

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

**FINANCIAL AUDIT
For the year ended June 30, 2019**

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



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

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

OFFICIALS

Regional Superintendent (Current and during the audit period)..... Ms. Patricia Dal Santo
Assistant Regional Superintendent (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	1	-

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

SUMMARY OF FINDINGS AND RESPONSES

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

There were no findings for the year ended June 30, 2019.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2018-001	Delay of Audit	Noncompliance
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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, 2019. Throughout the audit, numerous meetings were held between the auditors and Regional Office to discuss matters contained in this audit report.

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

FINANCIAL STATEMENT REPORT SUMMARY

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

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



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

(217) 235-4747
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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kane County Regional Office of Education No. 31, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Teachers' Retirement System of the State of Illinois – Schedules of Employer's Proportionate Share of the Net Pension Liability, Teacher's Retirement System of the State of Illinois – Schedule of Employer Contributions, Illinois Municipal Retirement Fund – Schedule of Employer's Proportionate Share of Net Pension Liability, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teacher's Health Insurance Security Fund – Schedule of Employer Contributions, Teacher's Health Insurance Security Fund – Schedules of Employer's Proportionate Share of the Collective Net OPEB Liability, Other Postemployment Benefits – Health Insurance Schedule of Funding Progress, and Other Postemployment Benefits – Health Insurance Schedule of Changes in the Total OPEB Liability & Related Ratios on pages 13a – 13j and 73 - 81 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 the purpose of 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 February 13, 2020 on our consideration of the Kane County Regional Office of Education No. 31's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kane County Regional Office of Education No. 31's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kane County Regional Office of Education No. 31's internal control over financial reporting and compliance.

SIGNED COPY ON FILE

Mattoon, Illinois
February 13, 2020



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P.O. Box 945
Mattoon, Illinois 61938

(217) 235-4747
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kane County Regional Office of Education No. 31, as of and for the year ended June 30, 2019, 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 February 13, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kane County Regional Office of Education No. 31's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kane County Regional Office of Education No. 31's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kane County Regional Office of Education No. 31's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kane County Regional Office of Education No. 31's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kane County Regional Office of Education No. 31's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED COPY ON FILE

Mattoon, Illinois
February 13, 2020

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, 2019**

Section I – Summary of Auditors' Results

Financial statements in accordance with GAAP

Type of auditors' report issued:

UNMODIFIED

Internal control over financial reporting:

- Material weakness 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, 2019**

Section II – Financial Statement Findings

No findings were noted for the year ended June 30, 2019.

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

**CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS
For the year ended June 30, 2019**

Corrective Action Plan

No findings were noted for the year ended June 30, 2019.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the year ended June 30, 2019**

2018-001	Delay of audit	Not repeated
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During the current audit, the Regional Office of Education No. 31, management provided draft financial statements to the auditors in a timely manner.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
June 30, 2019**

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, 2019 with comparative information for the year ended June 30, 2018. 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.

2019 Financial Highlights

- General Fund revenues increased from \$5,172,528 in fiscal year 2018 to \$5,516,200 in fiscal year 2019. General Fund expenditures increased from \$4,292,519 in fiscal year 2018 to \$4,342,082 in fiscal year 2019. The increase in revenue and the increase in expenses was primarily due to the growth of a new ALOP (a program funded primarily through general state aid monies).
- Education Fund revenues decreased from \$1,900,927 in fiscal year 2018 to \$1,169,481 in fiscal year 2019. Expenditures increased from \$1,173,343 in fiscal year 2018 to \$1,245,566 in fiscal year 2019. The revenue decrease was related to a timing variance of payments received relating to the Technology for Success grant reported within this fund in FY18. Increases in expenditures were due to expansion of truancy program staff and also the timing of Delinquent grant payments.
- Institute Fund revenues decreased from \$349,876 in fiscal year 2018 to \$199,889 in fiscal year 2019. Expenditures in the Institute Fund decreased from \$133,428 in fiscal year 2018 to \$95,052 in fiscal year 2019. The decrease was primarily due to the cyclical nature of license renewal. The decrease in expense was mainly due to consolidation of Institute Day services.

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

**Management's Discussion and Analysis
June 30, 2019**

- Enterprise Fund revenues increased from \$385,556 in fiscal year 2018 to \$717,184 in fiscal year 2019. Enterprise Fund expenses also increased from \$541,912 in fiscal year 2018 to \$833,259 in fiscal year 2019. Revenue increased due to the success of additional professional development opportunities offered to our districts. The increase in expenses was primarily due to the partnerships with our districts to purchase cooperatively at a discount.
- Government-wide revenues increased from \$6,847,202 in fiscal year 2018 to \$7,819,013 in fiscal year 2019. Government-wide expenses increased from \$6,274,258 in fiscal year 2018 to \$6,725,572 in fiscal year 2019. These changes are most notably related to timing of delayed grant funding from prior years and an increase in activity of the ALOP program.

Using This Annual Report

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

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

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

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

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

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

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

Reporting Kane County Regional Office of Education No. 31's Financial Activities

Government-wide Financial Statements

The government-wide financial statements report information about Kane County Regional Office of Education No. 31 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of Kane County Regional Office of Education No. 31's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid using generally accepted accounting principles and GASB 34.

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

**Management's Discussion and Analysis
June 30, 2019**

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 should 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 are available 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 \$10,195,877 as of June 30, 2019.

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

**Management's Discussion and Analysis
June 30, 2019**

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, 2019:

	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 10,010,467	\$ 736,419	\$ 10,746,886
Capital assets, net	65,055	19,882	84,937
Total assets	<u>10,075,522</u>	<u>756,301</u>	<u>10,831,823</u>
Deferred outflows of resources	<u>781,058</u>	<u>30,882</u>	<u>811,940</u>
Current liabilities	208,438	44,688	253,126
Noncurrent liabilities	275,508	-	275,508
Net pension liability	<u>513,436</u>	<u>23,678</u>	<u>537,114</u>
Total liabilities	<u>997,382</u>	<u>68,366</u>	<u>1,065,748</u>
Deferred inflows of resources	<u>366,079</u>	<u>16,059</u>	<u>382,138</u>
Net position:			
Net investment in capital assets	46,192	19,882	66,074
Restricted - other	1,931,156	-	1,931,156
Unrestricted	<u>7,515,771</u>	<u>682,876</u>	<u>8,198,647</u>
Total net position	<u><u>\$ 9,493,119</u></u>	<u><u>\$ 702,758</u></u>	<u><u>\$ 10,195,877</u></u>

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

**Management's Discussion and Analysis
June 30, 2019**

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:

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

The Regional Office's net position increased by \$1,093,441 (12%) from fiscal year 2018. 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 \$8,198,647 for the year ended June 30, 2019. 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, 2019**

Changes in Net Position

The following shows the change in net position for the year ended June 30, 2019:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ -	\$ 717,184	\$ 717,184
Operating grants and contributions	5,822,781	-	5,822,781
General revenues:			
Local sources	254,323	-	254,323
Interest	103,773	2,766	106,539
On-behalf payments	918,186	-	918,186
Total revenues	<u>7,099,063</u>	<u>719,950</u>	<u>7,819,013</u>
Expenses:			
Instructional services:			
Salaries and benefits	1,281,438	55,261	1,336,699
Purchased services	530,701	676,286	1,206,987
Supplies and materials	60,398	28,618	89,016
Other objects	642	5,697	6,339
Depreciation	27,596	12,313	39,909
Pension expense	84,358	3,870	88,228
OPEB	31,683	-	31,683
Intergovernmental:			
Payments to other governments	2,940,745	408	2,941,153
Capital outlay	16,566	50,806	67,372
Administrative:			
On-behalf payments	918,186	-	918,186
Total expenses	<u>5,892,313</u>	<u>833,259</u>	<u>6,725,572</u>
Change in net position	1,206,750	(113,309)	1,093,441
Net position, beginning	<u>8,286,369</u>	<u>816,067</u>	<u>9,102,436</u>
Net position, ending	<u>\$ 9,493,119</u>	<u>\$ 702,758</u>	<u>\$ 10,195,877</u>

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

**Management's Discussion and Analysis
June 30, 2019**

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
	<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
	<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, 2019**

Governmental Activities

Revenues for governmental activities were \$7,099,063 and \$6,460,052 and expenses were \$5,892,313 and \$5,732,346 for 2019 and 2018, respectively. The increase in revenues and expenses were due to the growth in the ALOP program.

Business-Type Activities

Revenues for business-type activities were \$717,184 and \$387,150 and expenses were \$833,259 and \$541,912 for 2019 and 2018, respectively. The increase in revenues and expenses were due to partnerships with our districts to provide professional development and 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 \$9,480,427, above last year's ending fund balances of \$8,263,524.

Governmental Fund Highlights

The General Fund balance increased from \$6,551,147 in 2018 to \$7,725,265 in 2019. The increase in fund balance was mostly attributable to an increase and expansion of the ALOP program.

The Institute Fund balance increased from \$1,386,090 in 2018 to \$1,490,927 in 2019. The increase in fund balance was mostly attributable to being more efficient and conservative with program funds.

The Education Fund balance decreased from \$169,833 in 2018 to \$93,748 in 2019. The decrease in fund balance was mostly attributable to timing of grant funding by the state. The Education Fund is primarily made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see funding increases and decreases.

