions and retirements amounted to \$0 and \$0, respectively. Depreciation expense for fiscal year 2018 was \$35,644. Additional information on Kane County Regional Office of Education No. 31's capital assets can be found in Note 8 on page 42 and 43 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, 2017 was \$43,776, which was decreased during fiscal year 2018 by \$11,717, resulting in a balance of \$32,059 at June 30, 2018. Additional information on Kane County Regional Office of Education No. 31's capital leases can be found in Note 9 on page 43 and 44 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 2018 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 annually. The Regional Office also rolled out a similar program for the compliance reviews that are required by state mandate and expects to expand the program in 2019.

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, 2018**

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 2018 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, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 7,688,319	\$ 418,271	\$ 8,106,590
Due from other governments	502,189	-	502,189
Accounts receivable	10,761	21,766	32,527
Prepaid expenses	29,358	-	29,358
Investments	888,767	-	888,767
Internal balances	(430,583)	430,583	-
Total current assets	8,688,811	870,620	9,559,431
Noncurrent assets:			
Capital assets, net	92,651	11,118	103,769
Net pension asset	82,052	1,976	84,028
Total noncurrent assets	174,703	13,094	187,797
Total assets	8,863,514	883,714	9,747,228
Deferred outflow of resources:			
Pension	209,727	5,000	214,727
OPEB	30,397	-	30,397
Total deferred outflow of resources	240,124	5,000	245,124
Liabilities:			
Current liabilities:			
Accrued expenses	16,951	27,824	44,775
Payroll liabilities	112,399	1,201	113,600
Due to other governments	-	32,233	32,233
Current portion of capital lease liability	13,196	-	13,196
Total current liabilities	142,546	61,258	203,804
Noncurrent liabilities:			
Net pension liability	9,532	-	9,532
Other postemployment benefit obligation	122,420	-	122,420
Compensated absences	37,773	-	37,773
Capital lease liability, net of current portion	18,863	-	18,863
Total noncurrent liabilities	188,588	-	188,588
Total liabilities	331,134	61,258	392,392

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, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Deferred inflow of resources:			
Pension	474,174	11,389	485,563
OPEB	11,961	-	11,961
Total deferred inflow of resources	486,135	11,389	497,524
Net position:			
Net investment in capital assets	60,592	11,118	71,710
Restricted - other	1,917,401	1,976	1,919,377
Unrestricted	6,308,376	802,973	7,111,349
Total net position	\$ 8,286,369	\$ 816,067	\$ 9,102,436

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, 2018**

Functions/Programs:	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,438,221	\$ -	\$ 1,552,850	\$ 114,629	\$ -	\$ 114,629
Purchased services	509,864	-	539,613	29,749	-	29,749
Supplies and materials	104,479	-	111,582	7,103	-	7,103
Capital outlay	35,631	-	35,631	-	-	-
Other objects	152	-	162	10	-	10
Depreciation	26,309	-	-	(26,309)	-	(26,309)
Pension expense	126,459	-	98,236	(28,223)	-	(28,223)
OPEB expense	11,146	-	1,741	(9,405)	-	(9,405)
Intergovernmental:						
Payments to other governments	2,628,826	-	2,807,559	178,733	-	178,733
Administrative:						
On-behalf payments	851,259	-	-	(851,259)	-	(851,259)
Total governmental activities	5,732,346	-	5,147,374	(584,972)	-	(584,972)
Business-type activities:						
Operating	541,912	385,556	-	-	(156,356)	(156,356)
Total business-type activities	541,912	385,556	-	-	(156,356)	(156,356)
Total primary government	\$ 6,274,258	\$ 385,556	\$ 5,147,374	(584,972)	(156,356)	(741,328)
General revenues (expenses):						
Local sources				407,484	-	407,484
On-behalf payments				851,259	-	851,259
Interest				53,935	1,594	55,529
Transfers				(198,823)	198,823	-
Total general revenues and transfers				1,113,855	200,417	1,314,272
Change in net position				528,883	44,061	572,944
Net position - beginning of year, restated				7,757,486	772,006	8,529,492
Net position - ending				\$ 8,286,369	\$ 816,067	\$ 9,102,436

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, 2018**

	General Fund	Education Fund	Institute Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 5,901,008	\$ 258,896	\$ 1,377,101
Due from other governments	331,578	170,477	134
Prepaid expense	19,358	-	10,000
Accounts receivable	4,933	-	-
Investments	888,767	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 7,145,644</u>	<u>\$ 429,373</u>	<u>\$ 1,387,235</u>
LIABILITIES			
Due to other funds	\$ 280,937	\$ 149,646	\$ -
Accrued expenses	5,073	11,196	134
Payroll liabilities	58,536	52,852	1,011
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>344,546</u>	<u>213,694</u>	<u>1,145</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	249,951	45,846	-
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES			
Nonspendable	19,358	-	-
Restricted	-	284,783	1,386,090
Assigned	1,677,310	-	-
Unassigned	4,854,479	(114,950)	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>6,551,147</u>	<u>169,833</u>	<u>1,386,090</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,145,644</u>	<u>\$ 429,373</u>	<u>\$ 1,387,235</u>

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, 2018**

	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 151,314	\$ 7,688,319
Due from other governments	-	502,189
Prepaid expense	-	29,358
Accounts receivable	5,828	10,761
Investments	-	888,767
	\$ 157,142	\$ 9,119,394
LIABILITIES		
Due to other funds	\$ -	\$ 430,583
Accrued expenses	548	16,951
Payroll liabilities	-	112,399
	548	559,933
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	140	295,937
	140	295,937
FUND BALANCES		
Nonspendable	-	19,358
Restricted	156,454	1,827,327
Assigned	-	1,677,310
Unassigned	-	4,739,529
	156,454	8,263,524
Total liabilities, deferred inflows of resources, and fund balances	\$ 157,142	\$ 9,119,394

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, 2018**

Total fund balance – governmental funds		\$ 8,263,524
<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>		295,937
<p>Pension & OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	\$ 240,124	
Deferred inflows of resources	<u>(486,135)</u>	(246,011)
<p>Long-term assets and liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability	\$ (9,532)	
Net pension asset	82,052	
Other postemployment benefit obligation	(122,420)	
Compensated absences	(37,773)	
Capital lease liability	<u>(32,059)</u>	(119,732)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		<u>92,651</u>
Net position of governmental activities		<u><u>\$ 8,286,369</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, 2018**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>
Revenues:			
Local sources	\$ 44,141	\$ -	\$ 334,965
State sources	4,312,433	1,679,823	-
Federal sources	-	220,896	-
Interest	38,586	208	14,911
On-behalf payments	<u>777,368</u>	<u>-</u>	<u>-</u>
Total revenues	<u>5,172,528</u>	<u>1,900,927</u>	<u>349,876</u>
Expenditures:			
Instructional services:			
Salaries and benefits	805,798	632,514	15,683
Purchased services	193,283	197,137	101,378
Supplies and materials	32,403	54,139	15,047
Other objects	-	-	152
Pension expense	58,975	31,867	1,140
On-behalf payments	777,368	-	-
OPEB expense	1,072	530	28
Intergovernmental:			
Payments to other governments	2,371,670	257,156	-
Capital outlay	35,631	-	-
Debt Service:			
Repayment of long-term lease payable	11,717	-	-
Interest	<u>4,603</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,292,519</u>	<u>1,173,343</u>	<u>133,428</u>
Excess of revenues over expenditures	<u>880,009</u>	<u>727,584</u>	<u>216,448</u>
Other financing sources (uses):			
Transfers in (out)	<u>(203,402)</u>	<u>2,074</u>	<u>2,505</u>
Total other financing sources (uses)	<u>(203,402)</u>	<u>2,074</u>	<u>2,505</u>
Net changes in fund balances	676,607	729,658	218,953
Fund balances (deficits), beginning of year	<u>5,874,540</u>	<u>(559,825)</u>	<u>1,167,137</u>
Fund balances, end of year	<u>\$ 6,551,147</u>	<u>\$ 169,833</u>	<u>\$ 1,386,090</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, 2018**

	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Revenues:		
Local sources	\$ 28,378	\$ 407,484
State sources	2,360	5,994,616
Federal sources	-	220,896
Interest	230	53,935
On-behalf payments	-	777,368
	<u>30,968</u>	<u>7,454,299</u>
Expenditures:		
Instructional services:		
Salaries and benefits	-	1,453,994
Purchased services	13,463	505,261
Supplies and materials	2,890	104,479
Other objects	-	152
Pension expense	-	91,982
On-behalf payments	-	777,368
OPEB expense	-	1,630
Intergovernmental:		
Payments to other governments	-	2,628,826
Capital outlay	-	35,631
Debt service:		
Repayment of long-term lease payable	-	11,717
Interest	-	4,603
	<u>16,353</u>	<u>5,615,643</u>
Excess of revenues over expenditures	<u>14,615</u>	<u>1,838,656</u>
Other financing sources (uses):		
Transfers in (out)	-	(198,823)
	<u>-</u>	<u>(198,823)</u>
Net changes in fund balances	14,615	1,639,833
Fund balances (deficits), beginning of year	<u>141,839</u>	<u>6,623,691</u>
Fund balances, end of year	<u>\$ 156,454</u>	<u>\$ 8,263,524</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, 2018**

