
**STATE OF ILLINOIS
SOUTH COOK
INTERMEDIATE SERVICE CENTER #4
FINANCIAL AUDIT
For the Year Ended June 30, 2018**

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
FINANCIAL REPORT SUMMARY	2-3
FINANCIAL STATEMENT REPORT SUMMARY	4
FINANCIAL SECTION	
Independent Auditors' Report	5-7
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 <i>Government Auditing Standards</i>	8-9
Schedule of Findings and Responses	
Section I – Summary of Auditors' Results	10
Section II – Financial Statement Findings	11a-11c
Corrective Action Plan for Current Year Audit Findings	12a-12b
Summary Schedule of Prior Audit Findings Not Repeated	13
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Governmental Funds – Balance Sheet	16
Governmental Funds – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Proprietary Funds – Statement of Net Position	20
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Position	21
Proprietary Funds – Statement of Cash Flows	22
Notes to Financial Statements	23-55

SOUTH COOK INTERMEDIATE SERVICE CENTER #4

TABLE OF CONTENTS (CONCLUDED)

REQUIRED SUPPLEMENTARY INFORMATION

Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension
 Liability & Related Ratios 56

Illinois Municipal Retirement Fund – Schedule of Employer Contributions 57

Teachers’ Retirement System of the State of Illinois – Schedule of the
 Employer’s Proportionate Share of the Net Pension Liability &
 Schedule of Employer Contributions 58

Teachers’ Health Insurance Security Fund – Schedule of the Employer’s
 Proportionate Share of the Collective Net OPEB Liability &
 Schedule of Employer Contributions 59

Teachers’ Health Insurance Security Fund – Notes to the Schedule of
 Employer Contributions 60

Other Post-Employment Benefits – Schedule of Changes in the Net OPEB
 Liability and Related Ratios 61

SUPPLEMENTARY INFORMATION

General Fund Accounts:
 Combining Schedule of Accounts 62
 Combining Schedule of Revenues, Expenditures, and Changes in
 Fund Balances 63

Education Fund Accounts:
 Combining Schedule of Accounts 64–65
 Combining Schedule of Revenues, Expenditures, and Changes in
 Fund Balances 66–67

Budgetary Comparison Schedules:
 McKinney-Vento Education for Homeless Children and Youth 68
 New Teacher Induction and Mentoring 69
 Regional Safe Schools 70
 Regional Safe Schools 71
 ROE/ISC Operations 72
 Title I – School Improvement and Accountability 73
 Title I – School Improvement and Accountability 74
 Title II – Teacher Quality – Leadership Grant 75

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
JUNE 30, 2018**

OFFICIALS

Executive Director
(Current and During the Audit Period)

Dr. Vanessa J. Kinder

Assistant Executive Director
(Current and During the Audit Period)

Dr. Kathleen Doyle

Executive Assistant
(Current and During the Audit Period)

Ms. Beth Maloney

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
JUNE 30, 2018**

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 nonstandard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	5
Repeated audit findings	1	2
Prior recommendations implemented or not repeated	4	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>
<i>Findings (Government Auditing Standards)</i>			
2018-001	11a	Internal Control Deficiencies	Significant Deficiency
2018-002	11b-11c	Departure from U.S. Generally Accepted Accounting Principles (GAAP)	Material Weakness
<i>Prior Audit Findings not Repeated (Government Auditing Standards)</i>			
2017-001		Controls Over Financial Statement Preparation	Material Weakness
2017-002		Controls Over Timely Expenditure Report Submission	Significant Deficiency
<i>Prior Audit Findings not Repeated (Federal Compliance)</i>			
2017-002		Controls Over Timely Expenditure Report Submission	Significant Deficiency and Noncompliance
2017-004		Controls Over Accurate Preparation of Grant Expenditure Reporting and Budgeting	Material Weakness and Noncompliance
2017-005		Salaries and Benefits Not Supported by Proper Time and Effort Documentation	Material Weakness and Noncompliance

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
JUNE 30, 2018**

FINANCIAL REPORT SUMMARY (CONCLUDED)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with ISC personnel at an informal exit conference on October 25, 2018. Attending were Kathleen Doyle, Assistant Executive Director, Shelia Ivy, Bookkeeper, and Kimberly Walker, CPA, Partner, Kemper CPA Group LLP. Responses to the recommendations were provided by Vanessa Kinder, Executive Director, on June 20, 2019. The ISC did not request a formal exit conference at this time.

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
JUNE 30, 2018**

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 a qualified opinion on South Cook Intermediate Service Center #4's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
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, 2018, 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.

Basis for Qualified Opinion

The South Cook Intermediate Service Center #4 did not recognize and disclose postemployment benefits other than pensions (OPEB) in their financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* related to its Illinois Municipal Retirement Fund employees. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America. The effects of this departure from U.S. generally accepted accounting principles on the financial statements of the South Cook Intermediate Service Center #4 are not reasonably determinable.