Proprietary Fund Highlights

Business-Type Funds net position decreased from \$816,067 in 2018 to \$702,758 in 2019. The primary reason for the decrease is attributable to no transfer in from another fund to cover expenses.

Fiduciary Fund Highlights

Total assets and liabilities increased from \$64,346 in fiscal year 2018 to \$118,038 in fiscal year 2019. Transactions during fiscal year 2019 represent mainly transfers in and out of funds for the distributive and payroll funds. The increase is attributable to the timing of additions and deductions.

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

**Management's Discussion and Analysis
June 30, 2019**

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 that have accumulated over time. For fiscal year 2019, total additions and retirements amounted to \$21,077 and \$0, respectively. Depreciation expense for fiscal year 2019 was \$39,909. Additional information on Kane County Regional Office of Education No. 31's capital assets is in Note 8 on page 42 of this report.

The Regional Office has entered into lease agreements as lessee for financing the acquisition of copiers. The present value of minimum lease payments at June 30, 2018 was \$32,059, which decreased during fiscal year 2019 by \$13,196, resulting in a balance of \$18,863 at June 30, 2019. Additional information on Kane County Regional Office of Education No. 31's capital leases appears in Note 9 on page 43 of this report.

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

County Board support is expected to decline for fiscal year 2019 and may 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 further expand the program in 2020.

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, 2019**

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 2019 Annual Report 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, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 8,474,776	\$ 451,751	\$ 8,926,527
Due from other governments	336,465	-	336,465
Accounts receivable	9,085	49,764	58,849
Prepaid expenses	15,799	-	15,799
Investments	1,409,246	-	1,409,246
Internal balances	(234,904)	234,904	-
Total current assets	10,010,467	736,419	10,746,886
Noncurrent assets:			
Capital assets, net	65,055	19,882	84,937
Total assets	10,075,522	756,301	10,831,823
Deferred outflow of resources:			
Pension	653,913	30,882	684,795
OPEB	127,145	-	127,145
Total deferred outflow of resources	781,058	30,882	811,940
Liabilities:			
Current liabilities:			
Accrued expenses	34,212	12,902	47,114
Payroll liabilities	95,519	2,420	97,939
Due to other governments	63,844	29,366	93,210
Current portion of capital lease liability	14,863	-	14,863
Total current liabilities	208,438	44,688	253,126
Noncurrent liabilities:			
Net pension liability	513,436	23,678	537,114
Other postemployment benefit obligation	230,261	-	230,261
Compensated absences	41,247	-	41,247
Capital lease liability, net of current portion	4,000	-	4,000
Total noncurrent liabilities	788,944	23,678	812,622
Total liabilities	997,382	68,366	1,065,748

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, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Deferred inflow of resources:			
Pension	335,303	16,059	351,362
OPEB	30,776	-	30,776
Total deferred inflow of resources	366,079	16,059	382,138
Net position:			
Net investment in capital assets	46,192	19,882	66,074
Restricted for educational purposes	1,931,156	-	1,931,156
Unrestricted	7,515,771	682,876	8,198,647
Total net position	\$ 9,493,119	\$ 702,758	\$ 10,195,877

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, 2019**

Functions/Programs:	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,281,438	\$ -	\$ 1,506,186	\$ 224,748	\$ -	\$ 224,748
Purchased services	530,701	-	625,475	94,774	-	94,774
Supplies and materials	60,398	-	71,185	10,787	-	10,787
Capital outlay	16,566	-	16,566	-	-	-
Other objects	642	-	756	114	-	114
Depreciation	27,596	-	-	(27,596)	-	(27,596)
Pension expense	84,358	-	96,006	11,648	-	11,648
OPEB expense	31,683	-	40,696	9,013	-	9,013
Intergovernmental:						
Payments to other governments	2,940,745	-	3,465,911	525,166	-	525,166
Administrative:						
On-behalf payments	918,186	-	-	(918,186)	-	(918,186)
Total governmental activities	5,892,313	-	5,822,781	(69,532)	-	(69,532)
Business-type activities:						
Operating	833,259	717,184	-	-	(116,075)	(116,075)
Total business-type activities	833,259	717,184	-	-	(116,075)	(116,075)
Total primary government	\$ 6,725,572	\$ 717,184	\$ 5,822,781	(69,532)	(116,075)	(185,607)
General revenues (expenses):						
Local sources				254,323	-	254,323
On-behalf payments				918,186	-	918,186
Interest				103,773	2,766	106,539
Total general revenues				1,276,282	2,766	1,279,048
Change in net position				1,206,750	(113,309)	1,093,441
Net position - beginning of year				8,286,369	816,067	9,102,436
Net position - ending				\$ 9,493,119	\$ 702,758	\$ 10,195,877

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, 2019**

	General Fund	Education Fund	Institute Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 7,008,219	\$ 302,233	\$ 999,603
Due from other governments	257,017	79,448	-
Accounts receivable	3,305	-	-
Prepaid expense	7,049	-	8,750
Investments	906,063	-	503,183
	<u>906,063</u>	<u> </u>	<u>503,183</u>
Total assets	<u>\$ 8,181,653</u>	<u>\$ 381,681</u>	<u>\$ 1,511,536</u>
LIABILITIES			
Due to other funds	\$ 164,512	\$ 70,392	\$ -
Accrued expenditures	9,491	4,098	20,609
Payroll liabilities	25,368	70,151	-
Due to other governments	-	63,844	-
	<u> </u>	<u>63,844</u>	<u> </u>
Total liabilities	<u>199,371</u>	<u>208,485</u>	<u>20,609</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	257,017	79,448	-
	<u>257,017</u>	<u>79,448</u>	<u> </u>
FUND BALANCES (DEFICITS)			
Nonspendable	7,049	-	8,750
Restricted	-	261,700	1,482,177
Assigned	1,973,229	-	-
Unassigned	5,744,987	(167,952)	-
	<u>5,744,987</u>	<u>(167,952)</u>	<u> </u>
Total fund balances (deficits)	<u>7,725,265</u>	<u>93,748</u>	<u>1,490,927</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 8,181,653</u>	<u>\$ 381,681</u>	<u>\$ 1,511,536</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, 2019**

	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 164,721	\$ 8,474,776
Due from other governments	-	336,465
Accounts receivable	5,780	9,085
Prepaid expense	-	15,799
Investments	-	1,409,246
	<u> </u>	<u> </u>
Total assets	<u>\$ 170,501</u>	<u>\$ 10,245,371</u>
LIABILITIES		
Due to other funds	\$ -	\$ 234,904
Accrued expenditures	14	34,212
Payroll liabilities	-	95,519
Due to other governments	-	63,844
	<u> </u>	<u> </u>
Total liabilities	<u>14</u>	<u>428,479</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	336,465
	<u> </u>	<u> </u>
FUND BALANCES (DEFICITS)		
Nonspendable	-	15,799
Restricted	170,487	1,914,364
Assigned	-	1,973,229
Unassigned	-	5,577,035
	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>170,487</u>	<u>9,480,427</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 170,501</u>	<u>\$ 10,245,371</u>

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

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2019**

Total fund balance – governmental funds		\$ 9,480,427
<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>		
		336,465
<p>Pension and OPEB-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	\$ 781,058	
Deferred inflows of resources	<u>(366,079)</u>	414,979
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability	\$ (513,436)	
Other postemployment benefit obligation	(230,261)	
Compensated absences	(41,247)	
Capital lease liability	<u>(18,863)</u>	(803,807)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
		<u>65,055</u>
Net position of governmental activities		<u><u>\$ 9,493,119</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, 2019**

	General Fund	Education Fund	Institute Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Local sources	\$ 57,188	\$ -	\$ 171,590
State sources	4,609,903	1,000,264	-
Federal sources	-	169,107	-
Interest	74,965	110	28,299
On-behalf payments	<u>774,144</u>	<u>-</u>	<u>-</u>
Total revenues	<u>5,516,200</u>	<u>1,169,481</u>	<u>199,889</u>
Expenditures:			
Instructional services:			
Salaries and benefits	573,393	701,692	2,879
Purchased services	220,750	208,390	84,225
Supplies and materials	6,393	48,239	5,353
Other objects	-	-	377
Pension expense	53,894	27,346	219
On-behalf payments	774,144	-	-
OPEB	668	1,107	-
Intergovernmental:			
Payments to other governments	2,682,722	256,024	1,999
Capital outlay	13,798	2,768	-
Debt service:			
Repayment of long term lease payable	13,196	-	-
Interest	<u>3,124</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,342,082</u>	<u>1,245,566</u>	<u>95,052</u>
Net changes in fund balances	1,174,118	(76,085)	104,837
Fund balances (deficits), beginning of year	<u>6,551,147</u>	<u>169,833</u>	<u>1,386,090</u>
Fund balances (deficits), end of year	<u>\$ 7,725,265</u>	<u>\$ 93,748</u>	<u>\$ 1,490,927</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, 2019**

	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Revenues:		
Local sources	\$ 25,545	\$ 254,323
State sources	2,979	5,613,146
Federal sources	-	169,107
Interest	399	103,773
On-behalf payments	-	774,144
	<u>28,923</u>	<u>6,914,493</u>
Total revenues		
Expenditures:		
Instructional services:		
Salaries and benefits	-	1,277,964
Purchased services	14,212	527,577
Supplies and materials	413	60,398
Other objects	265	642
Pension expense	-	81,459
On-behalf payments	-	774,144
OPEB	-	1,775
Intergovernmental:		
Payments to other governments	-	2,940,745
Capital outlay	-	16,566
Debt service:		
Repayment of long term lease payable	-	13,196
Interest	-	3,124
	<u>14,890</u>	<u>5,697,590</u>
Total expenditures		
Net changes in fund balances	14,033	1,216,903
Fund balances (deficits), beginning of year	<u>156,454</u>	<u>8,263,524</u>
Fund balances (deficits), end of year	<u>\$ 170,487</u>	<u>\$ 9,480,427</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, 2019**