Net changes in fund balances – governmental funds		\$ 1,639,833
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.</p>		
Pension contributions	\$ 91,982	
Pension expense	(126,459)	
OPEB contributions	1,630	
OPEB expenses	<u>(11,146)</u>	(43,993)
<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		(26,309)
<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 position.</p>		
Repayment of long term capital lease		11,717
<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	\$ 295,937	
Prior year unavailable revenue	<u>(1,364,075)</u>	(1,068,138)
<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>		
Decrease in compensated absences		<u>15,773</u>
Change in net position of governmental activities		<u><u>\$ 528,883</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, 2018**

	Business-Type Activities		
	ESC Professional Development	Nonmajor Funds	Total
Assets:			
Cash and cash equivalents	\$ 147,351	\$ 270,920	\$ 418,271
Due from other funds	409,017	21,566	430,583
Accounts receivable	9,292	12,474	21,766
Total current assets	565,660	304,960	870,620
Noncurrent assets:			
Capital assets, net	10,331	787	11,118
Net pension asset	-	1,976	1,976
Total noncurrent assets	10,331	2,763	13,094
Total assets	575,991	307,723	883,714
Deferred outflow of resources:			
Pension	-	5,000	5,000
Liabilities:			
Current liabilities:			
Accrued expenses	18,122	9,702	27,824
Payroll liabilities	-	1,201	1,201
Due to other governments	-	32,233	32,233
Total liabilities	18,122	43,136	61,258
Deferred inflow of resources:			
Pension	-	11,389	11,389
Net position:			
Net investment in capital assets	10,331	787	11,118
Restricted	-	1,976	1,976
Unrestricted	547,538	255,435	802,973
Total net position	\$ 557,869	\$ 258,198	\$ 816,067

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, 2018**

	Business-Type Activities		
	ESC Professional Development	Nonmajor Funds	Total
Operating revenues:			
Charges for services	\$ 76,966	\$ 308,590	\$ 385,556
Total operating revenues	76,966	308,590	385,556
Operating expenses:			
Instructional services:			
Salaries and benefits	-	29,259	29,259
Purchased services	175,236	251,266	426,502
Supplies and materials	21,664	3,619	25,283
Depreciation	6,526	2,809	9,335
Pension expense	-	3,289	3,289
Other objects	4,314	-	4,314
Capital outlay	43,930	-	43,930
Total operating expenses	251,670	290,242	541,912
Operating income (loss)	(174,704)	18,348	(156,356)
Nonoperating revenues:			
Investment income	16	1,578	1,594
Total nonoperating revenues	16	1,578	1,594
Income (loss) before transfers	(174,688)	19,926	(154,762)
Transfers in (out)	316,474	(117,651)	198,823
Change in net position	141,786	(97,725)	44,061
Net position, beginning of year (restated - see note 20)	416,083	355,923	772,006
Net position, end of year	\$ 557,869	\$ 258,198	\$ 816,067

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, 2018**

	Business-Type Activities		
	ESC Professional Development	Nonmajor Funds	Total
Cash flows from operating activities:			
Receipts from customers	\$ 100,354	\$ 309,491	\$ 409,845
Payments to suppliers and providers of goods and services	(232,798)	(265,670)	(498,468)
Payments to employees	-	(29,238)	(29,238)
Net cash provided (used) by (for) operating activities	<u>(132,444)</u>	<u>14,583</u>	<u>(117,861)</u>
Cash flows from noncapital financing activities:			
Outflows due to interfund borrowings, net	(37,727)	(24,560)	(62,287)
Transfers (to) from other funds	316,474	(117,651)	198,823
Net cash provided (used) by (for) noncapital financing activities	<u>278,747</u>	<u>(142,211)</u>	<u>136,536</u>
Cash flows from investing activities:			
Interest received	14	1,578	1,592
Net cash provided by investing activities	<u>14</u>	<u>1,578</u>	<u>1,592</u>
Net increase (decrease) in cash and cash equivalents	146,317	(126,050)	20,267
Cash and cash equivalents - beginning	<u>1,034</u>	<u>396,970</u>	<u>398,004</u>
Cash and cash equivalents- ending	<u>\$ 147,351</u>	<u>\$ 270,920</u>	<u>\$ 418,271</u>

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, 2018**

	Business-Type Activities		
	ESC Professional Development	Nonmajor Funds	Total
Reconciliation of operating income (loss) to net cash provided (used) by (for) operating activities:			
Operating income (loss)	\$ (174,704)	\$ 18,348	\$ (156,356)
Adjustments to reconcile operating income (loss) to net cash provided (used) by (for) operating activities:			
Depreciation expense	6,526	2,809	9,335
Pension expense	-	3,289	3,289
Cash contributions for pension liability	-	(2,189)	(2,189)
Decrease in:			
Accounts receivable	23,389	902	24,291
Increase (decrease) in:			
Accrued expenses	12,345	7,384	19,729
Payroll liabilities	-	21	21
Due to other governments	-	(15,981)	(15,981)
Net cash provided (used) by (for) operating activities	\$ (132,444)	\$ 14,583	\$ (117,861)

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, 2018**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 5,120
Due from other governments	<u>59,226</u>
Total assets	<u><u>\$ 64,346</u></u>
Liabilities:	
Accrued expenses	\$ 258
Due to other governments	<u>64,088</u>
Total liabilities	<u><u>\$ 64,346</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 major proprietary fund:

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.

Nonmajor Proprietary Funds – The Kane County Regional Office of Education No. 31 reported the following proprietary funds as nonmajor proprietary funds:

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 or OPEB 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 on the governmental funds Balance Sheet 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 unrecognized items that have not yet reduced pension and OPEB expense.

5. Post-employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the Regional Office of Education No. 31's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education No. 31's OPEB Plan and additions to/deductions from the Regional Office of Education No. 31's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 31's Plan. For this purpose, the Regional Office of Education No. 31's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 31's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

6. 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.

**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)

6. Equity Classifications (Continued)

Government-wide and Proprietary Fund Statements (Continued)

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.

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. Regional Program Development and Youth Home Education have nonspendable fund balances 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 Title I Delinquent. 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, Regional Safe Schools, Truants Alternative Optional Education, ROE/ISC Operations, 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 2018, the Regional Office of Education No. 31 implemented Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 81 – *Irrevocable Split Interest Agreements*, GASB Statement No. 85 – *Omnibus 2017*, and GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures and identifies the note disclosure and RSI reporting segments. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 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, 2018, the carrying amount of the Regional Office of Education No. 31's deposits for the governmental activities, business-type activities, and fiduciary funds were \$8,070,008, \$418,271 and \$5,120, respectively. The bank balances totaled \$9,403,358, 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 \$888,767 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, 2018, 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 \$507,078. The bank balance invested in the Illinois Funds Money Market Fund was \$507,078. 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, 2018, 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, 2018 was as follows:

	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Governmental activities:				
Capital assets being depreciated:				
Office equipment	\$ 166,904	\$ -	\$ -	\$ 166,904
Less accumulated depreciation for:				
Office equipment	<u>(47,944)</u>	<u>(26,309)</u>	<u>-</u>	<u>(74,253)</u>
Governmental activities capital assets, net	<u>\$ 118,960</u>	<u>\$ (26,309)</u>	<u>\$ -</u>	<u>\$ 92,651</u>

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

NOTES TO FINANCIAL STATEMENTS

8. CAPITAL ASSETS (Continued)

	June 30, 2017	Increases	Decreases	June 30, 2018
Business-type activities:				
Capital assets being depreciated:				
Office equipment	\$ 58,998	\$ -	\$ -	\$ 58,998
Less accumulated depreciation for:				
Office equipment	(38,545)	(9,335)	-	(47,880)
Business-type activities capital assets, net	\$ 20,453	\$ (9,335)	\$ -	\$ 11,118

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

Governmental activities:	
Instructional services	\$ 26,309
Business-type activities:	
Operating expenses	\$ 9,335

9. LONG-TERM LIABILITIES

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.

Capital Leases

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, 2018 was \$29,759. The lease includes an end of term purchase option of \$1.

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

NOTES TO FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES (Continued)

The future minimum lease obligations and the net present value of these lease payments as of June 30, 2018 was as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	13,196	3,124	16,320
2020	14,863	1,457	16,320
2021	4,000	80	4,080
Total payments	<u>\$ 32,059</u>	<u>\$ 4,661</u>	<u>\$ 36,720</u>

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Amounts Due within One Year
Net pension liability - TRS	\$ 9,591	\$ -	\$ 59	\$ 9,532	\$ -
Net pension liability (asset) - IMRF	436,457	-	520,485	(84,028)	-
Net OPEB liability - THIS	95,212	4,760	-	99,972	-
Net OPEB liability - Health Insurance	-	22,448	-	22,448	-
Compensated absences	53,546	35,696	51,469	37,773	-
Capital lease liability	43,776	-	11,717	32,059	13,196
Total long-term liabilities	<u>\$ 638,582</u>	<u>\$ 62,904</u>	<u>\$ 583,730</u>	<u>\$ 117,756</u>	<u>\$ 13,196</u>

Payments on the net pension liabilities, the net OPEB liabilities, the compensated absences, and the capital lease are made by the governmental funds.

