

**STATE OF ILLINOIS
SOUTH COOK INTERMEDIATE
SERVICE CENTER #4
FINANCIAL AUDIT
For the Year Ended June 30, 2014**

**Performed as Special Assistant Auditors
for the Office of the Auditor General**

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
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SOUTH COOK INTERMEDIATE SERVICE CENTER #4

OFFICIALS

Executive Director (Current and During the Audit Period)	Dr. Vanessa Kinder
Executive Assistant (June 30, 2014 and Current)	Ms. Beth Maloney
Executive Assistant (During the Audit Period)	Ms. Joani Fadool
Bookkeeper (Current and During the Audit Period)	Ms. Shelia Ivy

Office is located at:

253 West Joe Orr Road
Chicago Heights, IL 60411

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
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	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
2014-001	11a	Controls Over Financial Statement Preparation	Material Weakness
PRIOR FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)			
None			

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 25, 2014. Attending were Vanessa Kinder, Executive Director and Michelle D. Smith, CPA, Partner, Kemper CPA Group LLP. Responses to the recommendations were provided by Vanessa Kinder, Executive Director on November 3, 2014.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of South Cook Intermediate Service Center #4 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unmodified opinion on South Cook Intermediate Service Center #4's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Board of Directors
South Cook Intermediate Service Center #4

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 South Cook Intermediate Service Center #4, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the South Cook Intermediate Service Center #4's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Cook Intermediate Service Center #4, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress, and Other Post Employment Benefits – Health Insurance Schedule of Funding Progress on pages 14a-14f, 48, and 49 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 South Cook Intermediate Service Center #4's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules 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 July 1, 2015 on our consideration of the South Cook Intermediate Service Center #4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Cook Intermediate Service Center #4's internal control over financial reporting and compliance.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana

July 1, 2015

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with 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 South Cook Intermediate Service Center #4, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise South Cook Intermediate Service Center #4's basic financial statements, and have issued our report thereon dated July 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Cook Intermediate Service Center #4'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 South Cook Intermediate Service Center #4's internal control. Accordingly, we do not express an opinion on the effectiveness of South Cook Intermediate Service Center #4's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Cook Intermediate Service Center #4'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*.

South Cook Intermediate Service Center #4's Response to Finding

South Cook Intermediate Service Center #4's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. South Cook Intermediate Service Center #4's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Cook Intermediate Service Center #4'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 South Cook Intermediate Service Center #4's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
July 1, 2015

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS’ RESULTS
For the Year Ended June 30, 2014

Financial Statements

Type of auditors’ report issued:	<i>unmodified</i>
Internal control over financial reporting:	
● Material weakness identified?	Yes
● Significant deficiency identified?	No
Noncompliance material to financial statements noted?	No

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014

Finding No. 2014-001– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 13-001, 12-1, 11-1, 10-1, 09-1 and 08-1)

Criteria/Specific Requirement:

The South Cook Intermediate Service Center #4 (ISC) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). South Cook Intermediate Service Center #4 's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

Condition:

The South Cook Intermediate Service Center #4 does not have sufficient internal controls over the financial reporting process. The South Cook Intermediate Service Center #4 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the South Cook Intermediate Service Center #4 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the South Cook Intermediate Service Center #4’s financial information prepared by the South Cook Intermediate Service Center #4, auditors noted the ISC’s financial information required material adjusting entries to accounts receivable, accounts payable, accrued payroll and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by ISC management.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)
For the Year Ended June 30, 2014

Finding No. 2014-001– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 13-001, 12-1, 11-1, 10-1, 09-1 and 08-1) (Concluded)

Effect:

The South Cook Intermediate Service Center #4 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

According to ISC officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

Recommendation:

As part of internal control over the preparation of financial statements, the South Cook Intermediate Service Center #4 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the South Cook Intermediate Service Center #4 's activities and operations.

Management's Response:

South Cook Intermediate Service Center No. 4 has explored and discussed the options concerning the capabilities of preparing financial statements, including complete footnote disclosures that would not require significant changes by the auditor. At this time, it has not been cost beneficial to hire another employee or service provider to perform such a task. However, during the 2015 school year, our hope is to hire a Certified Public Accountant to complete the conversion of our financial statements. South Cook Intermediate Service Center No. 4 is confident in the abilities of the accounting/bookkeeping staff to prepare cash basis financial information as needed for reporting purposes throughout the year. In addition, the Bloom Township Treasurer's Office also oversees all financial statement preparation. Management will pursue additional training when it is considered cost beneficial since training costs would take away from the funds available to provide educational services for the schools in the region.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2014

Corrective Action Plan

Finding No. 2014-001– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 13-001, 12-1, 11-1, 10-1, 09-1 and 08-1)

Condition:

The South Cook Intermediate Service Center #4 does not have sufficient internal controls over the financial reporting process. The South Cook Intermediate Service Center #4 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the South Cook Intermediate Service Center #4 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the South Cook Intermediate Service Center #4's financial information prepared by the South Cook Intermediate Service Center #4, auditors noted the ISC's financial information required material adjusting entries to accounts receivable, accounts payable, accrued payroll and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by ISC management.

Plan:

South Cook Intermediate Service Center No. 4 has explored and discussed the options concerning the capabilities of preparing financial statements, including complete footnote disclosures that would not require significant changes by the auditor. At this time, it has not been cost beneficial to hire another employee or service provider to perform such a task. However, during the 2015 school year, our hope is to hire a Certified Public Accountant to complete the conversion of our financial statements. South Cook Intermediate Service Center No. 4 is confident in the abilities of the accounting/bookkeeping staff to prepare cash basis financial information as needed for reporting purposes throughout the year. In addition, the Bloom Township Treasurer's Office also oversees all financial statement preparation. Management will pursue additional training when it is considered cost beneficial since training costs would take away from the funds available to provide educational services for the schools in the region.

Anticipated Date of Completion:

June 30, 2015

Name of Contact Person:

Dr. Vanessa Kinder, Executive Director

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2014

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2013-001	Controls Over Financial Statement Preparation	Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The South Cook Intermediate Service Center #4 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year 2014 that ended on June 30, 2014. Readers are encouraged to consider the information in conjunction with the Intermediate Service Center's financial statements that follow.

2014 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$36,397 from \$3,037,245 in fiscal year 2013 to \$3,000,848 in fiscal year 2014. General Fund expenditures increased by \$498,666 from \$3,695,561 in fiscal year 2013 to \$4,194,227 in fiscal year 2014. The majority of the revenue decrease is due to the loss of state and local funding. The increase in expenditures is due to the purchase of equipment and increase in salaries and benefits.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$2,734,063 from \$3,868,525 in fiscal year 2013 to \$1,134,462 in fiscal year 2014. The Special Revenue Fund expenditures decreased by \$1,421,620 from \$2,768,769 in fiscal year 2013 to \$ 1,347,149 in fiscal year 2014. The revenue and expenditure decreases are due to the decrease in Title I Funding. As a result of the lost funding, we released 20 coaches/consultants. This caused a decrease in purchased services expenditures.