Net changes in fund balances – governmental funds		\$ 1,216,903
<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	\$ 81,459	
Pension expense	(84,358)	
OPEB contributions	1,775	
OPEB expenses	<u>(31,683)</u>	(32,807)
<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		(27,596)
<p>The issuance of long-term debt (capital leases) provides current financial resources to the governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Repayment of long term lease payable		13,196
<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	\$ 336,465	
Prior year unavailable revenue	<u>(295,937)</u>	40,528
<p>Some expenses in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.</p>		
Increase in compensated absences		<u>(3,474)</u>
Change in net position of governmental activities		<u><u>\$ 1,206,750</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, 2019**

	Business-Type Activities		
	ESC Professional Development	Nonmajor Funds	Total
Assets:			
Cash and cash equivalents	\$ 215,472	\$ 236,279	\$ 451,751
Due from other funds	193,860	41,044	234,904
Accounts receivable	37,042	12,722	49,764
Total current assets	446,374	290,045	736,419
Noncurrent assets:			
Capital assets, net	8,107	11,775	19,882
Total assets	454,481	301,820	756,301
Deferred outflow of resources:			
Pension	-	30,882	30,882
Liabilities:			
Current liabilities:			
Accrued expenses	12,890	12	12,902
Payroll liabilities	-	2,420	2,420
Due to other governments	-	29,366	29,366
Total liabilities	12,890	31,798	44,688
Noncurrent liabilities:			
Net pension liability	-	23,678	23,678
Total liabilities	12,890	55,476	68,366
Deferred inflow of resources:			
Pension	-	16,059	16,059
Net position:			
Net investment in capital assets	8,107	11,775	19,882
Unrestricted	433,484	249,392	682,876
Total net position	\$ 441,591	\$ 261,167	\$ 702,758

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, 2019

	Business-Type Activities		
	ESC Professional Development	Nonmajor Funds	Total
Operating revenues:			
Charges for services	\$ 408,680	\$ 308,504	\$ 717,184
Total operating revenues	408,680	308,504	717,184
Operating expenses:			
Instructional services:			
Salaries and benefits	-	55,261	55,261
Purchased services	442,470	233,816	676,286
Supplies and materials	23,932	4,686	28,618
Payments to other governments	408	-	408
Depreciation	7,600	4,713	12,313
Pension expense	-	3,870	3,870
Other Objects	3,702	1,995	5,697
Capital outlay	49,214	1,592	50,806
Total operating expenses	527,326	305,933	833,259
Operating income (loss)	(118,646)	2,571	(116,075)
Nonoperating revenues:			
Investment income	2,368	398	2,766
Change in net position	(116,278)	2,969	(113,309)
Net position, beginning of year	557,869	258,198	816,067
Net position, end of year	\$ 441,591	\$ 261,167	\$ 702,758

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, 2019**

	Business-Type Activities		
	ESC Professional Development	Nonmajor Funds	Total
Cash flows from operating activities:			
Receipts from customers	\$ 380,930	\$ 308,256	\$ 689,186
Payments to suppliers and providers of goods and services	(524,958)	(258,085)	(783,043)
Payments to employees	-	(54,042)	(54,042)
Net cash provided (used) by (for) operating activities	(144,028)	(3,871)	(147,899)
Cash flows from noncapital financing activities:			
Inflows (Outflows) due to interfund borrowings, net	215,157	(19,478)	195,679
Net cash provided (used) by (for) noncapital financing activities	215,157	(19,478)	195,679
Cash flows from capital and related financing activities:			
Payments for purchase of capital assets	(5,376)	(11,690)	(17,066)
Net cash provided (used) by (for) related financing activities	(5,376)	(11,690)	(17,066)
Cash flows from investing activities:			
Interest received	2,368	398	2,766
Net cash provided by investing activities	2,368	398	2,766
Net increase (decrease) in cash and cash equivalents	68,121	(34,641)	33,480
Cash and cash equivalents - beginning	147,351	270,920	418,271
Cash and cash equivalents- ending	\$ 215,472	\$ 236,279	\$ 451,751

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, 2019**

	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)	\$ (118,646)	\$ 2,571	\$ (116,075)
Adjustments to reconcile operating income (loss) to net cash provided (used) by (for) operating activities:			
Depreciation expense	7,600	4,713	12,313
Pension expense	-	3,870	3,870
Cash contributions for pension liability	-	(3,439)	(3,439)
Decrease (increase) in:			
Accounts receivable	(27,750)	(248)	(27,998)
Increase (decrease) in:			
Accrued expenses	(5,232)	(9,690)	(14,922)
Payroll liabilities	-	1,219	1,219
Due to other governments	-	(2,867)	(2,867)
Net cash provided (used) by (for) operating activities	\$ (144,028)	\$ (3,871)	\$ (147,899)

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, 2019**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 29,964
Due from other governments	<u>88,074</u>
Total assets	<u><u>\$ 118,038</u></u>
Liabilities:	
Other liabilities	\$ 25,387
Due to other governments	<u>92,651</u>
Total liabilities	<u><u>\$ 118,038</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 regard 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.

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:

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.

**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)

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.

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

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.

**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)

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 proprietary funds:

Education Service Center (ESC) Professional Development – Accounts for local monies received for, and payment of expenditures from workshops conducted by Kane County Regional Office of Education No. 31. Also accounts for local revenues and disbursements related to the Academy Program.

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.

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.

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 was 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.

RSAC – The Regional Office serves as a fiscal agent on behalf of the Illinois Association of Regional School Superintendents (IARSS) for the Raising Student Achievement Conference. As the committee chair for the conference is employed by the Regional Office, administrative services to coordinate the conference registrations and related expenditures of hosting the conference are the responsibility of the Regional Office. The net funds belong to the Illinois Association of Regional School Superintendents.

**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

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.

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.

**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

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.

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.

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 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.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Equity Classifications

Government-wide and Proprietary Fund Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position - The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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. The Institute Fund and Youth Home Education have nonspendable fund balance related to prepaid items, as these are not available to be spent.

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Equity Classifications (Continued)

Governmental Fund Statements (Continued)

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 Title I Delinquent.

E. New Accounting Pronouncements

In 2019, the Regional Office of Education No. 31 implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. These statements had no impact on the Regional Office of Education No. 31's financial statements.

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.

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

NOTES TO FINANCIAL STATEMENTS

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: 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.

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, 2019, the carrying amount of the Regional Office of Education No. 31's deposits for the governmental activities, business-type activities, and fiduciary funds were \$9,714,581, \$451,751 and \$29,964, respectively. The bank balances totaled \$12,232,087, 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 \$1,409,246 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, 2019, 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 \$169,441. The bank balance invested in the Illinois Funds Money Market Fund was \$165,551. 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.

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

NOTES TO FINANCIAL STATEMENTS

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Credit Risk

At June 30, 2019, 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.

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.

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

NOTES TO FINANCIAL STATEMENTS

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	June 30, 2018	Increases	Decreases	June 30, 2019
Governmental activities:				
Capital assets being depreciated:				
Office equipment	\$ 166,904	\$ -	\$ -	\$ 166,904
Less accumulated depreciation for:				
Office equipment	(74,253)	(27,596)	-	(101,849)
Governmental activities capital assets, net	\$ 92,651	\$ (27,596)	\$ -	\$ 65,055
Business-type activities:				
Capital assets being depreciated:				
Office equipment	\$ 58,998	\$ 21,077	\$ -	\$ 80,075
Less accumulated depreciation for:				
Office equipment	(47,880)	(12,313)	-	(60,193)
Business-type activities capital assets, net	\$ 11,118	\$ 8,764	\$ -	\$ 19,882

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

Governmental activities:	
Instructional services	\$ 27,596
Business-type activities:	
Operating expenses	\$ 12,313

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 the termination. The Regional Office of Education No. 31 records a liability associated with compensated absences.

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

NOTES TO FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES (Continued)

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, 2019 was \$42,955. The lease includes an end of term purchase option of \$1.

The future minimum lease obligations and the net present value of these lease payments as of June 30, 2019 was as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	14,863	1,457	16,320
2021	4,000	80	4,080
Total payments	<u>\$ 18,863</u>	<u>\$ 1,537</u>	<u>\$ 20,400</u>

Long-Term Liability Activity

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

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Amounts Due within One Year
Net pension liability - TRS	\$ 9,532	\$ 10,626	\$ -	\$ 20,158	\$ -
Net pension liability (asset) - IMRF	(84,028)	600,984	-	516,956	-
Net OPEB liability - THIS	99,972	105,924	-	205,896	-
Total OPEB liability - Health Insurance	22,448	1,917	-	24,365	-
Compensated Absences	37,773	30,847	27,373	41,247	-
Capital Lease liability	32,059	-	13,196	18,863	14,863
Total long-term liabilities	<u>\$ 117,756</u>	<u>\$ 750,298</u>	<u>\$ 40,569</u>	<u>\$ 827,485</u>	<u>\$ 14,863</u>

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

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

NOTES TO FINANCIAL STATEMENTS

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.