10. 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.

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

NOTES TO FINANCIAL STATEMENTS

10. RETIREMENT FUND COMMITMENTS (Continued)

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

Plan Description (Continued)

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.

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.

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

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, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 31.

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

NOTES TO FINANCIAL STATEMENTS

10. RETIREMENT FUND COMMITMENTS (Continued)

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

Contributions (Continued)

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, 2018, 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 \$64,581 in pension contributions from the State of Illinois.

2.2 formula contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$1,083, and are deferred because they were paid after the June 30, 2017 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 Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, 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, 2018, 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, 2018, 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
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NOTES TO FINANCIAL STATEMENTS

10. 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

At June 30, 2018, 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	\$ 9,532
State's proportionate share of the net pension liability associated with the employer	656,206
	\$ 665,738

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. 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, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education No. 31's proportion was 0.0000124768 percent, which is an increase of 0.0000003266 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Regional Office of Education No. 31 recognized pension expense of \$64,581 and revenue of \$64,581 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education No. 31 recognized a pension expense of \$146. At June 30, 2018, 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

10. 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	\$ 104	\$ 4
Changes of assumptions	636	274
Net difference between projected and actual earnings on pension plan investments	7	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.	279	952
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	1,026	1,230
Pension Contributions made Subsequent to the Measurement Date	1,083	-
Total Deferred Amounts Related to Pensions	\$ 2,109	\$ 1,230

\$1,083 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, 2019. 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 (Inflows) of Resources
2019	\$ (631)
2020	208
2021	243
2022	(23)
2023	(1)
Total	\$ (204)

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

NOTES TO FINANCIAL STATEMENTS

10. RETIREMENT FUND COMMITMENTS (Continued)

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

Actuarial assumptions

The total pension liability in the June 30, 2017 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. The same assumptions were used in the June 30, 2016 actuarial valuation.

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%
Intl 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

10. RETIREMENT FUND COMMITMENTS (Continued)

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

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was a rate of 7.0 percent, which was a change from the June 30, 2016 rate of 6.83 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, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so 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, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year 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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Lower (6.0%)	Current Discount Rate (7.0%)	1% Higher (8.0%)
Employer's proportionate share of the net pension liability	\$ 11,711	\$ 9,532	\$ 7,747

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2017 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

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

NOTES TO FINANCIAL STATEMENTS

10. 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
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NOTES TO FINANCIAL STATEMENTS

10. 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 2017 was 9.97%. For the fiscal year ended June 30, 2018, the Regional Office of Education No. 31 contributed \$93,088 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, and rolled forward to December 31, 2017. 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, 2017, relative to the projected contributions of all participating IMRF employers and the County during that period. At December 31, 2017, the Regional Office of Education No. 31's proportion was 1.82775427 percent, which is a decrease of 0.17494879 percent from its proportion measured as of December 31, 2016.

**KANE COUNTY
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NOTES TO FINANCIAL STATEMENTS

10. 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, 2018, the Regional Office of Education No. 31 recognized a pension expense of \$129,602. At June 30, 2018, 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	\$ 27,321	\$ 44,823
Changes of assumptions	9,672	113,636
Net difference between projected and actual earnings on pension plan investments	131,389	325,874
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	168,382	484,333
Pension Contributions made Subsequent to the Measurement Date	44,236	-
Total Deferred Amounts Related to Pensions	\$ 212,618	\$ 484,333

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

NOTES TO FINANCIAL STATEMENTS

10. 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)

\$44,236 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2018	\$ 39,333
2019	71,570
2020	114,805
2021	<u>90,243</u>
Total	<u>\$ 315,951</u>

Actuarial assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	expected to be 3.39% to 14.25% 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 MP-2017 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

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

NOTES TO FINANCIAL STATEMENTS

10. 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-2017 (base year 2015). 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, 2017:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	37%	6.85%
International equity	18%	6.75%
Fixed income	28%	3.00%
Real estate	9%	5.75%
Alternative investments	7%	2.65-7.35%
Cash equivalents	1%	2.25%
Total	100%	

Discount Rate

At December 31, 2017, 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

10. 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	\$ 516,651	\$ (84,028)	\$ (573,544)

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.

11. OTHER POSTEMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

Plan Description

The Regional Office of Education No. 31 participates in the Teachers' Health Insurance Security (THIS) Fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefits 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 Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund.

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

On Behalf Contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 31. For the year ended June 30, 2018, 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 OPEB liability associated with the Regional Office of Education No. 31, and recognized revenue and expenditures of \$9,310 in OPEB contributions from the State of Illinois.

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 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education No. 31 paid \$1,630 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, the Regional Office of Education No. 31 paid \$744 and \$649 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on the THIS Fund

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

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary Increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increases include a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

Single Discount Rate

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

Since the THIS fund is financed on a pay-as-you go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 2.85 percent as of June 30, 2016, and 3.56 percent as of June 30, 2017.

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the discount rate.

The following presents the Regional Office of Education No. 39's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.56 percent) or 1-percentage point higher (4.56 percent) than the current discount rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer's proportionate share of the collective net OPEB liability	\$ 119,886	\$ 99,972	\$ 83,918

Sensitivity of the employer's proportionate share of the collective Net OPEB Liability to changes in the healthcare cost trend rates

The following table shows the Regional Office of Education No. 31's net OPEB liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either 1-percentage point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease*	Healthcare Cost Trend Rates	1% Increase**
Employer's proportionate share of the collective net OPEB liability	\$ 80,634	\$ 99,972	\$ 127,567

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

Sensitivity of the employer’s proportionate share of the collective Net OPEB Liability to changes in the healthcare cost trend rates (Continued)

- * One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate rate of 4.09% in 2025 for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.
- ** One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

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

At June 30, 2018, the Regional Office of Education No. 31 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 31. The amount recognized by the Regional Office of Education No. 31 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Regional Office of Education No. 31 were as follows:

Employer's proportionate share of the net OPEB liability	\$ 99,972
State's proportionate share of the Net OPEB liability associated with the employer	131,207
Total	\$ 231,179

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016, and was rolled forward to the June 30, 2017 measurement date. The Regional Office of Education No. 31’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 31’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 31, actuarially determined. At June 30, 2017, the Regional Office of Education’s No. 31 proportion was 0.000385 percent, which was an increase of 0.000037 from its proportion measured as of June 30, 2016 (0.000348 percent). The State’s support and total are for disclosure purposes only.

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

OPEB liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ending June 30, 2018, the Regional Office of Education No. 31 recognized OPEB expense of \$9,310 and revenue of \$9,310 for support provided by the State. For the year ending June 30, 2017, the Regional Office of Education No. 31 recognized OPEB expense of \$8,767. At June 30, 2018, the Regional Office of Education No. 31 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 57
Changes of assumptions	-	11,903
Net difference between projected and actual earnings on earnings on OPEB plan investments	-	1
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,698	-
Employer contributions subsequent to the measurement date	1,630	-
Total Deferred Amounts Related OPEB	\$ 10,328	\$ 11,961

\$1,630 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 31 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 31's OPEB expense as follows:

Year Ending June 30,	Net Deferred Inflows of Resources
2019	501
2020	501
2021	501
2022	501
2023	501
2024	501
2025	257
Total	3,263

THIS Fiduciary Net Position:

Detailed information about the THIS Fund fiduciary net position as of June 30, 2017, is available in the separately issued THIS Financial Report.

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

NOTES TO FINANCIAL STATEMENTS

11. 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.

Eligibility Provisions

Full-Time Employees

Regular Plan Tier I (Enrolled in IMRF Prior to January 1, 2011)

At least 55 years old with at least 8 years of credited service (reduced pension)

At least 60 years old with at least 8 years of credited service (full pension)

Regular Tier II (First Enrolled in IMRF On or After January 1, 2011)

At least 62 years old and at least 10 years of credited service (reduced pension)

At least 67 years old and at least 10 years of credited service (full pension)

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. Retirees may continue coverage into retirement on the Regional Office of Education No. 31’s medical plan on a pay-all basis. Coverage is also available for eligible dependents on a pay-all basis. Coverage can continue upon the participant reaching Medicare eligibility. Coverage for dependents can continue upon the death of the retiree given that contributions continue.