Using This Annual Report

This 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 Intermediate Service Center'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 Intermediate Service Center as a whole and present an overall view of the Center's finances.
- Fund financial statements report the Intermediate Service Center's operations in more detail than the government-wide statements by providing information about the most significant funds.
- 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 and supplementary information provides detailed information for each category of funds and about the non-major funds.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Reporting the South Cook Intermediate Service Center of Education #4 as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the South Cook Intermediate Service Center #4 as a whole. The Statement of Net Position includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

The two government-wide statements report the Center's net position and how they have changed. Net position (the difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) are one way to measure the Center's financial health or position.

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Intermediate Service Center's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The government-wide financial statements present the Center's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the South Cook Intermediate Service Center's funds, focusing on its most significant or "major" 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. The South Cook Intermediate Service Center #4 established other funds to control and manage money for particular purposes.

The Center has two kinds of funds:

- 1) Governmental funds account for all of the Center's services. 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 year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Service Center's programs. The Service Center's Governmental Funds include: the General Fund, Education Fund, and Institute fund.

The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Reporting the South Cook Intermediate Service Center of Education #4 as a Whole (Concluded)

- 2) Proprietary funds account for activities where the Intermediate Service Center charges customers for services. These funds are most similar to a business that operates for a profit. The Intermediate Service Center has two enterprise funds, Workshop Fund and the Finger Printing Fund.

The proprietary fund required financial statements include a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

Government- Wide Financial Analysis

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Intermediate Service Center. The net position at the end of fiscal year 2014 totaled \$7,294,088. At the end of fiscal year 2013, the net position was \$8,306,351. The analysis that follows provides a summary of the Center's net position as of June 30, 2014 and 2013, for the governmental and business-type activities.

**CONDENSED STATEMENT OF NET POSITION
June 30, 2014 and 2013**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$ 3,691,614	\$ 5,491,362	\$ 628,927	\$ -	\$ 4,320,541	\$ 5,491,362
Capital Assets	3,159,182	3,218,313	-	-	3,159,182	3,218,313
Total Assets	<u>6,850,796</u>	<u>8,709,675</u>	<u>628,927</u>	<u>-</u>	<u>7,479,723</u>	<u>8,709,675</u>
Current Liabilities	169,258	403,324	16,377	-	185,635	403,324
Total Liabilities	<u>169,258</u>	<u>403,324</u>	<u>16,377</u>	<u>-</u>	<u>185,635</u>	<u>403,324</u>
Net Position						
Invested in capital assets	3,159,182	3,218,313	-	-	3,159,182	3,218,313
Restricted for educational purposes	337,268	934,335	-	-	337,268	934,335
Unrestricted	3,185,088	4,153,703	612,550	-	3,797,638	4,153,703
Total Net Position	<u>\$ 6,681,538</u>	<u>\$ 8,306,351</u>	<u>\$ 612,550</u>	<u>\$ -</u>	<u>\$ 7,294,088</u>	<u>\$ 8,306,351</u>

The Intermediate Service Center's net position decreased by \$1,012,263 from Fiscal Year 2013 to Fiscal Year 2014. This decrease occurred primarily due to the decrease of federal and state funding. In addition, part of the Intermediate Service Center's net position is considered restricted for educational purposes.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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

CHANGES IN NET POSITION
For the Years Ended June 30, 2014 and 2013

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Operating Grants/ Contributions	\$ 1,844,910	\$ 4,583,424	\$ -	\$ -	\$ 1,844,910	\$ 4,583,424
Charges for Services	-	-	416,748	-	416,748	-
General Revenues:						
Local Sources	1,706,480	1,994,131	-	-	1,706,480	1,994,131
On-Behalf payments State	569,105	351,780	-	-	569,105	351,780
Interest	-	47,699	7,276	-	7,276	47,699
Total Revenues	4,120,495	6,977,034	424,024	-	4,544,519	6,977,034
Expenses:						
Instruction	1,160,862	1,097,431	-	-	1,160,862	1,097,431
Supporting services	3,479,744	4,758,663	-	-	3,479,744	4,758,663
Nonprogrammed charges	331,665	365,736	-	-	331,665	365,736
Depreciation	176,650	-	-	-	176,650	-
Capital outlay	(117,519)	-	-	-	(117,519)	-
On-Behalf Payments	569,105	351,780	-	-	569,105	351,780
Workshop	-	-	136,172	-	136,172	-
Total Expenses	5,600,507	6,573,610	136,172	-	5,736,679	6,573,610
Increase (Decrease) in Net Position	(1,480,012)	403,424	287,852	-	(1,192,160)	403,424
Net Position – Beginning restated see Note 12	8,161,550	7,902,927	324,698	-	8,486,248	7,902,927
Net Position – Ending	<u>\$ 6,681,538</u>	<u>\$ 8,306,351</u>	<u>\$ 612,550</u>	<u>\$ -</u>	<u>\$ 7,294,088</u>	<u>\$ 8,306,351</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Governmental Activities

Revenues for governmental activities were \$4,120,495 and expenditures were \$5,600,507 for the year ended June 30, 2014. Revenues for governmental activities were \$6,977,034 and expenditures were \$6,573,610 for the year ended June 30, 2013. The decrease in revenues and expenditures is due primarily to the decrease of federal and state funding.

Business-type Activities

Revenues for business-type activities were \$416,748 and expenses were \$136,172 for the year ended June 30, 2014. Revenues for business-type activities were \$0 and expenses were \$0 for the year ended June 30, 2013. The increase in revenues and expenses is due primarily to reclassification of governmental activities to business-type activities.

Financial analysis of the South Cook Intermediate Service Center #4 Funds

As previously noted, the South Cook Intermediate Service Center #4 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Center's Governmental Funds reported combined fund balances of \$3,513,606 at June 30, 2014 compared to fiscal year 2013's ending fund balance of \$5,064,473. The decrease in fund balances is due primarily to the decrease of federal and state funding.

Budgetary Highlights

The South Cook Intermediate Service Center #4 annually adopts budgets for several funds. The Executive Director annually prepares an Operations Budget and submits it to the Board for their approval. All grant budgets are prepared by the South Cook Intermediate Service Center #4 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

Capital assets of the South Cook Intermediate Service Center #4 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The South Cook Intermediate Service Center #4 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2014, South Cook Intermediate Service Center #4 purchased assets totaling \$117,519 and deleted no assets, resulting in an ending balance of \$3,159,182. In addition, the South Cook Intermediate Service Center #4 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 7 of the financial statements.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the South Cook Intermediate Service Center #4 was aware of an existing circumstance that could affect its financial health in the future:

- The possibility of continued reduction of state, federal programs and general state aid.