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, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and II members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the State of Illinois.

**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

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 31.

On behalf contributions to TRS – The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 31. For the year ended June 30, 2019, 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 \$129,692 in pension contributions from the State of Illinois.

2.2 formula contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019, were \$1,119, and are deferred because they were paid after the June 30, 2018 measurement date.

Federal and special trust fund contributions – When TRS members are paid from federal and special trust funds administered by the 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. Since these contributions are normal cost contributions, which are considered employer specific liability contributions under GASB 68, the “federal funds” contributions are no longer includable for purposes of allocating collective pension amounts.

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. Any change in proportionate share resulting from this statutory change for individual employers will be recognized and amortized over the remaining service lives of all members beginning in fiscal year 2018.

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, there were no salaries paid from federal and special trust funds that required employer contributions.

**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)

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

A one-time contribution is required for members granted sick leave days in excess of the normal allotment if those days are used as TRS service credit. For the year ended June 30, 2019, 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 3 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2019, 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	\$ 20,158
State's proportionate share of the net pension liability associated with the employer	1,380,925
	\$ 1,401,083

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The 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, 2018, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2018, the Regional Office of Education No. 31's proportion was 0.0000258622 percent, which is an increase of 0.0000133854 percent from its proportion measured as of June 30, 2017.

**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)

For the year ended June 30, 2019, the Regional Office of Education No. 31 recognized pension expense of \$129,692 and revenue of \$129,692 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 \$2,799. At June 30, 2019, 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	\$ 405	\$ 4
Changes of assumptions	884	571
Net difference between projected and actual earnings on pension plan investments	-	62
Changes in proportion and differences between employer contributions and proportionate share of contributions.	8,148	102
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	9,437	739
Pension Contributions made Subsequent to the Measurement Date	1,119	-
Total Deferred Amounts Related to Pensions	\$ 10,556	\$ 739

**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)

\$1,119 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2020	\$ 2,234
2021	2,198
2022	1,672
2023	1,763
2024	831
Total	<u>\$ 8,698</u>

Actuarial assumptions

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

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

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

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

**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 (Continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	15.0%	6.70%
U.S. equities small/mid cap	2.0%	7.90%
International equities developed	13.6%	7.00%
Emerging market equities	3.4%	9.40%
U.S. Bonds Core	8.0%	2.20%
U.S. Bonds High Yield	4.2%	4.40%
Intl Debt Developed	2.2%	1.30%
Emerging International Debt	2.6%	4.50%
Real estate	16.0%	5.40%
Real return	4.0%	1.80%
Absolute return	14.0%	3.90%
Private equity	15.0%	10.20%
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, 2018, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2017 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier 1's liability is partially-funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 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.

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	\$ 24,722	\$ 20,158	\$ 16,483

TRS fiduciary net position

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

**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
REGIONAL OFFICE OF EDUCATION NO. 31**

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 2018 was 9.48%. For the fiscal year ended June 30, 2019, the Regional Office of Education No. 31 contributed \$74,609 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

At December 31, 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 County 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 County 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	\$	516,956
County's proportionate share of the net pension liability associated with the employer		28,348,506
Total	\$	28,865,462

The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, and a measurement date of December 31, 2018. 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, 2018, relative to the projected contributions of all participating IMRF employers and the County during that period. At December 31, 2018, the Regional Office of Education No. 31's proportion was 1.78345465 percent, which is a decrease of 0.04429962 percent from its proportion measured as of December 31, 2017.

**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)

For the year ended June 30, 2019, the Regional Office of Education No. 31 recognized a pension expense of \$85,421. At June 30, 2019, 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	\$ 7,815	\$ 34,648
Changes of assumptions	104,435	76,033
Net difference between projected and actual earnings on pension plan investments	531,341	239,942
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	643,591	350,623
Pension Contributions made Subsequent to the Measurement Date	30,648	-
Total Deferred Amounts Related to Pensions	\$ 674,239	\$ 350,623

**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)

\$30,648 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 77,389
2020	35,202
2021	60,747
2022	119,630
Total	<u>\$ 292,968</u>

Actuarial assumptions

The total pension liability in the December 31, 2018 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 7.25%

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, 2018:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	37%	7.15%
International equity	18%	7.25%
Fixed income	28%	3.75%
Real estate	9%	6.25%
Alternative investments	7%	3.20-8.50%
Cash equivalents	1%	2.50%
Total	100%	

Discount Rate

At December 31, 2018, the discount rate used to measure the total pension liability was a blended rate of 7.25 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate.

	1% Lower (6.25%)	Current Discount Rate (7.25%)	1% Higher (8.25%)
Employer's proportionate share of the net pension liability	<u>\$ 1,147,886</u>	<u>\$ 516,956</u>	<u>\$ (1,194)</u>

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

On behalf contributions to the THIS Fund - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 31. For the year ended June 30, 2019. 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 \$14,350 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 0.92 percent during the year end June 30, 2019 and 0.88 and 0.84 percent during the years ended June 30, 2018 and June 30, 2017, respectively. For the year ended June 30, 2019, the Regional Office of Education No. 31 paid \$1,775 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2018 and June 30, 2017, the Regional Office of Education No. 31 paid \$1,630 and \$744 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:" <http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>. 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, 2017, 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 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

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

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

**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 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

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. 31'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 (2.62 percent) or 1-percentage point higher (4.62 percent) than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the collective net pension liability	(2.62%)	(3.62%)	(4.62%)
	<u>\$ 247,721</u>	<u>\$ 205,896</u>	<u>\$ 173,109</u>

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

	1% Decrease	Current Healthcare Trend	1% Increase
Employer's proportionate share of the collective net pension liability	\$ 167,053	\$ 205,896	\$ 258,529
	<u>\$ 167,053</u>	<u>\$ 205,896</u>	<u>\$ 258,529</u>

**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 2019 decreasing to an ultimate rate of 3.86% in 2026 for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.
- ** One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

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

At June 30, 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:

OPEB

Employer's proportionate share of the net OPEB liability	\$ 205,896
State's proportionate share of the Net OPEB liability associated with the employer	<u>276,419</u>
Total	<u><u>\$ 482,315</u></u>

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and was rolled forward to the June 30, 2018 measurement date. The 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, 2018, the Regional Office of Education No. 31's proportion was 0.000782 percent, which was an increase of 0.000397 from its proportion measured as of June 30, 2017 (0.000385 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, 2019, the Regional Office of Education No. 31 recognized OPEB expense of \$14,350 and revenue of \$14,350 for support provided by the State. For the year ending June 30, 2019, the Regional Office of Education No. 31 recognized OPEB expense of \$27,909. At June 30, 2019, the Regional Office of Education No. 31 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 739
Changes of assumptions	-	29,982
Net difference between projected and actual earnings on OPEB plan investments	-	6
Changes in proportion and differences between employer contributions and share of contributions	107,158	49
Contributions Subsequent to measurement date	<u>1,775</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<u>\$ 108,933</u>	<u>\$ 30,776</u>

\$1,775 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, 2020. 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:

**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)

Year Ending June 30,	Net Deferred Outflows of Resources
2020	\$ 11,732
2021	11,733
2022	11,732
2023	11,733
2024	11,734
Thereafter	17,718
Total	\$ 76,382

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

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)

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits – Health Insurance (Continued)

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. To be eligible for benefits, an employee must qualify for retirement under the Regional Office of Education No. 31 retirement plan. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan but can purchase a Medicare supplement plan from the Regional Office of Education No. 31 insurance provider.

Membership

At June 30, 2019 membership consisted of:

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

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 \$664 from other Regional Office of Education No. 31 resources and benefit payments of \$664 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.

Total OPEB Liability

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

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)
B. Other Postemployment Benefits – Health Insurance (Continued)

Actuarial Assumptions

Discount Rate	2.79% - S&P Municipal Bond 20- Year High-Grade Index
Long-Term Expected Rate of return on Plan Assets	N/A. OPEB Obligation is unfunded.
Salary Increases	4.00% assumption
Healthcare Trends 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 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)

C. Other Postemployment Benefits – Health Insurance (Continued)

Changes in the Total OPEB Liability

Kane County Regional Office of Education had a full actuarial valuation performed for the plan as of June 30, 2018. Fiscal Year 2019 valuation amounts have been updated for financial reporting purposes. The Benefit Payments amount includes the Implicit Rate Subsidy.

	<u>Total OPEB Liability</u>
Balances as of 06/30/2018	\$ 22,448
Service cost	\$ 1,337
Interest on Total OPEB Liability	659
Change in Benefit terms	-
Diff between Expected & Actual	-
Changes of Assumptions	398
Contributions - Employer	-
Contributions Employees	-
Net Investment Income	-
Benefit payments	(664)
Administrative Expenses	-
Other Changes	187
Net Changes	<u>\$ 1,917</u>
Balances as of 06/30/2019	<u><u>\$ 24,365</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 the OPEB benefit, as is the case with 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 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. 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.

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

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits – Health Insurance (Continued)

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 30, 2019 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 2.79%, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage point higher (3.79%) or 1-percentage-lower (1.79%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the total OPEB liability	(1.79%) \$ 26,418	(2.79%) \$ 24,365	(3.79%) \$ 22,458

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 2019 decreasing to an ultimate trend rate of 5.00% in 2029 for both non-Medicare coverage and post-Medicare coverage.