Membership

At June 30, 2018 membership consisted of:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	25
Total	25

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits – Health Insurance (Continued)

Funding Policy

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

The contributions of \$1,093 from other Regional Office of Education No. 31 resources and benefit payments of \$1,093 from other Regional Office of Education No. 31 resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Net OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2017 valuation date and adjusted to the June 29, 2018 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

Actuarial Assumptions

Discount Rate	2.98%
Long-Term Expected Rate of return on Plan Assets	N/A. OPEB Obligation is unfunded.
S&P Municipal Bond 20 year High-Grade Index	2.98%
Salary Increases	4.00% assumption
Healthcare Trend Rates	Initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2018, trend starts at 7.70% for both non-medicare costs and post-medicare costs and gradually decreases to an ultimate trend rate of 5.00%.
Retiree Contribution Trend	Same as healthcare Trend Rates.
Mortality	RP-2014 Combined Annuitant Mortality Table for males and females. The Mortality Table reflects recent rates developed by Society of Actuaries.
Disability Rates	None

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits – Health Insurance (Continued)

Changes in the Net OPEB Liability

Kane County Regional Office of Education had an actuarial valuation performed for the plan as of June 30, 2018. Fiscal Year 2018 is the first year that an actuarial valuation has been performed. The Benefit Payments amount includes the Implicit Rate Subsidy.

	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (Asset) (A) - (B)
Balances as of 06/30/2018	\$ -	\$ -	\$ -
Service cost	1,248	-	1,248
Interest on Total OPEB Liability	-	-	-
Change in Benefit terms	-	-	-
Diff between Expected & Actual	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	-	-
Contributions Employees	-	-	-
Net Investment Income	-	-	-
Benefit payments	(1,093)	-	(1,093)
Administrative Expenses	-	-	-
Other Changes	22,293	-	22,293
Net Changes	<u>\$ 22,448</u>	<u>\$ -</u>	<u>\$ 22,448</u>
Balances as of 06/30/2018	<u><u>\$ 22,448</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,448</u></u>

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Kane County Regional Office of Education No. 31, then only the municipal bond rate is used in determining the total OPEB liability.

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

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits – Health Insurance (Continued)

Discount Rate (Continued)

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

Municipal Bond Rate

The municipal bond rate assumption is based on the S&P Municipal Bond 20 Year High-Grade Rate Index. The rate is the June 29, 2018 rate.

Sensitivity testing of the Discount Rate

The following presents the Regional Office of Education No. 31’s total OPEB liability calculated using a discount rate of 2.98%, as well as what the ROE’s total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (3.98%) or 1-percentage-lower (1.98%) than the current discount rate:

	1% Decrease (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
Net OPEB Liability	\$ 24,369	\$ 22,448	\$ 20,673

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education No. 31’s total OPEB liability, calculated using the healthcare cost trend rates as well as what the Regional Office of Education No. 31’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 7.7% in 2018 decreasing to an ultimate trend rate of 5.00% in 2028 for both non-Medicare coverage and post-Medicare coverage.

	1% Decrease	Current Healthcare Trend	1% Increase
Net OPEB Liability	\$ 20,003	\$ 22,448	\$ 25,291

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits – Health Insurance (Continued)

OPEB Liabilities OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ending June 30, 2018, the Regional Office of Education No. 31 recognized OPEB expense of \$2,379. At June 30, 2018 the Regional Office of Education No. 31 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	20,069	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions Subsequent to measurement date	-	-
Total Deferred Amounts Related to OPEB	\$ 20,069	\$ -

Note: Fiscal year 2018 is the first year that an actuarial valuation has been performed.

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits – Health Insurance (Continued)

Schedule of Net Deferred Outflows of Resources

Contributions subsequent to the measurement date may be recognized as a reduction to the net OPEB liability. The amount is not known as of the date of this report. Subsequent to the measurement date, the following amounts will be recognized in OPEB expense in the upcoming years:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 2,379
2020	2,379
2021	2,379
2022	2,379
2023	2,379
2024	2,379
2025	2,379
2026	2,379
2027	<u>1,037</u>
Total	<u>\$ 20,069</u>

12. 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.

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

NOTES TO FINANCIAL STATEMENTS

13. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2018, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 280,937
Education Fund	-	149,646
ESC Professional Development	409,017	-
Nonmajor Proprietary Funds	21,566	-
	<u>\$ 430,583</u>	<u>\$ 430,583</u>
Totals	<u>\$ 430,583</u>	<u>\$ 430,583</u>

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

14. 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, 2018 was \$48,244.

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

Year Ending June 30,	Amount
2019	50,174
2020	52,181
2021	54,268
2022	56,439
2023	4,718
	<u>\$ 217,780</u>

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

NOTES TO FINANCIAL STATEMENTS

15. 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, 2018:

Due From Other Governments:

General Fund:

Local governments	<u>\$ 331,578</u>
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Education Fund:

Illinois State Board of Education	111,456
Will County ROE	43,884
Local governments	<u>15,137</u>

Total Education Fund	<u>170,477</u>
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Institute Fund:

Teachers' Retirement System	<u>134</u>
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Agency Funds:

Illinois State Board of Education	<u>59,226</u>
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	<u><u>\$ 561,415</u></u>
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Due To Other Governments:

Proprietary Funds:

Local governments	<u>\$ 32,233</u>
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Agency Funds:

Local governments	<u>64,088</u>
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	<u><u>\$ 96,321</u></u>
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**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31**

NOTES TO FINANCIAL STATEMENTS

16. 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	\$ 361,830
Purchased services	<u>155,523</u>
	<u>517,353</u>
State of Illinois:	
Regional Superintendent-salary	115,176
Regional Superintendent-benefits (includes State paid insurance)	34,608
Assistant Regional Superintendent-salary	103,656
Assistant Regional Superintendent-benefits (includes State paid insurance)	<u>6,575</u>
	<u>260,015</u>
Total	<u><u>\$ 777,368</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 \$64,581 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	\$ 777,368
ROE 31's share of TRS pension expense	64,581
ROE 31's share of THIS OPEB expense	<u>9,310</u>
Total	<u><u>\$ 851,259</u></u>

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

NOTES TO FINANCIAL STATEMENTS

17. SCHEDULE OF TRANSFERS

During the year ended June 30, 2018, the Regional Office of Education No. 31 reported the following transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 203,402
Education Fund	2,074	-
Institute Fund	2,505	-
Proprietary Funds	198,823	-
Totals	<u>\$ 203,402</u>	<u>\$ 203,402</u>

The transfers were made to cover cash shortfalls in the Education, Institute, and Proprietary funds.

18. DEFICIT FUND BALANCE/NET POSITION

The following individual funds carried the following deficit balances as of June 30, 2018:

Education Fund:	
Regional Safe Schools	\$ 25,443
Truants Alternative/Optional Education	\$ 75,676
ROE/ISC Operations	\$ 1,310
RSS Cooperative Education	\$ 12,521

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.”

19. CHANGE IN ACCOUNTING PRINCIPLE

The Regional Office of Education No. 31 has restated net position of the governmental activities as of June 30, 2018. The governmental activities’ net position was restated to present a net OPEB liability and the related deferred outflows of resources in accordance with Governmental Accounting Standards Board Statement No. 75.

	<u>Governmental Activities</u>
Net position at June 30, 2017	\$ 7,659,544
Recognition of net OPEB liability	(95,212)
Recognition of deferred outflows related to OPEB	744
OPEB Liability calculated using GASB 45 guidance	<u>192,410</u>
Net position restated at June 30, 2017	<u><u>7,757,486</u></u>

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

NOTES TO FINANCIAL STATEMENTS

20. PRIOR PERIOD ADJUSTMENTS

The Regional Office of Education No. 31 has restated net position of the nonmajor business-type funds. This restatement is due to a reclassification of funds that were previously reported as nonmajor funds.

	Business-Type Activities	
	Nonmajor Funds	ESC Professional Development
Net position at June 30, 2017	\$ 772,006	\$ -
Reclassification of funds previously reported as nonmajor	(416,083)	416,083
Net position restated at June 30, 2017	355,923	416,083

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, 2018, 2017, 2016, and 2015
(Amounts presented are for the years ended June 30, 2017, 2016, 2015, and 2014)**

	2017	2016	2015	2014
Employer's proportion of the net pension liability	0.0000124768%	0.0000121502%	0.0000119213%	0.0000119012%
Employer's proportionate share of the net pension liability	\$ 9,532	\$ 9,591	\$ 7,810	\$ 7,243
State's proportionate share of the net pension liability associated with the employer	656,206	643,947	413,041	450,131
Total	\$ 665,738	\$ 653,538	\$ 420,851	\$ 457,374
Employer's covered payroll	\$ 88,620	\$ 81,128	\$ 130,302	\$ 132,400
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.76%	11.82%	5.99%	5.47%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

Notes to Schedule

Changes of Assumptions

For the 2017 and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real 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
2018	\$ 1,074	\$ 1,083	\$ (9)	\$ 185,257	0.58%
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 EMPLOYER’S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
(UNAUDITED)**

For the years ended June 30, 2018, 2017, 2016 and 2015

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	1.82775427%	2.00270306%	1.73879565%	1.81998033%
Employer's proportionate share of the net pension liability (asset)	\$ (84,028)	\$ 436,457	\$ 470,114	\$ 137,876
County's proportionate share of the net pension liability (asset) associated with the employer	<u>(4,513,327)</u>	<u>21,356,951</u>	<u>26,566,664</u>	<u>7,437,833</u>
 Total	 <u>\$ (4,597,355)</u>	 <u>\$ 21,793,408</u>	 <u>\$ 27,036,778</u>	 <u>\$ 7,575,709</u>
 Employer's covered payroll	 \$ 920,006	 \$ 988,385	 \$ 872,443	 \$ 836,704
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-9.13%	44.16%	53.88%	16.48%
Plan fiduciary net position as a percentage of the total pension liability	101.82%	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)**

For the years ended June 30, 2018, 2017, 2016, and 2015

(Amounts presented are for the calendar years ended December 31, 2017, 2016, 2015, and 2014)

<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>
2017	\$ 93,088	\$ 93,088	\$ -	\$ 920,006	10.12%
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 Calculations of the 2017 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 2017 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	26-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)**

For the years ended June 30, 2018, 2017, 2016, and 2015

(Amounts presented are for the calendar years ended December 31, 2017, 2016, 2015, and 2014)

Methods and Assumptions Used to Determine 2017 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 2012). 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.