Contacting the Intermediate Service Center's Financial Management

This financial report is designed to provide the Intermediate Service Center's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact The Executive Director of the South Cook Intermediate Service Center #4 at 253 West Joe Orr Road, Chicago Heights, IL 60411 or (708)754-6600.

BASIC FINANCIAL STATEMENTS

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,402,524	\$ 619,657	\$ 4,022,181
Accounts receivable	-	9,270	9,270
Due from other governments:			
Local	11,287	-	11,287
State	277,803	-	277,803
Total current assets	<u>3,691,614</u>	<u>628,927</u>	<u>4,320,541</u>
NONCURRENT ASSETS:			
Capital assets, net of depreciation	<u>3,159,182</u>	<u>-</u>	<u>3,159,182</u>
TOTAL ASSETS	<u>6,850,796</u>	<u>628,927</u>	<u>7,479,723</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	88,338	16,377	104,715
Accrued payroll and employee benefits	80,920	-	80,920
Total current liabilities	<u>169,258</u>	<u>16,377</u>	<u>185,635</u>
TOTAL LIABILITIES	<u>169,258</u>	<u>16,377</u>	<u>185,635</u>
NET POSITION			
Investment in capital assets	3,159,182	-	3,159,182
Unrestricted	3,185,088	612,550	3,797,638
Restricted for educational purposes	337,268	-	337,268
TOTAL NET POSITION	<u>\$ 6,681,538</u>	<u>\$ 612,550</u>	<u>\$ 7,294,088</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional services:						
Instruction	\$ 1,160,862	\$ -	\$ -	\$ (1,160,862)	\$ -	\$ (1,160,862)
Supporting services	3,479,744	-	1,844,910	(1,634,834)	-	(1,634,834)
Nonprogrammed charges	331,665	-	-	(331,665)	-	(331,665)
Depreciation	176,650	-	-	(176,650)	-	(176,650)
Capital outlay	(117,519)	-	-	117,519	-	117,519
Administrative:						
On-behalf payments - State	569,105	-	-	(569,105)	-	(569,105)
Total Governmental Activities	<u>5,600,507</u>	<u>-</u>	<u>1,844,910</u>	<u>(3,755,597)</u>	<u>-</u>	<u>(3,755,597)</u>
Business-type Activities:						
Workshops/Fingerprinting	<u>136,172</u>	<u>416,748</u>	<u>-</u>	<u>-</u>	<u>280,576</u>	<u>280,576</u>
Total Business-Type Activities	<u>136,172</u>	<u>416,748</u>	<u>-</u>	<u>-</u>	<u>280,576</u>	<u>280,576</u>
Total Primary Government	<u>\$ 5,736,679</u>	<u>\$ 416,748</u>	<u>\$ 1,844,910</u>	<u>(3,755,597)</u>	<u>280,576</u>	<u>(3,475,021)</u>
General Revenues:						
Local sources				1,706,480	-	1,706,480
On-behalf payments - State				569,105	-	569,105
Interest				-	7,276	7,276
Total General Revenues				<u>2,275,585</u>	<u>7,276</u>	<u>2,282,861</u>
Change in net position				(1,480,012)	287,852	(1,192,160)
Net Position - beginning (Restated-See Note 12)				<u>8,161,550</u>	<u>324,698</u>	<u>8,486,248</u>
Net Position - ending				<u>\$ 6,681,538</u>	<u>\$ 612,550</u>	<u>\$ 7,294,088</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Education Fund	Institute Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,265,966	\$ (135,640)	\$ 272,198	\$ 3,402,524
Due from other governments:				
Local	11,287	-	-	11,287
State	23,973	253,830	-	277,803
TOTAL ASSETS	\$ 3,301,226	\$ 118,190	\$ 272,198	\$ 3,691,614
LIABILITIES				
Accounts payable	\$ 50,218	\$ 38,120	\$ -	\$ 88,338
Accrued payroll and employee benefits	65,920	15,000	-	80,920
Total Liabilities	116,138	53,120	-	169,258
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	8,750	-	8,750
FUND BALANCES				
Restricted	-	56,320	272,198	328,518
Assigned	3,185,088	-	-	3,185,088
Total fund balances	3,185,088	56,320	272,198	3,513,606
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 3,301,226	\$ 118,190	\$ 272,198	\$ 3,691,614

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2014

Total fund balances - governmental funds	\$	3,513,606
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p style="padding-left: 40px;">Capital assets used in governmental activities that are not financial resources, and therefore, are not reported in the funds.</p>		3,159,182
<p style="padding-left: 40px;">Some revenues will not be collected for several months after the Intermediate Service Center No.4 fiscal year end; they are not considered "available" revenues and are deferred in the governmental funds.</p>		
<p style="padding-left: 80px;">Current year unavailable revenue</p> <p style="padding-left: 80px;">Local sources</p>		<u>8,750</u>
Net position of governmental activities	\$	<u><u>6,681,538</u></u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	General Fund	Education Fund	Institute Fund	Total Governmental Funds
REVENUES				
State sources	\$ 1,234,808	\$ 229,536	\$ -	\$ 1,464,344
Federal sources	-	404,131	-	404,131
Local sources	1,196,935	232,717	268,078	1,697,730
On-behalf payments - State	569,105	-	-	569,105
Total revenues	<u>3,000,848</u>	<u>866,384</u>	<u>268,078</u>	<u>4,135,310</u>
EXPENDITURES				
Instructional services	1,160,862	-	-	1,160,862
Support services	2,464,260	859,908	155,576	3,479,744
Nonprogrammed charges	-	305,640	26,025	331,665
On-behalf payments - State	569,105	-	-	569,105
Total expenditures	<u>4,194,227</u>	<u>1,165,548</u>	<u>181,601</u>	<u>5,541,376</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(1,193,379)</u>	<u>(299,164)</u>	<u>86,477</u>	<u>(1,406,066)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	12,708	-	12,708
Transfers out	(12,708)	-	-	(12,708)
Total Other Financing Sources (Uses)	<u>(12,708)</u>	<u>12,708</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,206,087)	(286,456)	86,477	(1,406,066)
FUND BALANCE - BEGINNING OF YEAR (RESTATED-See Note 12)	<u>4,391,175</u>	<u>342,776</u>	<u>185,721</u>	<u>4,919,672</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,185,088</u>	<u>\$ 56,320</u>	<u>\$ 272,198</u>	<u>\$ 3,513,606</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
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, 2014

Net change in fund balances	\$ (1,406,066)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$ 117,519	
Depreciation expense	<u>(176,650)</u>	(59,131)

Some revenues will not be collected for several months after the ISC fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.

Prior year unavailable revenue	
Federal sources	(23,565)

Some revenues will not be collected for several months after the ISC fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.