	1% Decrease	Current Healthcare Trend	1% Increase
Employer's proportionate share of the total OPEB liability	\$ 21,741	\$ 24,365	\$ 27,704

**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, 2019, the Regional Office of Education No. 31 recognized OPEB expense of \$3,774. At June 30, 2019, 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 Amounts Related to OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	18,212	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between employer contributions and share of contributions	-	-
Contributions Subsequent to measurement date	-	-
Total Deferred Amounts Related to OPEB	\$ 18,212	\$ -

Note: Fiscal year 2018 is the first year that a full actuarial valuation had 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 total 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>Outflows of Resources</u>
2020	\$ 2,443
2021	2,443
2022	2,443
2023	2,443
2024	2,443
Thereafter	<u>5,997</u>
Total	<u><u>\$ 18,212</u></u>

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

NOTES TO FINANCIAL STATEMENTS

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.

13. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2019, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 164,512
Education Fund	-	70,392
ESC Professional Development	193,860	-
Nonmajor Proprietary Funds	41,044	-
Totals	\$ 234,904	\$ 234,904

All of the interfund balances due to the Proprietary Funds from the General Fund and 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, 2019 was \$50,174.

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

Year Ending June 30,	Amount
2020	52,181
2021	54,268
2022	56,439
2023	4,718
	\$ 167,606

**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, Proprietary Funds, and Agency Funds had funds due from/to various other governmental units which consisted of the following at June 30, 2019:

Due From Other Governments:

General Fund:

Local governments \$ 257,017

Education Fund:

Illinois State Board of Education 79,448

Agency Funds:

Illinois State Board of Education 88,074

\$ 424,539

Due To Other Governments:

Education Fund:

Local governments \$ 63,844

Proprietary Funds:

Local governments 20,367

Illinois State Police 8,999

Total Proprietary Funds 29,366

Agency Funds:

Local governments 92,651

\$ 185,861

**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	\$ 377,481
Purchased services	133,071
	510,552
State of Illinois:	
Regional Superintendent-salary	117,600
Regional Superintendent-benefits (includes State paid insurance)	33,448
Assistant Regional Superintendent-salary	105,840
Assistant Regional Superintendent-benefits (includes State paid insurance)	6,704
	263,592
Total	\$ 774,144

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 \$129,692 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. The Regional Office of Education No. 12 recorded \$14,350 in revenue and expenses as on behalf payments from the State for the Regional Office's share of the State's Teachers' Health Insurance Security (THIS) OPEB 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	\$ 774,144
ROE 31's share of TRS pension expense	129,692
ROE 31's share of THIS OPEB expense	14,350
Total	\$ 918,186

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

NOTES TO FINANCIAL STATEMENTS

17. DEFICIT FUND BALANCE/NET POSITION

The following individual funds carried the following deficit balances as of June 30, 2019:

Education Fund:

Regional Safe Schools	\$ 29,714
Truants Alternative Optional Education	\$ 112,776
ROE/ISC Operations	\$ 16,627
Title I Delinquent	\$ 8,835

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

For the year ended June 30, 2019

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

	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	0.0000258622%	0.0000124768%	0.0000121502%	0.0000119213%	0.0000119012%
Employer's proportionate share of the net pension liability	\$ 20,158	\$ 9,532	\$ 9,591	\$ 7,810	\$ 7,243
State's proportionate share of the net pension liability associated with the employer	1,380,925	656,206	643,947	413,041	450,131
Total	<u>\$ 1,401,083</u>	<u>\$ 665,738</u>	<u>\$ 653,538</u>	<u>\$ 420,851</u>	<u>\$ 457,374</u>
Employer's covered payroll	\$ 185,257	\$ 88,620	\$ 81,128	\$ 130,302	\$ 132,400
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.88%	10.76%	11.82%	5.99%	5.47%
Plan fiduciary net position as a percentage of the total pension liability	40.0%	39.3%	36.4%	41.5%	43.0%

Notes to Schedule

Changes of Assumptions

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

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and 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 Payroll	Actual Contribution as a % of Covered Payroll
2019	\$ 1,119	\$ 1,119	\$ -	\$ 192,914	0.58%
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, 2019, 2018, 2017, 2016, and 2015
(Amounts presented are for the years ended December 31, 2018, 2017, 2016, 2015 and 2014)**

	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	1.78345465%	1.82775427%	2.00270306%	1.73879565%	1.81998033%
Employer's proportionate share of the net pension liability	\$ 516,956	\$ (84,028)	\$ 436,457	\$ 470,114	\$ 137,876
County's proportionate share of the net pension liability associated with the employer	<u>28,348,506</u>	<u>(4,513,327)</u>	<u>21,356,951</u>	<u>26,566,664</u>	<u>7,437,833</u>
Total	<u>\$ 28,865,462</u>	<u>\$ (4,597,355)</u>	<u>\$ 21,793,408</u>	<u>\$ 27,036,778</u>	<u>\$ 7,575,709</u>
Employer's covered payroll	\$ 883,319	\$ 920,006	\$ 988,385	\$ 872,443	\$ 836,704
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	58.52%	-9.13%	44.16%	53.88%	16.48%
Plan fiduciary net position as a percentage of the total pension liability	89.38%	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, 2019, 2018, 2017, 2016, and 2015

(Amounts presented are for the years ended December 31, 2018, 2017, 2016, 2015 and 2014)

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 83,846	\$ 83,846	\$ -	\$ 883,319	9.49%
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 2018 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 2018 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	25-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30, 2019, 2018, 2017, 2016, and 2015

(Amounts presented are for the years ended December 31, 2018, 2017, 2016, 2015 and 2014)

Notes to Schedule: (Continued)

Methods and Assumptions Used to Determine 2018 Contribution Rates: (Continued)

Wage Growth:	3.50%
Price Inflation:	2.75%, approximate
Salary Increases:	3.75% to 14.50%, including inflation
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.

Other Information:

There were no benefit changes during the year.

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

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 EMPLOYER CONTRIBUTIONS
(UNAUDITED)
For the years ended June 30, 2019, 2018, 2017, and 2016**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 1,775	\$ 1,630	\$ 744	\$ 649
Contributions in relation to the statutorily-required contribution	<u>1,775</u>	<u>1,630</u>	<u>744</u>	<u>649</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 192,914	\$ 185,257	\$ 88,620	\$ 81,125
Contributions as a percentage of covered payroll	0.92%	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 ended June 30, 2019, 2018, and 2017
(Amounts presented are for the years ended June 30, 2018, 2017 and 2016)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer's proportion of the collective net OPEB liability	0.000782%	0.000385%	0.000348%
Employer's proportionate share of the collective net OPEB liability	\$ 205,896	\$ 99,972	\$ 95,212
State's proportionate share of the collective net OPEB liability associated with the Employer	<u>276,419</u>	<u>131,207</u>	<u>132,019</u>
Total	<u>\$ 482,315.00</u>	<u>\$ 231,179.00</u>	<u>\$ 227,231.00</u>
Covered payroll	\$ 185,257	\$ 88,620	\$ 81,125
Employer's proportionate share of the collective net OPEB liability as a percentage of covered payroll	111.14%	112.81%	117.36%
Plan fiduciary net position as a percentage of the total OPEB liability	(0.07)%	(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, 2019 actuarial valuation, there are no changes of benefit terms from the prior period.

Change of Assumptions

For the 2018 and 2017 measurement years, the assumed investment rate of return was 0.0 percent, including an inflation rate of 2.75 percent. Salary increases were assumed to depend on service and range from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.

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

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

June 30, 2019

(Amounts presented as of the latest valuation report date)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially determined Contribution	Contribution Deficiency (excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	N/A	\$ -	N/A	\$ 1,234,651	0.00%
2019	N/A	-	N/A	1,221,435	0.00%

Note to schedule:

There is no 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 \$664.

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 TOTAL OPEB LIABILITY & RELATED RATIOS
(UNAUDITED)**

For the years June 30, 2019 and 2018

Total OPEB Liability	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,337	\$ 1,248
Interest	659	-
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	398	-
Benefit payments	(664)	(1,093)
Other changes	<u>187</u>	<u>22,293</u>
Net change in total OPEB liability	1,917	22,448
Total OPEB liability - beginning	<u>22,448</u>	<u>-</u>
Total OPEB liability - ending (A)	24,365	22,448
Plan Fiduciary Net Position		
Contributions - employer	-	-
Contributions - employees	-	-
Contributions - other	-	-
Net investment income	-	-
Benefit payments	-	-
Administrative expense	<u>-</u>	<u>-</u>
Net change in OPEB plan net position	-	-
OPEB plan net position - beginning	<u>-</u>	<u>-</u>
OPEB plan net position - ending (B)	-	-
Employe Net OPEB liability - ending (A) - (B)	\$ 24,365	\$ 22,448
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered Payroll	\$ 1,234,651	\$ 1,221,435
Employer Total OPEB Liability as a Percentage of Covered Payroll	1.97%	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, information is presented for those years for which information is available.