*Based on Valuation Assumptions used in the December 31, 2015, 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**

**TEACHER'S HEALTH INSURANCE SECURITY FUND -
SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS
(UNAUDITED)**

For the years June 30, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 1,630	\$ 744	\$ 649
Contributions in relation to the statutorily-required contribution	<u>1,630</u>	<u>744</u>	<u>649</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 185,257	\$ 88,620	\$ 81,125
Contributions as a percentage of covered payroll	0.88%	0.84%	0.80%

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**

**TEACHER'S HEALTH INSURANCE SECURITY FUND -
SCHEDULES OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE COLLECTIVE NET OPEB LIABILITY
(UNAUDITED)**

For the years June 30, 2018 and 2017

(Amounts presented are for the years ended June 30, 2017 and 2016)

	2017*	2016*
Employer's proportion of the collective net OPEB liability	0.000385%	0.000348%
Employer's proportionate share of the collective net OPEB liability	\$ 99,972	\$ 95,212
Employer's covered payroll	\$ 88,620	\$ 81,125
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.81%	117.36%
Plan fiduciary net position as a percentage of the total OPEB liability	(0.17%)	(0.22%)

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

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

Notes to Required Supplementary Information

Changes of Benefit Term

In the June 30, 2018 actuarial valuation, there are no changes of benefit terms from the prior period.

Changes of Assumptions

Because this is the implementation year for GASB 75, the beginning Total OPEB Liability is based on the same assumptions, data, and plan provisions as the ending Total OPEB Liability. For the purpose of developing changes in OPEB Liability for GASB 75 reporting, there have been no changes in assumptions from the prior period.

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

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the year June 30, 2018

	2018
Actuarially determined contribution	N/A
Contributions in relation to the actuarially determined contribution	-
Contribution deficiency (excess)	N/A
Employer's covered payroll	\$ 1,221,435
Contributions as a percentage of covered payroll	0.0%

Notes to Schedule:

There is no ADC or employer contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liabilities. However, the Regional Office of Education No. 31 did make contributions from other Regional Office of Education No. 31 resources in the current year in the amount of \$1,093.

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**

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY & RELATED RATIOS
(UNAUDITED)**

For the year June 30, 2018

Total OPEB Liability	2018
Service cost	\$ 1,248
Interest	-
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments	(1,093)
Other changes	22,293
	<hr/>
Net change in total OPEB liability	22,448
Total OPEB liability - beginning	-
	<hr/>
Total OPEB liability - ending (A)	22,448
	<hr/>
Plan Fiduciary Net Position	
Contributions - employer	-
Contributions - employees	-
Contributions - other	-
Net investment income	-
Benefit payments	-
Administrative expense	-
	<hr/>
Net change in OPEB plan net position	-
OPEB plan net position - beginning	-
	<hr/>
OPEB plan net position - ending (B)	-
	<hr/>
Employer Net OPEB liability - ending (A) - (B)	\$ 22,448
	<hr/> <hr/>
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	0.00%
Covered Payroll	\$ 1,221,435
Employer Net OPEB Liability as a Percentage of Covered Payroll	1.84%

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

SUPPLEMENTARY INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2018**

	Regional Program Development	General State Aid	Youth Home Education
Assets:			
Cash and cash equivalents	\$ 1,570,564	\$ 2,708,723	\$ 1,464,721
Due from other funds	-	333,609	-
Due from other governments	-	-	331,578
Accounts receivable	3,455	-	-
Prepaid expense	225	-	19,133
Investments	-	888,767	-
	Total assets	\$ 3,931,099	\$ 1,815,432
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Due to other funds	\$ 614,546	\$ -	\$ -
Accrued expenses	4,925	133	15
Payroll liabilities	871	26,707	30,958
	Total liabilities	26,840	30,973
Deferred inflows of resources:			
Unavailable revenue	3,457	-	245,016
Fund balances:			
Nonspendable	225	-	19,133
Assigned	-	-	1,520,310
Unassigned	950,220	3,904,259	-
	Total fund balances	3,904,259	1,539,443
	Total liabilities, deferred inflows of resources, and fund balances	\$ 3,931,099	\$ 1,815,432

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2018**

	Local Truancy	Operation Snowball	Eliminations	Total
Assets:				
Cash and cash equivalents	\$ 157,000	\$ -	\$ -	\$ 5,901,008
Due from other funds	-	-	(333,609)	-
Due from other governments	-	-	-	331,578
Accounts receivable	1,478	-	-	4,933
Prepaid expense	-	-	-	19,358
Investments	-	-	-	888,767
Total assets	\$ 158,478	\$ -	\$ (333,609)	\$ 7,145,644
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ (333,609)	\$ 280,937
Accrued expenses	-	-	-	5,073
Payroll liabilities	-	-	-	58,536
Total liabilities	-	-	(333,609)	344,546
Deferred inflows of resources:				
Unavailable revenue	1,478	-	-	249,951
Fund balances:				
Nonspendable	-	-	-	19,358
Assigned	157,000	-	-	1,677,310
Unassigned	-	-	-	4,854,479
Total fund balances	157,000	-	-	6,551,147
Total liabilities, deferred inflows of resources, and fund balances	\$ 158,478	\$ -	\$ (333,609)	\$ 7,145,644

**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, 2018**

	Regional Program Development	General State Aid	Youth Home Education
Revenues:			
Local sources	\$ 29,149	\$ 1,200	\$ -
State sources	-	3,393,516	918,917
Interest	14,075	21,119	3,311
On-behalf payments	-	777,368	-
	<hr/>	<hr/>	<hr/>
Total revenues	43,224	4,193,203	922,228
Expenditures:			
Instructional services:			
Salaries and benefits	20,183	340,990	444,625
Purchased services	138,184	16,366	29,043
Supplies and materials	25,858	1,837	3,624
Pension expense	3,278	24,539	31,158
On-behalf payments	-	777,368	-
OPEB expense	577	495	-
Intergovernmental:			
Payments to other governments	-	2,371,670	-
Capital outlay	34,235	-	1,396
Debt service:			
Repayment of long-term lease payable	11,717	-	-
Interest	4,603	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	238,635	3,533,265	509,846
Excess (deficiency) of revenues over (under) expenditures			
	<hr/>	<hr/>	<hr/>
	(195,410)	659,938	412,382
Other financing sources (uses):			
Transfers in(out)	-	(203,412)	-
	<hr/>	<hr/>	<hr/>
Total other financing uses	-	(203,412)	-
Net change in fund balances			
	<hr/>	<hr/>	<hr/>
	(195,410)	456,526	412,382
Fund balances (deficits), beginning of year			
	<hr/>	<hr/>	<hr/>
	1,145,855	3,447,733	1,127,061
Fund balances, end of year			
	<hr/>	<hr/>	<hr/>
	\$ 950,445	\$ 3,904,259	\$ 1,539,443

**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, 2018**

	<u>Local Truancy</u>	<u>Operation Snowball</u>	<u>Total</u>
Revenues:			
Local sources	\$ 13,792	\$ -	\$ 44,141
State sources	-	-	4,312,433
Interest	81	-	38,586
On-behalf payments	-	-	777,368
	<u>13,873</u>	<u>-</u>	<u>5,172,528</u>
Expenditures:			
Instructional services:			
Salaries and benefits	-	-	805,798
Purchased services	9,690	-	193,283
Supplies and materials	1,084	-	32,403
Pension expense	-	-	58,975
On-behalf payments	-	-	777,368
OPEB expense	-	-	1,072
Intergovernmental:			
Payments to other governments	-	-	2,371,670
Capital outlay	-	-	35,631
Debt Service:			
Repayment of long-term lease payable	-	-	11,717
Interest	-	-	4,603
	<u>10,774</u>	<u>-</u>	<u>4,292,519</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,099</u>	<u>-</u>	<u>880,009</u>
Other financing sources (uses):			
Transfers in(out)	<u>-</u>	<u>10</u>	<u>(203,402)</u>
Total other financing uses	<u>-</u>	<u>10</u>	<u>(203,402)</u>
Net change in fund balances	3,099	10	676,607
Fund balances (deficits), beginning of year	<u>153,901</u>	<u>(10)</u>	<u>5,874,540</u>
Fund balances, end of year	<u>\$ 157,000</u>	<u>\$ -</u>	<u>\$ 6,551,147</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	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	-	-	65,500	26,313
Total assets	\$ -	\$ -	\$ 65,500	\$ 26,313
Liabilities, deferred inflows of resources, and fund balances (deficits)				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ 55,861	\$ 64,498
Accrued expenses	-	-	-	-
Payroll liabilities	-	-	2,331	37,491
Total liabilities	-	-	58,192	101,989
Deferred inflows of resources:				
Unavailable revenue	-	-	32,751	-
Fund balances (deficits):				
Restricted	-	-	-	-
Unassigned	-	-	(25,443)	(75,676)
Total fund balances (deficits)	-	-	(25,443)	(75,676)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ -	\$ 65,500	\$ 26,313