Current year unavailable revenue	
Local sources	<u>8,750</u>

Change in net position of governmental activities	<u><u>\$ (1,480,012)</u></u>
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SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Business-type Activities - Enterprise Funds		
	Workshop Fund	Non Major Enterprise Fund Finger Printing Fund	Total
Assets			
Cash and cash equivalents	\$ 596,452	\$ 23,205	\$ 619,657
Accounts receivable	9,270	-	9,270
Total Assets	605,722	23,205	628,927
Liabilities			
Accounts payable	16,377	-	16,377
Total Liabilities	16,377	-	16,377
Net Position			
Unrestricted	589,345	23,205	612,550
Total Net Position	\$ 589,345	\$ 23,205	\$ 612,550

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds		Total
	Workshop Fund	Non Major Enterprise Fund Fingerprinting Fund	
Operating Revenues			
Charges for services	\$ 375,226	\$ 41,522	\$ 416,748
Operating Expenses			
Support services	103,427	32,745	136,172
Total operating expenses	<u>103,427</u>	<u>32,745</u>	<u>136,172</u>
Excess/(Deficiency) of revenues over under expenditures	<u>271,799</u>	<u>8,777</u>	<u>280,576</u>
Other Financing Sources			
Interest	<u>7,276</u>	-	<u>7,276</u>
Total Other Financing Sources	<u>7,276</u>	-	<u>7,276</u>
Change in Net Position	279,075	8,777	287,852
Net Position, Beginning of year (Restated-See Note 12)	<u>310,270</u>	<u>14,428</u>	<u>324,698</u>
Net Position, End of year	<u>\$ 589,345</u>	<u>\$ 23,205</u>	<u>\$ 612,550</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Workshop	Non Major Enterprise Fund Fingerprinting	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 365,956	\$ 41,522	\$ 407,478
Payments to suppliers and providers of goods and services	(87,050)	(3,032)	(90,082)
Payments to employees	-	(29,713)	(29,713)
	<u>278,906</u>	<u>8,777</u>	<u>287,683</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	7,276	-	7,276
	<u>7,276</u>	<u>-</u>	<u>7,276</u>
Net cash provided by investing activities	7,276	-	7,276
Net increase in cash and cash equivalents	286,182	8,777	294,959
Cash and cash equivalents - Beginning of year	310,270	14,428	324,698
Cash and cash equivalents - End of year	<u>\$ 596,452</u>	<u>\$ 23,205</u>	<u>\$ 619,657</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 271,799	\$ 8,777	\$ 280,576
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase)/decrease in assets:			
Accounts receivable	(9,270)	-	(9,270)
Increase/(Decrease) in liabilities:			
Accounts payable	16,377	-	16,377
	<u>16,377</u>	<u>-</u>	<u>16,377</u>
Net cash provided by operating activities	<u>\$ 278,906</u>	<u>\$ 8,777</u>	<u>\$ 287,683</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Beginning on the first Monday of August 1995, each of the 45 Regional Offices of Education established pursuant to Section 3A-4 of the Illinois School Code (105 ILCS 5/3A-4) shall have an oversight board to carry out the duties and oversee the planning and delivery of programs and services as specified in the Illinois School Code (105 ILCS 5/3A-16 and 3A-17).

That portion of Cook County outside of the City of Chicago will constitute a Regional Office of Education (105 ILCS 5/3A-1) and its oversight board shall be responsible for the duties and programs specified in Section 3A-17 of the Illinois School Code and be administered through three (3) Intermediate Service Centers (North Cook, West Cook, and South Cook).

South Cook now known as South Cook Intermediate Service Center #4 (ISC #4), includes the area within the territorial boundaries of the following school districts:

Summit School Dist. #104	Evergreen Park School Dist. #124
Central Stickney School Dist. #110	Worth School Dist. #127
North Palos School Dist. #118	Blue Island School Dist. #130
Oak Lawn-Hometown School Dist. #123	Orland Park School Dist. #135
Alsip/Hazelgreen/Oak Lawn School Dist. #126	Midlothian School Dist. #143
Palos Heights School Dist. #128	Arbor Park School Dist. #145
Patton School Dist. #133	Dolton West School Dist. #148
Forest Ridge School Dist. #142	South Holland School Dist. #151
Prairie-Hills School Dist #144	Homewood School Dist. #153
Harvey/Dixmoor School Dist. #147	Calumet City School Dist. #155
South Holland School Dist. #150	Lansing School Dist. No. 158
Hazel Crest School Dist. #152 ½	Flossmoor School Dist. #161
Burnham School Dist. #154 ½	Brookwood School Dist. #167
Hoover/Schrum School Dist. #157	Chicago Heights School Dist. #170
Country Club Hills School Dist. #160	Steger School Dist. #194
Park Forest-Chicago Heights School Dist. #163	Lemont Twp. H.S. Dist. #210
Ford Heights School Dist. #169	Community H.S. Dist. #218
Sandridge School Dist. #172	Bremen Community H.S. Dist. #228
Bicom Twp. H.S. Dist. #206	Evergreen Park H.S. Dist. #231
Argo Community H.S. Dist. #217	Indian Springs School Dist. #109
Rich Twp H.S. Dist. #227	Lemont-Bromberek School Dist. #113A
Consolidated H.S. Dist. #230	Ridgeland School Dist. #122
Willow Springs School Dist. #108	Atwood Heights School Dist. #125
Burbank School Dist. #111	Chicago Ridge School Dist. #127 ½
Palos Com. Cons. School Dist. #118	Calumet Park School Dist. #132
Kirby School Dist. #140	Matteson School Dist. #162
Posen-Robbins School Dist. #143 ½	Community Consolidated School Dist. #168
Tinley Park School Dist. #146	Sunnybrook School Dist. #171
Dolton School Dist. #149	Thornton Twp. H.S. Dist. #205
Harvey School Dist. #152	T-F Township H.S. Dist. #215
Thornton School Dist. #154	Reavis H.S. Dist. #220
Lincoln School Dist. #156	Oak Lawn Community H.S. Dist. #229
Elementary District School Dist. No. 159	H-F Community H.S. Dist. #233

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

South Cook Intermediate Service Center #4 is governed by an eleven member board. The administrative agent designated for this Center is Chicago Heights, School District 170. In accordance with the Illinois School Code (105 ILCS 2/3.62) the services to be made available shall include the planning, implementation and evaluation of the following:

- Education for Gifted Children;
- Computer Technology Education;
- Mathematics, Science and Reading Resources for teachers, including continuing education, in-service training, and staff development; and
- Teacher Certification.

South Cook Intermediate Service Center #4 may also provide training, technical assistance, coordination and planning in other program areas. The State Board of Education shall promulgate rules and regulations necessary to operate South Cook Intermediate Service Center #4.