SUPPLEMENTARY INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2019**

	Regional Program Development	General State Aid	Youth Home Education
Assets:			
Cash and cash equivalents	\$ 1,433,551	\$ 3,590,397	\$ 1,813,234
Due from other funds	-	450,035	-
Due from other governments	-	-	257,017
Accounts receivable	800	-	-
Prepaid expense	-	-	7,049
Investments	-	906,063	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,434,351</u>	<u>\$ 4,946,495</u>	<u>\$ 2,077,300</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Due to other funds	\$ 614,547	\$ -	\$ -
Accrued expenses	9,491	-	-
Payroll liabilities	-	11,821	13,547
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>624,038</u>	<u>11,821</u>	<u>13,547</u>
Deferred inflows of resources:			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>257,017</u>
Fund balances:			
Nonspendable	-	-	7,049
Assigned	-	-	1,799,687
Unassigned	810,313	4,934,674	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>810,313</u>	<u>4,934,674</u>	<u>1,806,736</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,434,351</u>	<u>\$ 4,946,495</u>	<u>\$ 2,077,300</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2019**

	Local Truancy	Eliminations	Total
Assets:			
Cash and cash equivalents	\$ 171,037	\$ -	\$ 7,008,219
Due from other funds	-	(450,035)	-
Due from other governments	-	-	257,017
Accounts receivable	2,505	-	3,305
Prepaid expense	-	-	7,049
Investments	-	-	906,063
	<u>173,542</u>	<u>(450,035)</u>	<u>8,181,653</u>
Total assets	<u>\$ 173,542</u>	<u>\$ (450,035)</u>	<u>\$ 8,181,653</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):			
Liabilities:			
Due to other funds	\$ -	\$ (450,035)	\$ 164,512
Accrued expenses	-	-	9,491
Payroll liabilities	-	-	25,368
	<u>-</u>	<u>(450,035)</u>	<u>199,371</u>
Total liabilities	<u>-</u>	<u>(450,035)</u>	<u>199,371</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	257,017
	<u>-</u>	<u>-</u>	<u>257,017</u>
Fund balances:			
Nonspendable	-	-	7,049
Assigned	173,542	-	1,973,229
Unassigned	-	-	5,744,987
	<u>-</u>	<u>-</u>	<u>5,744,987</u>
Total fund balances (deficits)	<u>173,542</u>	<u>-</u>	<u>7,725,265</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 173,542</u>	<u>\$ (450,035)</u>	<u>\$ 8,181,653</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2019**

	Regional Program Development	General State Aid	Youth Home Education
Revenues:			
Local sources	\$ 40,707	\$ -	\$ -
State sources	-	3,991,423	618,480
Interest	32,605	36,738	5,561
On-behalf payments	-	774,144	-
Total revenues	73,312	4,802,305	624,041
Expenditures:			
Instructional services:			
Salaries and benefits	4,068	272,282	297,043
Purchased services	181,372	9,986	29,392
Supplies and materials	3,740	15	2,638
Pension expense	3,555	32,677	17,662
On-behalf payments	-	774,144	-
OPEB expense	604	64	-
Intergovernmental:			
Payments to other governments	-	2,682,722	-
Capital outlay	3,785	-	10,013
Debt service:			
Repayment of long term lease payable	13,196	-	-
Interest	3,124	-	-
Total expenditures	213,444	3,771,890	356,748
Net change in fund balances	(140,132)	1,030,415	267,293
Fund balances, beginning of year	950,445	3,904,259	1,539,443
Fund balances, end of year	\$ 810,313	\$ 4,934,674	\$ 1,806,736

**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, 2019**

	Local Truancy	Total
Revenues:		
Local sources	\$ 16,481	\$ 57,188
State sources	-	4,609,903
Interest	61	74,965
On-behalf payments	-	774,144
	16,542	5,516,200
Expenditures:		
Instructional services:		
Salaries and benefits	-	573,393
Purchased services	-	220,750
Supplies and materials	-	6,393
Pension expense	-	53,894
On-behalf payments	-	774,144
OPEB expense	-	668
Intergovernmental:		
Payments to other governments	-	2,682,722
Capital outlay	-	13,798
Debt service:		
Repayment of long term lease payable	-	13,196
Interest	-	3,124
	-	4,342,082
Net change in fund balances	16,542	1,174,118
Fund balances (deficits), beginning of year	157,000	6,551,147
Fund balances, end of year	\$ 173,542	\$ 7,725,265

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2019**

	Regional Safe Schools	Truants Alternative/ Optional Education	Title II - Teacher Quality Leadership
Assets:			
Cash and cash equivalents	\$ 16,462	\$ -	\$ 6,679
Due from other governments	30,020	32,857	-
Total assets	\$ 46,482	\$ 32,857	\$ 6,679
Liabilities, deferred inflows of resources, and fund balances (deficits)			
Liabilities:			
Due to other funds	\$ -	\$ 58,493	\$ -
Accrued expenses	-	-	-
Payroll liabilities	3,505	54,283	-
Due to other governments	42,671	-	-
Total liabilities	46,176	112,776	-
Deferred inflows of resources:			
Unavailable revenue	30,020	32,857	-
Fund balances (deficits):			
Restricted	-	-	6,679
Unassigned	(29,714)	(112,776)	-
Total fund balances (deficits)	(29,714)	(112,776)	6,679
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 46,482	\$ 32,857	\$ 6,679

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2019**

	Title I - School Improvement and Accountability	McKinney Education for Homeless Children	ROE/ISC Operations
Assets:			
Cash and cash equivalents	\$ 197,964	\$ 59,381	\$ -
Due from other governments	-	-	-
	-	-	-
Total assets	\$ 197,964	\$ 59,381	\$ -
Liabilities, deferred inflows of resources, and fund balances (deficits)			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ 6,303
Accrued expenses	528	257	925
Payroll liabilities	-	2,113	9,399
Due to other governments	-	-	-
	-	-	-
Total liabilities	528	2,370	16,627
Deferred inflows of resources:			
Unavailable revenue	-	-	-
	-	-	-
Fund balances (deficits):			
Restricted	197,436	57,011	-
Unassigned	-	-	(16,627)
	-	-	(16,627)
Total fund balances (deficits)	197,436	57,011	(16,627)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 197,964	\$ 59,381	\$ -

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2019**

	Title I Delinquent	RSS Cooperative Education	Totals
Assets:			
Cash and cash equivalents	\$ -	\$ 21,747	\$ 302,233
Due from other governments	16,571	-	79,448
Total assets	\$ 16,571	\$ 21,747	\$ 381,681
Liabilities, deferred inflows of resources, and fund balances (deficits)			
Liabilities:			
Due to other funds	\$ 5,596	\$ -	\$ 70,392
Accrued expenses	2,388	-	4,098
Payroll liabilities	851	-	70,151
Due to other governments	-	21,173	63,844
Total liabilities	8,835	21,173	208,485
Deferred inflows of resources:			
Unavailable revenue	16,571	-	79,448
Fund balances (deficits):			
Restricted	-	574	261,700
Unassigned	(8,835)	-	(167,952)
Total fund balances (deficits)	(8,835)	574	93,748
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 16,571	\$ 21,747	\$ 381,681

**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, 2019**

	Regional Safe Schools	Truants Alternative/ Optional Education	Title II - Teacher Quality Leadership
Revenues:			
State sources	\$ 332,881	\$ 295,659	\$ -
Federal sources	-	-	7,190
Interest	-	-	2
Total revenues	332,881	295,659	7,192
Expenditures:			
Instructional services:			
Salaries and benefits	76,557	295,113	-
Purchased services	3,803	22,814	7,190
Supplies and materials	-	511	-
Pension expense	334	14,321	-
OPEB expense	434	-	-
Intergovernmental:			
Payment to other governments	256,024	-	-
Capital outlay	-	-	-
Total expenditures	337,152	332,759	7,190
Excess (deficiency) of revenues over expenditures	(4,271)	(37,100)	2
Net change in fund balance	(4,271)	(37,100)	2
Fund balances (deficits), beginning of year	(25,443)	(75,676)	6,677
Fund balances (deficits), end of year	\$ (29,714)	\$ (112,776)	\$ 6,679

**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, 2019**

	Title I - School Improvement and Accountability	McKinney Education for Homeless Children	ROE/ISC Operations
Revenues:			
State sources	\$ -	\$ -	\$ 297,714
Federal sources	21,531	69,000	-
Interest	79	19	9
	21,610	69,019	297,723
Total revenues			
Expenditures:			
Instructional services:			
Salaries and benefits	550	49,201	218,313
Purchased services	39,722	12,928	84,799
Supplies and materials	2,257	3,705	270
Pension expense	-	3,576	9,042
OPEB expense	-	-	616
Intergovernmental:			
Payment to other governments	-	-	-
Capital outlay	-	2,010	-
	42,529	71,420	313,040
Total expenditures			
Excess (deficiency) of revenues over expenditures	(20,919)	(2,401)	(15,317)
Net change in fund balance	(20,919)	(2,401)	(15,317)
Fund balances (deficits), beginning of year	218,355	59,412	(1,310)
Fund balances (deficits), end of year	\$ 197,436	\$ 57,011	\$ (16,627)