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	Title II - Teacher Quality Leadership	Title I - School Improvement and Accountability	McKinney Education for Homeless Children	ROE/ISC Operations
Assets:				
Cash and cash equivalents	\$ 6,677	\$ 174,826	\$ 67,338	\$ 10,055
Due from other governments	-	43,884	-	-
Total assets	\$ 6,677	\$ 218,710	\$ 67,338	\$ 10,055
Liabilities, deferred inflows of resources, and fund balances (deficits)				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	355	5,840	880
Payroll liabilities	-	-	2,086	10,485
Total liabilities	-	355	7,926	11,365
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Fund balances (deficits):				
Restricted	6,677	218,355	59,412	-
Unassigned	-	-	-	(1,310)
Total fund balances (deficits)	6,677	218,355	59,412	(1,310)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 6,677	\$ 218,710	\$ 67,338	\$ 10,055

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	Building State Capacity	Title I Delinquent	RSS Cooperative Education	Totals
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 258,896
Due from other governments	-	15,137	19,643	170,477
Total assets	\$ -	\$ 15,137	\$ 19,643	\$ 429,373
Liabilities, deferred inflows of resources, and fund balances (deficits)				
Liabilities:				
Due to other funds	\$ -	\$ 10,218	\$ 19,069	\$ 149,646
Accrued expenses	-	4,121	-	11,196
Payroll liabilities	-	459	-	52,852
Total liabilities	-	14,798	19,069	213,694
Deferred inflows of resources:				
Unavailable revenue	-	-	13,095	45,846
Fund balances (deficits):				
Restricted	-	339	-	284,783
Unassigned	-	-	(12,521)	(114,950)
Total fund balances (deficits)	-	339	(12,521)	169,833
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ 15,137	\$ 19,643	\$ 429,373

**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, 2018**

	Technology for Success	Federal Special Education - IDEA Flow- Through	Regional Safe Schools	Truants Alternative/ Optional Education
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	410,591	-	493,893	368,286
Federal sources	-	-	-	-
Interest	-	15	19	6
Total revenues	410,591	15	493,912	368,292
Expenditures:				
Instructional services:				
Salaries and benefits	-	-	68,917	225,700
Purchased services	-	-	4,145	10,826
Supplies and materials	-	-	-	423
Pension expense	-	-	568	13,219
OPEB expense	-	-	495	-
Intergovernmental:				
Payment to other governments	-	-	256,024	-
Total expenditures	-	-	330,149	250,168
Excess (deficiency) of revenues over (under) expenditures	410,591	15	163,763	118,124
Other financing sources (uses):				
Transfers in (out)	488	4,091	-	-
Net change in fund balance	411,079	4,106	163,763	118,124
Fund balances (deficits), beginning of year	(411,079)	(4,106)	(189,206)	(193,800)
Fund balances (deficits), end of year	\$ -	\$ -	\$ (25,443)	\$ (75,676)

**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, 2018**

	Title II - Teacher Quality Leadership	Title I - School Improvement and Accountability	McKinney Education for Homeless Children	ROE/ISC Operations
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	296,622
Federal sources	8,987	67,985	67,900	-
Interest	6	112	34	14
	<u>6</u>	<u>112</u>	<u>34</u>	<u>14</u>
Total revenues	<u>8,993</u>	<u>68,097</u>	<u>67,934</u>	<u>296,636</u>
Expenditures:				
Instructional services:				
Salaries and benefits	-	8,365	47,979	212,510
Purchased services	9,500	43,237	15,745	66,511
Supplies and materials	-	1,265	3,643	4,639
Pension expense	-	-	4,073	14,007
OPEB expense	-	-	-	-
Intergovernmental:				
Payment to other governments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>9,500</u>	<u>52,867</u>	<u>71,440</u>	<u>297,667</u>
Excess (deficiency) of revenues over (under) expenditures	(507)	15,230	(3,506)	(1,031)
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(507)	15,230	(3,506)	(1,031)
Fund balances (deficits), beginning of year	<u>7,184</u>	<u>203,125</u>	<u>62,918</u>	<u>(279)</u>
Fund balances (deficits), end of year	<u>\$ 6,677</u>	<u>\$ 218,355</u>	<u>\$ 59,412</u>	<u>\$ (1,310)</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, 2018**

	Building State Capacity	Title I Delinquent	RSS Cooperative Education	Total
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	110,431	1,679,823
Federal sources	-	76,024	-	220,896
Interest	1	1	-	208
	<u>1</u>	<u>76,025</u>	<u>110,431</u>	<u>1,900,927</u>
Expenditures:				
Instructional services:				
Salaries and benefits	-	1,223	67,820	632,514
Purchased services	-	46,421	752	197,137
Supplies and materials	-	14,414	29,755	54,139
Pension expense	-	-	-	31,867
OPEB expense	-	35	-	530
Intergovernmental:				
Payment to other governments	-	-	1,132	257,156
	<u>-</u>	<u>62,093</u>	<u>99,459</u>	<u>1,173,343</u>
Excess (deficiency) of revenues over (under) expenditures	1	13,932	10,972	727,584
Other financing sources (uses):				
Transfers in (out)	<u>(2,505)</u>	<u>-</u>	<u>-</u>	<u>2,074</u>
Net change in fund balance	(2,504)	13,932	10,972	729,658
Fund balances (deficits), beginning of year	<u>2,504</u>	<u>(13,593)</u>	<u>(23,493)</u>	<u>(559,825)</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ (12,521)</u>	<u>\$ 169,833</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TECHNOLOGY FOR SUCCESS
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 410,591	\$ 410,591	\$ 410,591
Total revenues	410,591	410,591	410,591
Expenditures:			
Instructional services:			
Salaries and benefits	38,368	38,368	-
Purchased services	33,560	33,560	-
Intergovernmental:			
Payments to other governments	338,663	338,663	-
Total expenditures	410,591	410,591	-
Excess of revenue in excess of expenses	\$ -	\$ -	410,591
Other financing sources:			
Transfers in			488
Net change in fund balance			411,079
Fund balance (deficit), beginning of year			(411,079)
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS (2017)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 328,639	\$ 328,639	\$ 196,487
Total revenues	328,639	328,639	196,487
Expenditures:			
Instructional services:			
Salaries and benefits	86,498	86,498	-
Purchased services	26,660	26,660	-
Supplies and materials	2,128	2,128	-
Intergovernmental:			
Payments to other governments	213,353	213,353	-
Total expenditures	328,639	328,639	-
Net change in fund balance	\$ -	\$ -	196,487
Fund balance (deficit), beginning of year			(189,206)
Fund balance, July 1, 2017			\$ 7,281

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS (2018)
For the year ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	\$ 330,150	\$ 330,150	\$ 297,406
Interest	-	-	19
	<u>330,150</u>	<u>330,150</u>	<u>297,425</u>
Expenditures:			
Instructional services:			
Salaries and benefits	89,250	89,250	68,917
Purchased services	25,419	25,419	4,145
Supplies and materials	2,128	2,128	-
OPEB	-	-	495
Pension expense	-	-	568
Intergovernmental:			
Payments to other governments	<u>213,353</u>	<u>213,353</u>	<u>256,024</u>
	<u>330,150</u>	<u>330,150</u>	<u>330,149</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(32,724)
Fund balance, July 1, 2017			<u>7,281</u>
Fund balance (deficit), end of year			<u>\$ (25,443)</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION (2017)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 236,753	\$ 236,753	\$ 131,533
Total revenues	236,753	236,753	131,533
Expenditures:			
Instructional services:			
Salaries and benefits	227,527	227,527	-
Purchased services	8,726	8,726	-
Supplies and materials	500	500	-
Total expenditures	236,753	236,753	-
Net change in fund balance	\$ -	\$ -	131,533
Fund balance (deficit), beginning of year			(193,800)
Fund balance (deficit), July 1, 2017			\$ (62,267)