A. DATE OF MANAGEMENT'S REVIEW

South Cook Intermediate Service Center #4 has evaluated subsequent events through July 1, 2015 the date when the financial statements were available to be issued.

B. REPORTING ENTITY

South Cook Intermediate Service Center #4 provides educational services to sixty-six member school districts and is governed by the Governing Board. Operations are conducted through one of its member districts which acts as its administrative agent.

These financial statements include South Cook Intermediate Service Center #4 and its component units, entities for which it is considered financially accountable. As defined by GASB Statement 14, "*The Financial Reporting Entity*", South Cook Intermediate Service Center #4 is not financially accountable for any other entity nor are there any other entities for which the nature and significance of their relationship with South Cook Intermediate Service Center #4 are such that exclusion would cause South Cook Intermediate Service Center #4's financial statements to be misleading or incomplete.

Based upon the above criteria, Intermediate Service Center #4 is not aware of any entity which would be financially accountable for Intermediate Service Center #4, which would result in Intermediate Service Center #4 being considered a component unit.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. NEW ACCOUNTING PRONOUNCEMENTS

In 2014, the Intermediate Service Center #4 implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The Intermediate Service Center #4 implemented these standards during the current year; however, GASB Statement No. 70 had no impact on the financial statements. The implementation of GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB Statement No. 66 resolved conflicting guidance that resulted from the issuance of GASB Statement Nos. 54 and 62 regarding risk financing activities, operating leases, purchased loans, and servicing fees. The implementation of GASB Statement No. 67 improved financial reporting by state and local governmental pension plans.

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Intermediate Service Center #4's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Intermediate Service Center #4 has two business-type activities that rely on fees and charges for support.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

The Intermediate Service Center #4's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Intermediate Service Center #4 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Intermediate Service Center #4's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other resources 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. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

E. PROPRIETARY FUND 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.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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.

The governmental fund financial statements have been prepared, in accordance with generally accepted accounting principles, on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., 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, typically 60 days. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the government fund financial statements but are recognized as current revenues in the government-wide financial statements.

G. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Concluded)

Their reported fund balance (net current position) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Intermediate Service Center #4; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, South Cook Intermediate Service Center #4 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the South Cook Intermediate Service Center #4's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. FUND ACCOUNTING

The Intermediate Service Center #4 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Intermediate Service Center #4 uses governmental and proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as a fund balance.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Intermediate Service Center #4 has presented all major funds that met the above qualifications.

The Intermediate Service Center #4 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Intermediate Service Center #4 and is used to account for financial resources in the region except those required to be accounted for and reported in another fund. The following accounts are included in the General Fund:

General State Aid – To account for grant monies received for, and payment of expenditures for the unrestricted State grant-in aid to school districts which are directly received from the Illinois State Board of Education.

Regional Safe Schools – This program provides funding for an alternative school program for disruptive youth in grades 6-12 whom have been removed from the regular school setting due to continuous disruptions in the classroom.

RISE - Regional Institute for Scholastic Excellence (RISE) is an alternative school program serving students from grades 6 – 12 who are eligible for suspension or expulsion, or who have been suspended or may be expelled, due to gross misconduct. The RISE program is offered to students by the local public school districts serviced by the South Cook ISC as an optional educational opportunity for students who may be expelled, are suspended, or at risk of failure or dropout.

Spelling Bee- This program is used to account for local monies received for, and payment of, expenditures by the Spelling Bee program which administers the Regional Scripps Spelling Bee and provides for the champion and a parent to attend the National Spelling Bee in Washington, DC.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Squeeze and Read - This program is used to account for local monies received for, and payment of, expenditures by the Squeeze 'N Reads™ program which is a multi-sensory tool designed to teach students to use, apply and internalize reading comprehension strategies. Squeeze 'N Reads™ complement classroom instruction and engage students as they apply comprehension strategies to text.

Special Revenue Fund – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary and major capital projects) that are restricted to expenditures for specified purposes.

Major special revenue funds include the following:

Institute Fund – This program accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses for meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Education Fund – This 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:

McKinney-Vento Education for Homeless Children and Youth – This program uses federal funds to provide training and technical assistance to school districts to assist school officials in understanding and complying with the McKinney-Vento Act.

Principal Mentoring - This program is used to account for grant monies received for, and payment of, expenditures for the Principal Mentoring Program; a mentoring program for newly appointed school principals, assistant principals, or persons in charge of school sites.

ROE/ISC Operations – This program is used to account for grant monies received for, and payment of, expenditures to assist schools in all areas of school improvement.

South Cook Mathematics Initiative - This program is used to account for grant monies received for, and payment of, expenditures to improve the teaching and learning of mathematics for grades six through nine.

Title I School Improvement and Accountability – This program uses federal funding to provide assistance to those schools/school districts that do not meet Adequate Yearly Progress (AYP) as defined by the No Child Left Behind Act.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Major Special Revenue Fund (Concluded)

Education Fund (Concluded)

Title II – Teacher Quality – Leadership Grant – This program is used to account for federal grant monies received for, and payment of, expenditures related to providing teachers and principals training in teacher and principal evaluations.

PROPRIETARY FUNDS

Proprietary funds are those which account for resources from fees charged directly to those entities or individuals that use its services. Proprietary funds are as follows:

Local Workshops Fund –This fund is used to account for the various fees charged for local workshops that provide professional development to area educators.

Fingerprinting Fund - The Fingerprinting Fund is used to account for the administration of the Fingerprinting Program.

I. GOVERNMENTAL FUND BALANCES

Fund balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances are presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance – the portion of a Governmental Fund’s net position that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance – the portion of a Governmental Fund’s net position that are subject to external enforceable legal restrictions. The Education Fund includes fund balances that are restricted by grant agreements or contracts. The following funds are restricted by Illinois Statute: Institute Fund.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

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

Assigned Fund Balance – the portion of a Governmental Fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Executive Director. The General Fund contains assigned fund balances.

Unassigned Fund Balance – the portion of a Governmental Fund's net position that are expendable financial resources in a governmental fund that are not designated for a specific purpose. There are no accounts presenting an unassigned fund balance.

J. NET POSITION

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of 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.

K. BUDGET INFORMATION

Although the operating budget was reviewed, South Cook Intermediate Service Center #4 did not formally adopt a budget for the year ended June 30, 2014 and is not legally required to do so.

However, the Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare the Budgetary Comparison Schedule of the Education and General Funds.

The budget is prepared on the modified accrual basis of accounting for the governmental fund type which is an acceptable method as prescribed by the Illinois Compiled Statutes and is the same basis that is used for financial reporting. This allows for comparability between budget and actual amounts. Comparisons of budgeted and actual results are presented as supplemental information.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. BUDGET INFORMATION (Concluded)

Budget appropriations lapse at the end of each fiscal year. South Cook Intermediate Service Center #4 does not utilize an encumbrance system. These procedures are followed in establishing the budgetary data reflected in the financial statements.