**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, 2019**

	Title I Delinquent	RSS Cooperative Education	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
State sources	\$ -	\$ 74,010	\$ 1,000,264
Federal sources	71,386	-	169,107
Interest	1	-	110
	<u> </u>	<u> </u>	<u> </u>
Total revenues	71,387	74,010	1,169,481
	<u> </u>	<u> </u>	<u> </u>
Expenditures:			
Instructional services:			
Salaries and benefits	1,043	60,915	701,692
Purchased services	37,134	-	208,390
Supplies and materials	41,496	-	48,239
Pension expense	73	-	27,346
OPEB expense	57	-	1,107
Intergovernmental:			
Payment to other governments	-	-	256,024
Capital outlay	758	-	2,768
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	80,561	60,915	1,245,566
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over expenditures	(9,174)	13,095	(76,085)
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	(9,174)	13,095	(76,085)
	<u> </u>	<u> </u>	<u> </u>
Fund balances (deficits), beginning of year	339	(12,521)	169,833
	<u> </u>	<u> </u>	<u> </u>
Fund balances (deficits), end of year	\$ (8,835)	\$ 574	\$ 93,748
	<u> </u>	<u> </u>	<u> </u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS (2018)
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 330,150	\$ 330,150	\$ 32,751
Total revenues	330,150	330,150	32,751
Expenditures:			
Salaries and benefits	89,250	89,250	-
Purchased services	25,419	25,419	-
Supplies and materials	2,128	2,128	-
Intergovernmental:			
Payments to other governments	213,353	213,353	-
Total expenditures	330,150	330,150	-
Net change in fund balance	\$ -	\$ -	32,751
Fund balance (deficit), beginning of year			(25,443)
Fund balance (deficit), July 1, 2018			\$ 7,308

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS (2019)
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 330,150	\$ 330,150	\$ 300,130
Total revenues	330,150	330,150	300,130
Expenditures:			
Salaries and benefits	89,240	89,240	76,557
Purchased services	25,429	25,429	3,803
Supplies and materials	2,128	2,128	-
OPEB	-	-	434
Pension expense	-	-	334
Intergovernmental:			
Payments to other governments	213,353	213,353	256,024
Total expenditures	330,150	330,150	337,152
Net change in fund balance	\$ -	\$ -	(37,022)
Fund balance, July 1, 2018			7,308
Fund balance (deficit), end of year			\$ (29,714)

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION
For the year ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	<u>\$ 328,516</u>	<u>\$ 328,516</u>	<u>\$ 295,659</u>
Total revenues	<u>328,516</u>	<u>328,516</u>	<u>295,659</u>
Expenditures:			
Salaries and benefits	307,160	307,160	295,113
Purchased services	20,731	20,731	22,814
Supplies and materials	625	625	511
Pension expense	<u>-</u>	<u>-</u>	<u>14,321</u>
Total expenditures	<u>328,516</u>	<u>328,516</u>	<u>332,759</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(37,100)
Fund balance (deficit), beginning of year			<u>(75,676)</u>
Fund balance (deficit), end of year			<u>\$ (112,776)</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II – TEACHER QUALITY LEADERSHIP (2019)
For the year ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
Federal sources	\$ 7,190	\$ 7,190	\$ 7,190
Interest	-	-	2
Total revenues	<u>7,190</u>	<u>7,190</u>	<u>7,192</u>
Expenditures:			
Purchased services	<u>7,190</u>	<u>7,190</u>	<u>7,190</u>
Total expenditures	<u>7,190</u>	<u>7,190</u>	<u>7,190</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2
Fund balance, beginning of year			<u>6,677</u>
Fund balance, end of year			<u>\$ 6,679</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 297,714	\$ 297,714	\$ 297,714
Interest	-	-	9
	<u>297,714</u>	<u>297,714</u>	<u>297,723</u>
Total revenues	<u>297,714</u>	<u>297,714</u>	<u>297,723</u>
Expenditures:			
Salaries and benefits	204,409	204,409	218,313
Purchased services	83,269	83,269	84,799
Supplies and materials	10,036	10,036	270
Capital outlay	-	-	-
Payments to other governments	-	-	-
Pension expense	-	-	9,042
OPEB expense	-	-	616
	<u>297,714</u>	<u>297,714</u>	<u>313,040</u>
Total expenditures	<u>297,714</u>	<u>297,714</u>	<u>313,040</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(15,317)
Fund balance (deficit), beginning of year			<u>(1,310)</u>
Fund balance (deficit), end of year			<u>\$ (16,627)</u>

**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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	<u>\$ 65,479</u>	<u>\$ 65,479</u>	<u>\$ 13,095</u>
Total revenues	<u>65,479</u>	<u>65,479</u>	<u>13,095</u>
Expenditures:			
Salaries and benefits	59,850	59,850	-
Supplies and materials	<u>5,629</u>	<u>5,629</u>	<u>-</u>
Total expenditures	<u>65,479</u>	<u>65,479</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	13,095
Fund balance (deficit), beginning of year			<u>(12,521)</u>
Fund balance, August 31, 2018			<u><u>\$ 574</u></u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS EDUCATIONAL COOPERATIVE (2019)
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 60,915	\$ 60,915	\$ 60,915
Total revenues	60,915	60,915	60,915
Expenditures:			
Salaries and benefits	60,915	60,915	60,915
Total expenditures	60,915	60,915	60,915
Net change in fund balance	\$ -	\$ -	-
Fund balance, September 1, 2018			574
Fund balance (deficit), end of year			\$ 574

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019**

	General Education Development	Bus Driver Training	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 127,417	\$ 37,304	\$ 164,721
Accounts receivable	-	5,780	5,780
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 127,417</u>	<u>\$ 43,084</u>	<u>\$ 170,501</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accrued expenses	<u>\$ 11</u>	<u>\$ 3</u>	<u>\$ 14</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>11</u>	<u>3</u>	<u>14</u>
Fund balances:			
Restricted	<u>127,406</u>	<u>43,081</u>	<u>170,487</u>
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>127,406</u>	<u>43,081</u>	<u>170,487</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 127,417</u>	<u>\$ 43,084</u>	<u>\$ 170,501</u>

**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, 2019**

	General Education Development	Bus Driver Training	Total
Revenues:			
Local sources	\$ 8,604	\$ 16,941	\$ 25,545
State sources	-	2,979	2,979
Interest	283	116	399
Total revenues	<u>8,887</u>	<u>20,036</u>	<u>28,923</u>
Expenditures:			
Purchased services	\$ 33	14,179	14,212
Supplies and materials	-	413	413
Other objects	176	89	265
Total expenditures	<u>209</u>	<u>14,681</u>	<u>14,890</u>
Net changes in fund balances	8,678	5,355	14,033
Fund balances, beginning of year	<u>118,728</u>	<u>37,726</u>	<u>156,454</u>
Fund balances, end of year	<u><u>\$ 127,406</u></u>	<u><u>\$ 43,081</u></u>	<u><u>\$ 170,487</u></u>

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

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2019**

	<u>Technology</u>	<u>Kane County Library Resources Consortium</u>	<u>Visual Media Cooperative</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	\$ 7,908	\$ 31,437
Due from other funds	41,044	-	-
Accounts receivable	-	-	-
Total current assets	41,044	7,908	31,437
Noncurrent assets:			
Capital assets, net	-	-	-
Total assets	41,044	7,908	31,437
Deferred outflow of resources:			
Pension	-	-	-
Liabilities:			
Current liabilities:			
Accrued expenses	12	-	-
Payroll liabilities	-	-	-
Due to other governments	-	-	20,367
Total current liabilities	12	-	20,367
Noncurrent liabilities:			
Net pension liability	-	-	-
Total liabilities	12	-	20,367
Deferred inflow of resources:			
Pension	-	-	-
Net position:			
Net investment in capital assets	-	-	-
Unrestricted	41,032	7,908	11,070
Total net position	\$ 41,032	\$ 7,908	\$ 11,070

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

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2019**

	Criminal Background Investigation	Kane County Human Resources Consortium	Totals
Assets:			
Current assets:			
Cash and cash equivalents	\$ 127,782	\$ 69,152	\$ 236,279
Due from other funds	-	-	41,044
Accounts receivable	12,722	-	12,722
Total current assets	140,504	69,152	290,045
Noncurrent assets:			
Capital assets, net	11,775	-	11,775
Total assets	152,279	69,152	301,820
Deferred outflow of resources:			
Pension	30,882	-	30,882
Liabilities:			
Current liabilities:			
Accrued expenses	-	-	12
Payroll liabilities	2,420	-	2,420
Due to other governments	8,999	-	29,366
Total current liabilities	11,419	-	31,798
Noncurrent liabilities:			
Net pension liability	23,678	-	23,678
Total liabilities	35,097	-	55,476
Deferred inflow of resources:			
Pension	16,059	-	16,059
Net position:			
Net investment in capital assets	11,775	-	11,775
Unrestricted	120,230	69,152	249,392
Total net position	\$ 132,005	\$ 69,152	\$ 261,167

**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, 2019**

	Technology	Kane County Library Resources Consortium	Visual Media Cooperative
Operating revenues:			
Charges for services	\$ 25,327	\$ 94,691	\$ 11,866
Total operating revenues	<u>25,327</u>	<u>94,691</u>	<u>11,866</u>
Operating expenses:			
Salaries and benefits	241	-	-
Purchased services	5,572	94,235	10,139
Supplies and materials	1,815	-	1,727
Depreciation	-	-	-
Pension expense	-	-	-
Other Objects	227	-	-
Capital Outlay	-	-	-
Total operating expenses	<u>7,855</u>	<u>94,235</u>	<u>11,866</u>
Operating income (loss)	<u>17,472</u>	<u>456</u>	<u>-</u>
Nonoperating revenues:			
Investment income	-	15	305
Change in net position	17,472	471	305
Net position, beginning of year	<u>23,560</u>	<u>7,437</u>	<u>10,765</u>
Net position, end of year	<u>\$ 41,032</u>	<u>\$ 7,908</u>	<u>\$ 11,070</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, 2019