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION (2018)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 236,753	\$ 236,753	\$ 236,753
Interest	-	-	6
	236,753	236,753	236,759
Total revenues	236,753	236,753	236,759
Expenditures:			
Instructional services:			
Salaries and benefits	227,527	227,527	225,700
Purchased services	8,726	8,726	10,826
Supplies and materials	500	500	423
Pension expense	-	-	13,219
	236,753	236,753	250,168
Total expenditures	236,753	236,753	250,168
Net change in fund balance	\$ -	\$ -	(13,409)
Fund balance (deficit), July 1, 2017			(62,267)
Fund balance (deficit), end of year			\$ (75,676)

**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, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 8,987	\$ 8,987	\$ 8,987
Interest	-	-	6
	8,987	8,987	8,993
Total revenues	8,987	8,987	8,993
Expenditures:			
Instructional services:			
Purchased services	8,987	8,987	9,500
	8,987	8,987	9,500
Total expenditures	8,987	8,987	9,500
Net change in fund balance	\$ -	\$ -	(507)
Fund balance, beginning of year			7,184
Fund balance, end of year			\$ 6,677

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 296,207	\$ 296,622	\$ 296,622
Interest	-	-	14
	296,207	296,622	296,636
Total revenues	296,207	296,622	296,636
Expenditures:			
Instructional services:			
Salaries and benefits	229,033	229,448	212,510
Purchased services	63,174	63,174	66,511
Supplies and materials	4,000	4,000	4,639
Pension expense	-	-	14,007
	296,207	296,622	297,667
Total expenditures	296,207	296,622	297,667
Net change in fund balance	\$ -	\$ -	(1,031)
Fund balance (deficit), beginning of year			(279)
Fund balance (deficit), end of year			\$ (1,310)

**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, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 58,047	\$ 58,047	\$ 58,047
Total revenues	58,047	58,047	58,047
Expenditures:			
Instructional services:			
Salaries and benefits	16,000	15,713	4,528
Purchased services	21,726	1,163	752
Supplies and materials	20,321	41,171	27,919
Total expenditures	58,047	58,047	33,199
Net change in fund balance	\$ -	\$ -	24,848
Fund balance (deficit), beginning of year			(23,493)
Fund balance, August 31, 2017			\$ 1,355

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS EDUCATIONAL COOPERATIVE (2018)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 65,479	\$ 65,479	\$ 52,384
Total revenues	65,479	65,479	52,384
Expenditures:			
Instructional services:			
Salaries and benefits	59,850	59,850	63,292
Supplies and materials	5,629	5,629	1,836
Intergovernmental:			
Payments to other governments	-	-	1,132
Total expenditures	65,479	65,479	66,260
Net change in fund balance	\$ -	\$ -	(13,876)
Fund balance, September 1, 2017			1,355
Fund balance (deficit), end of year			\$ (12,521)

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018**

	General Education Development	Bus Driver Training	Total
Assets:			
Cash and cash equivalents	\$ 119,118	\$ 32,196	\$ 151,314
Accounts receivable	98	5,730	5,828
Total assets	\$ 119,216	\$ 37,926	\$ 157,142
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accrued expenses	\$ 488	\$ 60	\$ 548
Total liabilities	488	60	548
Deferred inflows of resources:			
Unavailable revenue	-	140	140
Fund balances:			
Restricted	118,728	37,726	156,454
Total fund balances	118,728	37,726	156,454
Total liabilities, deferred inflows of resources, and fund balances	\$ 119,216	\$ 37,926	\$ 157,142

**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, 2018**

	General Education Development	Bus Driver Training	Total
Revenues:			
Local sources	\$ 9,398	\$ 18,980	\$ 28,378
State sources	-	2,360	2,360
Interest	167	63	230
Total revenues	<u>9,565</u>	<u>21,403</u>	<u>30,968</u>
Expenditures:			
Purchased services	1,546	11,917	13,463
Supplies and materials	-	2,890	2,890
Total expenditures	<u>1,546</u>	<u>14,807</u>	<u>16,353</u>
Net changes in fund balances	8,019	6,596	14,615
Fund balances, beginning of year	<u>110,709</u>	<u>31,130</u>	<u>141,839</u>
Fund balances, end of year	<u>\$ 118,728</u>	<u>\$ 37,726</u>	<u>\$ 156,454</u>

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

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2018**

	Technology	Kane County Library Resources Consortium	Visual Media Cooperative
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	\$ 7,437	\$ 42,998
Due from other funds	21,566	-	-
Accounts receivable	1,994	-	-
Total current assets	23,560	7,437	42,998
Noncurrent assets:			
Capital assets, net	-	-	-
Net pension asset	-	-	-
Total noncurrent assets	-	-	-
Total assets	23,560	7,437	42,998
Deferred outflow of resources:			
Pension	-	-	-
Liabilities:			
Current liabilities:			
Payroll liabilities	-	-	-
Due to other governments	-	-	32,233
Accrued expenses	-	-	-
Total liabilities	-	-	32,233
Deferred inflow of resources:			
Pension	-	-	-
Net position:			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	23,560	7,437	10,765
Total net position	\$ 23,560	\$ 7,437	\$ 10,765

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

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2018**

	Local Administrators Academy	Criminal Background Investigation	Kane County Human Resources Consortium
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	\$ 141,543	\$ 78,942
Due from other funds	-	-	-
Accounts receivable	-	10,480	-
Total current assets	-	152,023	78,942
Noncurrent assets:			
Capital assets, net	-	787	-
Net pension asset	-	1,976	-
Total noncurrent assets	-	2,763	-
Total assets	-	154,786	78,942
Deferred outflow of resources:			
Pension	-	5,000	-
Liabilities:			
Current liabilities:			
Payroll liabilities	-	1,201	-
Due to other governments	-	-	-
Accrued expenses	-	9,702	-
Total liabilities	-	10,903	-
Deferred inflow of resources:			
Pension	-	11,389	-
Net position:			
Net investment in capital assets	-	787	-
Restricted	-	1,976	-
Unrestricted	-	134,731	78,942
Total net position	\$ -	\$ 137,494	\$ 78,942

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

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2018**

	Discovery Education United Streaming	Totals
Assets:		
Current assets:		
Cash and cash equivalents	\$ -	\$ 270,920
Due from other funds	-	21,566
Accounts receivable	-	12,474
Total current assets	-	304,960
Noncurrent assets:		
Capital assets, net	-	787
Net pension asset	-	1,976
Total noncurrent assets	-	2,763
Total assets	-	307,723
Deferred outflow of resources:		
Pension	-	5,000
Liabilities:		
Current liabilities:		
Payroll liabilities	-	1,201
Due to other governments	-	32,233
Accrued expenses	-	9,702
Total liabilities	-	43,136
Deferred inflow of resources:		
Pension	-	11,389
Net position:		
Net investment in capital assets	-	787
Restricted	-	1,976
Unrestricted	-	255,435
Total net position	\$ -	\$ 258,198

**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, 2018

	Technology	Kane County Library Resources Consortium
Operating revenues:		
Charges for services	\$ 31,039	\$ 93,353
Total operating revenues	31,039	93,353
Operating expenses:		
Instructional services:		
Salaries and benefits	-	-
Purchased services	5,500	93,353
Supplies and materials	402	-
Depreciation	68	-
Pension expense	-	-
Total operating expenses	5,970	93,353
Operating income (loss)	25,069	-
Nonoperating revenues:		
Investment income	2	14
Total nonoperating revenues	2	14
Income (loss) before transfers	25,071	14
Transfers in (out)	-	-
Change in net position	25,071	14
Net position, beginning of year (restated - see note 20)	(1,511)	7,423
Net position, end of year	\$ 23,560	\$ 7,437

**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, 2018**

	Visual Media Cooperative	Local Administrators Academy	Criminal Background Investigation
Operating revenues:			
Charges for services	\$ 4,874	\$ -	\$ 146,815
Total operating revenues	<u>4,874</u>	<u>-</u>	<u>146,815</u>
Operating expenses:			
Instructional services:			
Salaries and benefits	-	51	17,208
Purchased services	795	24,924	100,861
Supplies and materials	2,665	175	377
Depreciation	-	-	2,741
Pension expense	-	-	3,289
Total operating expenses	<u>3,460</u>	<u>25,150</u>	<u>124,476</u>
Operating income (loss)	<u>1,414</u>	<u>(25,150)</u>	<u>22,339</u>
Nonoperating revenues:			
Investment income	<u>154</u>	<u>1,291</u>	<u>69</u>
Total nonoperating revenues	<u>154</u>	<u>1,291</u>	<u>69</u>
Income (loss) before transfers	<u>1,568</u>	<u>(23,859)</u>	<u>22,408</u>
Transfers in (out)	<u>(1,414)</u>	<u>(117,651)</u>	<u>-</u>
Change in net position	154	(141,510)	22,408
Net position, beginning of year (restated - see note 20)	<u>10,611</u>	<u>141,510</u>	<u>115,086</u>
Net position, end of year	<u><u>\$ 10,765</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 137,494</u></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, 2018**