- The Executive Director submits to the Governing Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- Prior to October 1, the budget is reviewed through the passage of a resolution.
- The Executive Director is authorized to transfer up to 10% of the total budget between various items within the fund; however, any revisions that alter the total expenditures of the general fund must be approved by the Governing Board.
- Formal Budgetary integration is employed as a management control device during the year.
- The Governing Board may amend the budget (in other ways) by the same procedures required of its original budget.

The reported budgetary data represents the original budget as reviewed.

L. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Intermediate Service Center #4 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

M. INVENTORIES

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

N. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture & Equipment	5 - 15 years
Buildings	40 years

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

O. 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.

P. UNEARNED REVENUE

The Intermediate Service Center #4 reports unearned revenue in the governmental fund Balance Sheet. Unearned revenue arises when grant funds received are unexpended or obligated at year end.

Q. REVENUE FROM FEDERAL AND STATE GRANTS

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

R. DEFERRED INFLOWS OF RESOURCES

GASB Statement No. 65 reclassified as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities. Decreases in net assets that relate to future periods are reported as deferred outflows of resources. Increases in net assets that relate to future periods are reported as deferred inflows of resources. When an asset is recorded in the governmental fund financial statements but the revenue is not available, the ISC reports a deferred inflow of resources until such time as the revenue becomes available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are not available if they are received more than 60 days after the end of the fiscal year.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS

The Intermediate Service Center #4 does not have a formal investment policy. The Intermediate Service Center #4 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. BANK DEPOSITS

At June 30, 2014, the carrying amount of the Intermediate Service Center #4's Government-wide deposits were \$4,022,181, and the bank balances were \$4,022,181. Of the total bank balances as of June 30, 2014, \$14,145 was secured by federal depository insurance, \$71,539 was invested in Illinois Funds Money Market Fund and \$3,936,497 was in the pooled cash and investment accounts of the Bloom Township School Treasurer.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ISC's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the South Cook Intermediate Service Center #4's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the South Cook Intermediate Service Center #4.

B. INVESTMENTS

The Intermediate Service Center #4's, only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2014, the Intermediate Service Center #4 had investments with carrying and fair value of \$71,539 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2014, 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 provision 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 Funds 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.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 3 - DEFINED BENEFIT PENSION PLAN

Plan Description. South Cook County Intermediate Service Center #4's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The South Cook County Intermediate Service Center #4's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, your South Cook County Intermediate Service Center #4's Regular plan members are required to contribute 4.50 percent 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 South Cook County Intermediate Service Center #4's annual required contribution rate for calendar year 2013 was 12.20 percent. The South Cook County Intermediate Service Center #4 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2013 was \$116,361.

THREE YEAR TREND INFORMATION

Calendar Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contribution</u>	Net Pension <u>Obligation</u>
12/31/13	\$116,361	100%	\$0
12/31/12	\$115,008	100%	\$0
12/31/11	\$110,798	100%	\$0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your South Cook County Intermediate Service Center #4's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The South Cook County Intermediate Service Center #4's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 10 year basis.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 84.14 percent funded. The actuarial accrued liability for benefits was \$1,700,532 and the actuarial value of assets was \$1,430,786, resulting in an underfunded actuarial accrued liability (UAAL) of \$269,746. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$953,782 and the ratio of the UAAL to the covered payroll was 28 percent.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The South Cook Intermediate Service Center #4 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

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

The State of Illinois makes contributions directly to TRS on behalf of the Intermediate Service Center #4's TRS-covered employees.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Intermediate Service Center #4. For the year ended June 30, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the Intermediate Service Center #4 recognized revenue and expenditures of \$553,767 in pension contributions that the State of Illinois paid directly to TRS.

For the years ended June 30, 2013 and 2012, the State of Illinois contribution rates were 28.05 percent (\$340,609 and \$398,134, respectively).

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The Intermediate Service Center #4 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$9,171. Contributions for the years ending June 30, 2013, and June 30, 2012, were \$8,183 and \$9,270, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Intermediate Service Center #4, there is a statutory requirement for the Intermediate Service Center #4 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$17,340 were paid from federal and special trust funds that required employer contributions of \$6,140. For the years ended June 30, 2013 and June 30, 2012, required Intermediate Service Center #4 contributions were \$55,161 and \$37,425, respectively.

- **Early Retirement Option.** The Intermediate Service Center #4 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

For the years ended June 30, 2014, 2013, and 2012, the Intermediate Service Center #4 paid no employer contributions under the ERO program.

- **Salary increases over 6 percent and excess sick leave.** If the Intermediate Service Center #4 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Intermediate Service Center #4 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the years ended June 30, 2014, 2013, and 2012 the Intermediate Service Center #4 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

If the Intermediate Service Center #4 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Intermediate Service Center #4 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the Intermediate Service Center #4 during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the Intermediate Service Center #4 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2013 and 2012 the Intermediate Service Center #4 paid no employer contributions granted for sick leave days.

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

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

NOTE 5 – OTHER POST EMPLOYMENT BENEFITS

A. TEACHERS' HEALTH INSURANCE SECURITY FUND

The South Cook Intermediate Service Center #4 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 may participate in the State administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (Concluded)

On behalf contributions to THIS fund. The State of Illinois makes employer retiree health insurance contributions on behalf of South Cook Intermediate Service Center #4. State contributions are intended to match contributions to THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$15,338, and South Cook Intermediate Service Center #4 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of the South Cook Intermediate Service Center #4 employees were \$11,171 and \$14,065, respectively.

Employer contributions to THIS Fund. The South Cook Intermediate Service Center #4 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013 and 2012, respectively. For the year ended June 30, 2014, the South Cook Intermediate Service Center #4 paid \$11,385 to the THIS Fund. For the years ended June 30, 2013 and 2012, the South Cook Intermediate Service Center #4 paid \$9,736 and \$10,549, respectively, which was 100 percent of the required contribution.