	Criminal Background Investigation	Kane County Human Resources Consortium	Total
Operating revenues:			
Charges for services	\$ 144,110	\$ 32,510	\$ 308,504
Total operating revenues	<u>144,110</u>	<u>32,510</u>	<u>308,504</u>
Operating expenses:			
Salaries and benefits	43,020	12,000	55,261
Purchased services	93,543	30,327	233,816
Supplies and materials	1,144	-	4,686
Depreciation	4,713	-	4,713
Pension expense	3,870	-	3,870
Other Objects	1,768	-	1,995
Capital Outlay	1,592	-	1,592
Total operating expenses	<u>149,650</u>	<u>42,327</u>	<u>305,933</u>
Operating income (loss)	<u>(5,540)</u>	<u>(9,817)</u>	<u>2,571</u>
Nonoperating revenues:			
Investment income	<u>51</u>	<u>27</u>	<u>398</u>
Change in net position	(5,489)	(9,790)	2,969
Net position, beginning of year	<u>137,494</u>	<u>78,942</u>	<u>258,198</u>
Net position, end of year	<u>\$ 132,005</u>	<u>\$ 69,152</u>	<u>\$ 261,167</u>

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2019**

	Technology	Kane County Library Resources Consortium
Cash flows from operating activities:		
Receipts from customers	\$ 27,321	\$ 94,691
Payments to suppliers and providers of goods and services	(7,602)	(94,235)
Payments to employees	(241)	-
	19,478	456
Cash flows from noncapital financing activities:		
Outflows due to interfund borrowings, net	(19,478)	-
	(19,478)	-
Cash flows from capital and related financing activities:		
Payments for purchase of capital assets	-	-
	-	-
Cash flows from investing activities:		
Interest received	-	15
	-	15
Net increase (decrease) in cash and cash equivalents	-	471
Cash and cash equivalents - beginning	-	7,437
Cash and cash equivalents- ending	\$ -	\$ 7,908
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 17,472	\$ 456
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	-	-
Pension expense	-	-
Cash contributions for pension liability	-	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	1,994	-
Increase (decrease) in accrued expenses	12	-
Increase(decrease) in payroll liabilities	-	-
Increase(decrease) in due to other governments	-	-
Net cash provided by (used for) operating activities	\$ 19,478	\$ 456

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2019**

	<u>Visual Media Cooperative</u>	<u>Criminal Background Investigation</u>
Cash flows from operating activities:		
Receipts from customers	\$ 11,866	\$ 141,868
Payments to suppliers and providers of goods and services	(23,732)	(102,189)
Payments to employees	-	(41,801)
Net cash provided by (used for) operating activities	<u>(11,866)</u>	<u>(2,122)</u>
Cash flows from noncapital financing activities:		
Outflows due to interfund borrowings, net	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Payments for purchase of capital assets	-	(11,690)
Net cash used for capital and related financing activities	<u>-</u>	<u>(11,690)</u>
Cash flows from investing activities:		
Interest received	305	51
Net cash provided by investing activities	<u>305</u>	<u>51</u>
Net increase (decrease) in cash and cash equivalents	(11,561)	(13,761)
Cash and cash equivalents - beginning	<u>42,998</u>	<u>141,543</u>
Cash and cash equivalents- ending	<u>\$ 31,437</u>	<u>\$ 127,782</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ -	\$ (5,540)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	-	4,713
Pension expense	-	3,870
Cash contributions for pension liability	-	(3,439)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	(2,242)
Increase (decrease) in accrued expenses	-	(9,702)
Increase(decrease) in payroll liabilities	-	1,219
Increase(decrease) in due to other governments	(11,866)	8,999
Net cash provided by (used for) operating activities	<u>\$ (11,866)</u>	<u>\$ (2,122)</u>

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2019**

	Kane County Human Resources Consortium	Total
Cash flows from operating activities:		
Receipts from customers	\$ 32,510	\$ 308,256
Payments to suppliers and providers of goods and services	(30,327)	(258,085)
Payments to employees	(12,000)	(54,042)
Net cash provided by (used for) operating activities	(9,817)	(3,871)
Cash flows from noncapital financing activities:		
Outflows due to interfund borrowings, net	-	(19,478)
Net cash provided by (used for) noncapital financing activities	-	(19,478)
Cash flows from capital and related financing activities:		
Payments for purchase of capital assets	-	(11,690)
Net cash used for capital and related financing activities	-	(11,690)
Cash flows from investing activities:		
Interest received	27	398
Net cash provided by investing activities	27	398
Net increase (decrease) in cash and cash equivalents	(9,790)	(34,641)
Cash and cash equivalents - beginning	78,942	270,920
Cash and cash equivalents- ending	\$ 69,152	\$ 236,279
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (9,817)	\$ 2,571
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	-	4,713
Pension expense	-	3,870
Cash contributions for pension liability	-	(3,439)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	-	(248)
Increase (decrease) in accrued expenses	-	(9,690)
Increase(decrease) in payroll liabilities	-	1,219
Increase(decrease) in due to other governments	-	(2,867)
Net cash provided by (used for) operating activities	\$ (9,817)	\$ (3,871)

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2019**

	Distributive Fund	Juvenile Drug Court	Payroll
Assets:			
Cash and cash equivalents	\$ -	\$ 3,586	\$ -
Due from other governments	88,074	-	-
Total assets	\$ 88,074	\$ 3,586	\$ -
 Liabilities:			
Other liabilities	\$ -	\$ -	\$ -
Due to other governments	88,074	3,586	-
Total liabilities	\$ 88,074	\$ 3,586	\$ -

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2019**

	Regional Board of Trustees	RSAC	Totals
Assets:			
Cash and cash equivalents	\$ 991	\$ 25,387	\$ 29,964
Due from other governments	-	-	88,074
Total assets	\$ 991	\$ 25,387	\$ 118,038
Liabilities:			
Other liabilities		\$ 25,387	\$ 25,387
Due to other governments	991	-	92,651
Total liabilities	\$ 991	\$ 25,387	\$ 118,038

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

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

For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>DISTRIBUTIVE</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 2,188,895	\$ 2,188,895	\$ -
Due from other governments	59,226	88,074	59,226	88,074
Total assets	<u>\$ 59,226</u>	<u>\$ 2,276,969</u>	<u>\$ 2,248,121</u>	<u>\$ 88,074</u>
Liabilities:				
Due to other governments	\$ 59,226	\$ 2,276,969	\$ 2,248,121	\$ 88,074
Total liabilities	<u>\$ 59,226</u>	<u>\$ 2,276,969</u>	<u>\$ 2,248,121</u>	<u>\$ 88,074</u>
<u>JUVENILE DRUG COURT</u>				
Assets:				
Cash and cash equivalents	\$ 4,129	\$ 1	\$ 544	\$ 3,586
Total assets	<u>\$ 4,129</u>	<u>\$ 1</u>	<u>\$ 544</u>	<u>\$ 3,586</u>
Liabilities:				
Accrued expenses	\$ 258	\$ -	\$ 258	\$ -
Due to other governments	3,871	1	286	3,586
Total liabilities	<u>\$ 4,129</u>	<u>\$ 1</u>	<u>\$ 544</u>	<u>\$ 3,586</u>
<u>PAYROLL</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 730,880	\$ 730,880	\$ -
Total assets	<u>\$ -</u>	<u>\$ 730,880</u>	<u>\$ 730,880</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	\$ -	\$ 730,880	\$ 730,880	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 730,880</u>	<u>\$ 730,880</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, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>REGIONAL BOARD OF TRUSTEES</u>				
Assets:				
Cash and cash equivalents	\$ 991	\$ -	\$ -	\$ 991
Total assets	<u>\$ 991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991</u>
Liabilities:				
Due to other governments	\$ 991	\$ -	\$ -	\$ 991
Total liabilities	<u>\$ 991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991</u>
<u>RSAC</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 25,387	\$ -	\$ 25,387
Total assets	<u>\$ -</u>	<u>\$ 25,387</u>	<u>\$ -</u>	<u>\$ 25,387</u>
Liabilities:				
Other liabilities	\$ -	\$ 25,387	\$ -	\$ 25,387
Total liabilities	<u>\$ -</u>	<u>\$ 25,387</u>	<u>\$ -</u>	<u>\$ 25,387</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and cash equivalents	\$ 5,120	\$ 2,945,163	\$ 2,920,319	\$ 29,964
Due from other governments	59,226	88,074	59,226	88,074
Total assets	<u>\$ 64,346</u>	<u>\$ 3,033,237</u>	<u>\$ 2,979,545</u>	<u>\$ 118,038</u>
Liabilities:				
Accrued expenses	\$ 258	\$ -	\$ 258	\$ -
Other liabilities	-	25,387	-	25,387
Due to other governments	64,088	3,007,850	2,979,287	92,651
Total liabilities	<u>\$ 64,346</u>	<u>\$ 3,033,237</u>	<u>\$ 2,979,545</u>	<u>\$ 118,038</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, 2019**

	<u>Valley Education for Employment System</u>
Career and Technical Education Improvement	\$ 1,466,625
CTE Perkins	<u>722,270</u>
TOTAL	<u><u>\$ 2,188,895</u></u>