	Kane County Human Resources Consortium	Discovery Education United Streaming	Total
Operating revenues:			
Charges for services	\$ 32,509	\$ -	\$ 308,590
Total operating revenues	<u>32,509</u>	<u>-</u>	<u>308,590</u>
Operating expenses:			
Instructional services:			
Salaries and benefits	12,000	-	29,259
Purchased services	25,833	-	251,266
Supplies and materials	-	-	3,619
Depreciation	-	-	2,809
Pension expense	-	-	3,289
Total operating expenses	<u>37,833</u>	<u>-</u>	<u>290,242</u>
Operating income (loss)	<u>(5,324)</u>	<u>-</u>	<u>18,348</u>
Nonoperating revenues:			
Investment income	<u>48</u>	<u>-</u>	<u>1,578</u>
Total nonoperating revenues	<u>48</u>	<u>-</u>	<u>1,578</u>
Income (loss) before transfers	<u>(5,276)</u>	<u>-</u>	<u>19,926</u>
Transfers in (out)	<u>-</u>	<u>1,414</u>	<u>(117,651)</u>
Change in net position	(5,276)	1,414	(97,725)
Net position, beginning of year (restated - see note 20)	<u>84,218</u>	<u>(1,414)</u>	<u>355,923</u>
Net position, end of year	<u>\$ 78,942</u>	<u>\$ -</u>	<u>\$ 258,198</u>

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2018**

	Technology	Kane County Library Resources Consortium
Cash flows from operating activities:		
Receipts from customers	\$ 29,045	\$ 93,353
Payments to suppliers and providers of goods and services	(5,901)	(93,353)
Payments to employees	-	-
Net cash provided by (used for) operating activities	23,144	-
Cash flows from noncapital financing activities:		
Outflows due to interfund borrowings, net	(23,146)	-
Transfers (to) from other funds	-	-
Net cash used for noncapital financing activities	(23,146)	-
Cash flows from investing activities:		
Interest received	2	14
Net cash provided by investing activities	2	14
Net increase (decrease) in cash and cash equivalents	-	14
Cash and cash equivalents - beginning	-	7,423
Cash and cash equivalents- ending	\$ -	\$ 7,437
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 25,069	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	68	-
Pension expense	-	-
Cash contributions for pension liability	-	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(1,993)	-
Increase (decrease) in accrued expenses	-	-
Increase in payroll liabilities	-	-
Decrease in due to other governments	-	-
Net cash provided by (used for) operating activities	\$ 23,144	\$ -

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2018**

	Visual Media Cooperative	Local Administrators Academy	Criminal Background Investigation
Cash flows from operating activities:			
Receipts from customers	\$ 4,874	\$ 15	\$ 149,695
Payments to suppliers and providers of goods and services	(8,334)	(27,270)	(104,966)
Payments to employees	-	(51)	(17,187)
Net cash provided by (used for) operating activities	<u>(3,460)</u>	<u>(27,306)</u>	<u>27,542</u>
Cash flows from noncapital financing activities:			
Outflows due to interfund borrowings, net	-	-	-
Transfers (to) from other funds	(1,414)	(117,651)	-
Net cash used for noncapital financing activities	<u>(1,414)</u>	<u>(117,651)</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	154	1,291	69
Net cash provided by investing activities	<u>154</u>	<u>1,291</u>	<u>69</u>
Net increase (decrease) in cash and cash equivalents	(4,720)	(143,666)	27,611
Cash and cash equivalents - beginning	47,718	143,666	113,932
Cash and cash equivalents- ending	<u>\$ 42,998</u>	<u>\$ -</u>	<u>\$ 141,543</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 1,414	\$ (25,150)	\$ 22,339
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	-	2,741
Pension expense	-	-	3,289
Cash contributions for pension liability	-	-	(2,189)
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	-	15	2,880
Increase (decrease) in accrued expenses	-	(2,171)	9,568
Increase in payroll liabilities	-	-	21
Decrease in due to other governments	(4,874)	-	(11,107)
Net cash provided by (used for) operating activities	<u>\$ (3,460)</u>	<u>\$ (27,306)</u>	<u>\$ 27,542</u>

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2018**

	Kane County Human Resources Consortium	Discovery Education United Streaming	Total
Cash flows from operating activities:			
Receipts from customers	\$ 32,509	\$ -	\$ 309,491
Payments to suppliers and providers of goods and services	(25,846)	-	(265,670)
Payments to employees	(12,000)	-	(29,238)
Net cash provided by (used for) operating activities	<u>(5,337)</u>	<u>-</u>	<u>14,583</u>
Cash flows from noncapital financing activities:			
Outflows due to interfund borrowings, net	-	(1,414)	(24,560)
Transfers (to) from other funds	-	1,414	(117,651)
Net cash used for noncapital financing activities	<u>-</u>	<u>-</u>	<u>(142,211)</u>
Cash flows from investing activities:			
Interest received	48	-	1,578
Net cash provided by investing activities	<u>48</u>	<u>-</u>	<u>1,578</u>
Net increase (decrease) in cash and cash equivalents	(5,289)	-	(126,050)
Cash and cash equivalents - beginning	84,231	-	396,970
Cash and cash equivalents- ending	<u>\$ 78,942</u>	<u>\$ -</u>	<u>\$ 270,920</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (5,324)	\$ -	\$ 18,348
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	-	2,809
Pension expense	-	-	3,289
Cash contributions for pension liability	-	-	(2,189)
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	-	-	902
Increase (decrease) in accrued expenses	(13)	-	7,384
Increase in payroll liabilities	-	-	21
Decrease in due to other governments	-	-	(15,981)
Net cash provided by (used for) operating activities	<u>\$ (5,337)</u>	<u>\$ -</u>	<u>\$ 14,583</u>

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2018**

	Distributive Fund	Juvenile Drug Court	Payroll
Assets:			
Cash and cash equivalents	\$ -	\$ 4,129	\$ -
Due from other governments	59,226	-	-
Total assets	\$ 59,226	\$ 4,129	\$ -
Liabilities:			
Accrued expenses	\$ -	\$ 258	\$ -
Due to other governments	59,226	3,871	-
Total liabilities	\$ 59,226	\$ 4,129	\$ -

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2018**

	Regional Board of Trustees	Totals
Assets:		
Cash and cash equivalents	\$ 991	\$ 5,120
Due from other governments	-	59,226
	\$ 991	\$ 64,346
Total assets	\$ 991	\$ 64,346
 Liabilities:		
Accrued expenses	\$ -	\$ 258
Due to other governments	991	64,088
	\$ 991	\$ 64,346
Total liabilities	\$ 991	\$ 64,346

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>DISTRIBUTIVE</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 2,196,420	\$ 2,196,420	\$ -
Due from other governments	765,680	59,226	765,680	59,226
Total assets	<u>\$ 765,680</u>	<u>\$ 2,255,646</u>	<u>\$ 2,962,100</u>	<u>\$ 59,226</u>
Liabilities:				
Due to other governments	\$ 765,680	\$ 2,255,646	\$ 2,962,100	\$ 59,226
Total liabilities	<u>\$ 765,680</u>	<u>\$ 2,255,646</u>	<u>\$ 2,962,100</u>	<u>\$ 59,226</u>
<u>JUVENILE DRUG COURT</u>				
Assets:				
Cash and cash equivalents	\$ 5,194	\$ 2	\$ 1,067	\$ 4,129
Total assets	<u>\$ 5,194</u>	<u>\$ 2</u>	<u>\$ 1,067</u>	<u>\$ 4,129</u>
Liabilities:				
Accrued expenses	\$ -	\$ 258	\$ -	\$ 258
Due to other governments	5,194	2	1,325	3,871
Total liabilities	<u>\$ 5,194</u>	<u>\$ 260</u>	<u>\$ 1,325</u>	<u>\$ 4,129</u>
<u>PAYROLL</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 794,527	\$ 794,527	\$ -
Total assets	<u>\$ -</u>	<u>\$ 794,527</u>	<u>\$ 794,527</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	\$ -	\$ 794,527	\$ 794,527	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 794,527</u>	<u>\$ 794,527</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, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>REGIONAL BOARD OF TRUSTEES</u>				
Assets:				
Cash and cash equivalents	\$ 990	\$ 1	\$ -	\$ 991
Total assets	<u>\$ 990</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 991</u>
Liabilities:				
Due to other governments	\$ 990	\$ 1	\$ -	\$ 991
Total liabilities	<u>\$ 990</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 991</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and cash equivalents	\$ 6,184	\$ 2,990,950	\$ 2,992,014	\$ 5,120
Due from other governments	765,680	59,226	765,680	59,226
Total assets	<u>\$ 771,864</u>	<u>\$ 3,050,176</u>	<u>\$ 3,757,694</u>	<u>\$ 64,346</u>
Liabilities:				
Accrued expenses	\$ -	\$ 258	\$ -	\$ 258
Due to other governments	771,864	3,050,176	3,757,952	64,088
Total liabilities	<u>\$ 771,864</u>	<u>\$ 3,050,434</u>	<u>\$ 3,757,952</u>	<u>\$ 64,346</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, 2018**

	<u>Valley Education for Employment System</u>
Career and Technical Education Improvement	\$ 1,449,226
CTE Perkins	<u>747,194</u>
TOTAL	<u><u>\$ 2,196,420</u></u>