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

NOTE 6 - RISK MANAGEMENT

The Intermediate Service Center #4 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Intermediate Service Center #4 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 7 - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Intermediate Service Center #4 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in capital assets for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities:				
Equipment	\$ 1,921,128	\$ 117,519	\$ -	\$ 2,038,647
Building	4,098,295	-	-	4,098,295
Governmental Activities Total Assets	<u>6,019,423</u>	<u>117,519</u>	<u>-</u>	<u>6,136,942</u>
Less Accumulated Depreciation				
Equipment	(1,541,622)	(74,163)	-	(1,615,785)
Building	(1,259,488)	(102,487)	-	(1,361,975)
Total Accumulated Depreciation	<u>(2,801,110)</u>	<u>(176,650)</u>	<u>-</u>	<u>(2,977,760)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 3,218,313</u>	<u>\$ (59,131)</u>	<u>\$ -</u>	<u>\$ 3,159,182</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2014 of \$176,650 was charged to governmental activities on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 8 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Intermediate Service Center #4:

TRS Pension Contributions	\$ 553,767
THIS Contributions	<u>15,338</u>
	<u>\$ 569,105</u>

These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 9 – DUE FROM/TO OTHER GOVERNMENTS

The Intermediate Service Center #4's Education Fund and General Fund have funds due from various other governmental units which consist of the following:

Due From Other Governments:

<u>General Fund</u>	
Local Governments	\$ 11,287
State Government	23,973
<u>Education Fund</u>	
Illinois State Board of Education	253,830
Total	<u><u>\$ 289,090</u></u>

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE

a. Plan Description

In addition to providing the pension benefits described, the Intermediate Service Center #4 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Intermediate Service Center #4 and can be amended by the Intermediate Service Center #4 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.

For financial statement purposes, an actuarial valuation is required at least biennially for OPEB plans with a total membership (including employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired and beneficiaries currently receiving benefits) of 200 or more, or at least triennially for plans with a total membership of fewer than 200. As a result of these requirements the Intermediate Service Center #4 was required to have an actuarial valuation for the year ended June 30, 2013. The results of this latest actuarial valuation are described below.

b. Benefits Provided

The Intermediate Service Center #4 provides continued health insurance coverage at the blended employer rate to all eligible 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 Intermediate Service Center #4 retirement plan. Upon a retiree reaching age 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 Intermediate Service Center #4 insurance provider.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

c. Membership

At June 30, 2013 membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	5
Active nonvested plan members	-
Total	5
Number of participating employers	1

d. Funding Policy

The Intermediate Service Center #4 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

e. Annual OPEB Costs and net OPEB Obligation

The Intermediate Service Center #4 had an actuarial valuation performed for the plan as of June 30, 2013 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2013. The Intermediate Service Center #4's annual OPEB cost (expense) was \$21,997.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

The Intermediate Service Center #4's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2013 and 2010 was calculated as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 21,997	\$ -	0%	\$ 30,040
June 30, 2010	\$ 8,043	\$ -	0%	\$ 8,043

The net OPEB obligation as of June 30, 2013, was calculated as follows:

Annual Required Contribution	\$ 22,106
Interest on Net OPEB Obligation	402
Adjustment to Annual Required Contribution	<u>(511)</u>
Annual OPEB Cost	21,997
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	21,997
Net OPEB Obligation Beginning of year	<u>8,043</u>
NET OPEB OBLIGATION END OF YEAR	<u><u>\$ 30,040</u></u>

f. Funded Status and Funding Progress

The funded status of the plan was as follows:

Actuarial Accrued Liability (AAL)	\$ 170,072
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 170,072
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 540,104
UAAL as a Percentage of Covered Payroll	31.49%

SOUTH COOK INTERMEDIATE SERVICE CENTER #4

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE (Concluded)

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

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

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

In the July 1, 2013, actuarial valuation, the unit credit cost method was selected to value liabilities. The actuarial assumptions included a discount rate of 5.00% and an initial healthcare cost trend rate of 8.00% with a 5.00% increase for later years. Both rates include a 2.00% inflation assumption.

The actuarial value of assets was not determined as the Intermediate Service Center #4 has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized using a level dollar method. The remaining amortization period at July 1, 2013 was 30 years. Intermediate Service Center #4 has not recorded a post-employment benefit liability as of June 30, 2014.

NOTE 11 – TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2014 consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	Transfer In	Transfer Out
Education	\$ 12,708	\$ -
General	-	12,708
	\$ 12,708	\$ 12,708

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The following adjustments were needed to correct beginning fund balances:

	General Funds	Education Funds	Institute Fund	Proprietary Funds
Fund Balance, July 1, 2013	\$ 4,687,756	\$ 228,044	\$ 148,673	\$ -
Accrual of benefits	-	(15,000)	-	-
Reclassify Health/Life/Safety to Education Fund	-	(57,974)	57,974	-
Reclassify Title IV to Education Fund	-	700	(700)	-
Reclassify Principal Mentoring to Education Fund	-	31,000	(31,000)	-
Reclassify Finger Printing to Proprietary Fund	-	-	(14,428)	14,428
Reclassify Workshops to Proprietary Fund	(310,270)	-	-	310,270
Adjustment for prior year accounts receivable	-	171,704	-	-
Adjustment to beginning fund balances	13,689	(15,698)	25,202	-
Total Prior Period Adjustments	<u>(296,581)</u>	<u>114,732</u>	<u>37,048</u>	<u>324,698</u>
Fund Balance, July 1, 2013, Restated	<u><u>\$ 4,391,175</u></u>	<u><u>\$ 342,776</u></u>	<u><u>\$ 185,721</u></u>	<u><u>\$ 324,698</u></u>

REQUIRED SUPPLEMENTAL INFORMATION
(Other than Management's Discussion and Analysis)

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	1,430,786	1,700,532	269,746	84.14%	953,782	28.28%
12/31/12	1,165,812	1,528,441	362,629	76.27%	972,175	37.30%
12/31/11	1,074,763	1,410,733	335,970	76.18%	950,242	35.36%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$1,639,604. On a market basis, the funded ratio would be 96.42%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Intermediate Service Center #4. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2013	-	170,072	170,072	0.00%	540,104	31.49%
6/30/2010	-	59,133	59,133	0.00%	N/A	0.00%

OTHER SUPPLEMENTAL INFORMATION

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local Sources			
Services Provided Other LEA's	\$ 1,795,000	\$ 1,196,935	\$ (598,065)
Total Local Sources	<u>1,795,000</u>	<u>1,196,935</u>	<u>(598,065)</u>
State Sources			
General State Aid	866,667	866,667	-
Regional Safe Schools Program	368,141	368,141	-
Total State Sources	<u>1,234,808</u>	<u>1,234,808</u>	<u>-</u>
Total Direct Revenues	<u>3,029,808</u>	<u>2,431,743</u>	<u>(598,065)</u>
On-Behalf Payments	-	569,105	569,105
Total Revenues	<u>3,029,808</u>	<u>3,000,848</u>	<u>(28,960)</u>
Expenditures			
Instruction			
Salaries	1,082,056	983,381	98,675
Employee Benefits	185,355	164,465	20,890
Purchased Services	-	-	-
Supplies and Materials	14,029	13,016	1,013
Total Instruction	<u>1,281,440</u>	<u>1,160,862</u>	<u>120,578</u>
Support Services			
Instructional Staff			
Guidance Services			
Salaries	122,995	122,995	-
Employee Benefits	39,087	39,455	(368)
Improvement of Instruction Services			
Salaries	112,996	90,086	22,910
Employee Benefits	50,650	31,311	19,339
Purchased Services	126,434	98,460	27,974
Supplies and Materials	16,200	14,432	1,768
Total Instructional Staff	<u>468,362</u>	<u>396,739</u>	<u>71,623</u>
General Administration			
Executive Administration Services			
Salaries	350,586	358,095	(7,509)
Employee Benefits	121,661	124,029	(2,368)
Purchased Services	123,196	180,982	(57,786)
Supplies and Materials	12,800	5,151	7,649
Other Objects	9,300	8,273	1,027

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND (CONTINUED)
 For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
General Administration (Continued)			
Office of Principal Services			
Salaries	485,619	459,276	26,343
Employee Benefits	94,741	94,763	(22)
Purchased Services	1,000	2,380	(1,380)
Other Objects	650	165	485
Total General Administration	<u>1,199,553</u>	<u>1,233,114</u>	<u>(33,561)</u>
Business			
Direction of Business Support Services			
Salaries	33,321	29,989	3,332
Employee Benefits	17,485	48,136	(30,651)
Operation and Maintenance of Plant Services			
Salaries	123,758	186,314	(62,556)
Employee Benefits	16,650	21,194	(4,544)
Purchased Services	176,800	162,840	13,960
Supplies and Materials	73,403	59,210	14,193
Capital Outlay	-	4,100	(4,100)
Pupil Transportation			
Purchased Services	3,086	1,428	1,658
Food Services			
Purchased Services	-	4,048	(4,048)
Data Processing Services			
Salaries	184,835	183,064	1,771
Employee Benefits	41,450	40,018	1,432
Purchased Services	21,350	34,784	(13,434)
Supplies and Materials	39,286	35,089	4,197
Capital Outlay	100,000	24,193	75,807
Total Business	<u>831,424</u>	<u>834,407</u>	<u>(2,983)</u>
Total Support Services	<u>2,499,339</u>	<u>2,464,260</u>	<u>35,079</u>
On-Behalf Payments	-	569,105	(569,105)
Total Expenditures	<u>3,780,779</u>	<u>4,194,227</u>	<u>(413,448)</u>
Excess/(Deficiency) of Revenues Over (Under) Expenditures	<u>(750,971)</u>	<u>(1,193,379)</u>	<u>442,408</u>
Other Financing Uses			
Transfer Out	-	(12,708)	12,708
Total Other Financing Uses	<u>-</u>	<u>(12,708)</u>	<u>12,708</u>
Net Change in Fund Balance	<u>\$ (750,971)</u>	<u>(1,206,087)</u>	<u>\$ (455,116)</u>
Fund Balance, Beginning of Year (Restated-See Note 12)		<u>4,391,175</u>	
Fund Balance, End of Year		<u>\$ 3,185,088</u>	

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
 BUDGETARY COMPARISION SCHEDULE
 EDUCATION FUND
 For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local Sources			
South Cook Mathematics Initiative	\$ 261,133	\$ 136,133	\$ (125,000)
H & L Safety Permit	-	96,584	96,584
Total Local Sources	<u>261,133</u>	<u>232,717</u>	<u>(28,416)</u>
State Sources			
Illinois Principal Mentoring	28,000	19,350	(8,650)
ROE/ISC Operations	210,960	210,186	(774)
Total State Sources	<u>238,960</u>	<u>229,536</u>	<u>(9,424)</u>
Federal Sources			
Title II - Teacher Quality - Leadership Grant	70,151	98,276	28,125
McKinney Vento for Homeless Children	104,000	104,000	-
Title I - School Improvement and Accountability	276,000	201,855	(74,145)
Total Federal Sources	<u>450,151</u>	<u>404,131</u>	<u>(46,020)</u>
Total Revenues	<u>950,244</u>	<u>866,384</u>	<u>(83,860)</u>
Expenditures			
Support Services			
Instructional Staff			
Improvement of Instruction Services			
Salaries	176,626	135,964	40,662
Employee Benefits	43,765	42,848	917
Purchased Services	466,012	358,278	107,734
Supplies and Materials	3,200	6,127	(2,927)
Total Instructional Staff	<u>689,603</u>	<u>543,217</u>	<u>146,386</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND (CONTINUED)
For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
General Administration			
Executive Administration Services			
Salaries	48,000	26,116	21,884
Employee Benefits	696	574	122
Purchased Services	190,934	230,825	(39,891)
Supplies and Materials	3,200	2,407	793
Office of Principal Services			
Salaries	-	-	-
Total General Administration	<u>242,830</u>	<u>259,922</u>	<u>(17,092)</u>
Business			
Operation and Maintenance of Plant Services			
Salaries	2,576	2,576	-
Employee Benefits	564	564	-
Total Business	<u>3,140</u>	<u>3,140</u>	<u>-</u>
Other Support Services			
Salaries	35,779	35,779	-
Employee Benefits	17,850	17,850	-
Total Other Support Services	<u>53,629</u>	<u>53,629</u>	<u>-</u>
Total Support Services	<u>989,202</u>	<u>859,908</u>	<u>129,294</u>
Nonprogrammed Charges			
Other Payments to In-State Government Units			
Purchased Services	-	305,640	(305,640)
Total Nonprogrammed Charges	<u>-</u>	<u>305,640</u>	<u>(305,640)</u>
Total Expenditures	<u>989,202</u>	<u>1,165,548</u>	<u>(176,346)</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>\$ (38,958)</u>	(299,164)	<u>(260,206)</u>
Other Financing Sources			
Transfer In		12,708	(12,708)
Total Other Financing Uses		<u>12,708</u>	<u>(12,708)</u>
Net Change in Fund Balance		(286,456)	<u>\$ (272,914)</u>
Fund Balance, Beginning of Year (Restated-See Note 12)		<u>342,776</u>	
Fund Balance, End of Year		<u>\$ 56,320</u>	

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
 BUDGETARY COMPARISON SCHEDULE
 INSTITUTE FUND
 For the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local Sources			
Certification Fees	\$ 250,000	\$ 268,078	\$ 18,078
Total Local Sources	250,000	268,078	18,078
Total Revenues	250,000	268,078	18,078
Expenditures			
Support Services			
Instructional Staff			
Improvement of Instruction Services			
Salaries	116,015	106,096	9,919
Employee Benefits	56,043	49,178	6,865
Purchased Services	2,600	19	2,581
Supplies and Materials	2,000	283	1,717
Total Instructional Staff	176,658	155,576	21,082
Nonprogrammed Charges			
Other Payments to In-State Government Units			
Other Objects	-	26,025	(26,025)
Total Expenditures	176,658	181,601	(4,943)
Excess/(Deficiency) of Revenues Over (Under) Expenditures	\$ 73,342	86,477	\$ 13,135
Fund Balance, Beginning of Year (Restated-See Note 12)		185,721	
Fund Balance, End of Year		\$ 272,198	