Opinions

In our opinion, except for the effects of not recognizing assets, liabilities, deferred outflows of resources, and/or deferred inflows of resources for postemployment benefits other than pensions in the Statement of Net Position and the Statement of Activities as described in the preceding paragraph, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 1 in the notes to the financial statements, the South Cook Intermediate Service Center #4 adopted GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the Teachers’ Health Insurance Security Fund and its Other Postemployment Benefits - Health Insurance Plan. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

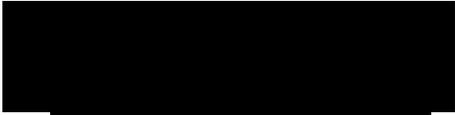
Other Information

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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is 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 17, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of South Cook Intermediate Service Center #4's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Cook Intermediate Service Center #4's internal control over financial reporting and compliance.



KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
July 17, 2019

**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 Frank J. Mautino
Auditor General
State of Illinois

Board of Directors
South Cook Intermediate Service Center #4

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, 2018, 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 17, 2019. Our opinion was qualified because the South Cook Intermediate Service Center #4 did not recognize and disclose postemployment benefits other than pensions (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* related to its Illinois Municipal Retirement Fund – Health Insurance Plan. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

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 have not been 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 and significant deficiencies.

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 2018-002 to be a material weakness.

A *significant* deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2018-001, to be a significant deficiency.

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 Responses to Findings

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

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

Marion, Illinois
July 17, 2019

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I—SUMMARY OF AUDITORS' RESULTS
For the Year Ended June 30, 2018

Financial Statements in Accordance with GAAP

Type of auditors' report issued:	<i>Qualified</i>
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiency identified?	Yes
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, 2018

Finding No. 2018-001 – Internal Control Deficiencies (Repeated from Finding 17-003)

Criteria/Specific Requirement:

The South Cook Intermediate Service Center #4 is responsible for establishing and maintaining a system of internal controls over the accounting function sufficient to prevent errors and fraud.

Condition:

During the audit, we noted the following weaknesses in the design of the ISC's system of internal controls over financial reporting:

- A. There is no formal review and approval over the manual journal entry process by an individual independent of the general ledger process.
- B. No formal documentation is maintained to evidence review of the reconciliation of deposit totals by account to the general ledger by the bookkeeper after Bloom Township Trustees of Schools has deposited and recorded the cash receipts.

Effect:

Lack of effectively designed internal control procedures could result in unintentional or intentional errors or misappropriation of assets that could be material to the financial statements and may not be detected in a timely manner by management or employees in the normal course of performing their assigned duties.

Cause:

According to ISC management, the ISC has not established sufficient internal control procedures.

Auditors' Recommendation:

- A. A formal review and approval process over manual journal entries by an individual independent of the general ledger process should be implemented.
- B. Formal documentation should be maintained of the ISC's review of the reconciliation of deposit totals by account to the general ledger after Bloom Township Trustees of Schools has deposited and recorded the cash receipts.

Management's Response:

- A. The ISC now maintains all supporting documentation for manual journal entries and a formal review process occurs. All journal entries originate with the ISC bookkeeper; journal entries are then approved by the Executive Director and documentation of the entry and the approval process are maintained on file for the auditor's review. In addition, all documentation is reviewed by a public accounting firm and is prepared before the audit year begins.
- B. The ISC will work with the Bloom Township Treasurer's Office and request copies of reconciliation statements to confirm/verify that all of the ISC's accounts were properly reconciled. The ISC Bookkeeper will maintain documentation of reconciliation deposit totals.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II—FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2018

Finding No. 2018-002 – Departure from U.S. Generally Accepted Accounting Principles (GAAP)

Criteria/Specific Requirement:

The Illinois Administrative Code (74 Ill. Adm. 420.320 (c) (1) and (2)) requires that each Regional Office of Education and Intermediate Service Center maintain the accounting records necessary to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, requires that employers recognize and disclose OPEB expense. Net OPEB obligations, if any, should be reported as liabilities (or assets if overfunded) in the financial statements. For financial reporting purposes, an actuarial valuation, prepared in accordance with GASB Statement No. 75, is required to measure and disclose the annual OPEB cost. In certain circumstances, an alternative measurement method can be applied instead of obtaining an actuarial valuation.

Condition:

South Cook Intermediate Service Center #4 participates in a defined benefit Other Postemployment Benefits – Health Insurance Plan (“OPEB Plan”), which provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. Under accrual accounting, the cost of OPEB, and any related OPEB liability for the OPEB Plan, should generally be recorded in the period when the exchange for the employees’ services occurs, rather than when the benefits are paid. Currently, the South Cook Intermediate Service Center #4’s OPEB Plan is financed on a pay-as-you-go basis, and as such, the financial statements do not report the financial effects of OPEB until the promised benefits are paid. The ISC’s actuarial valuation of its postemployment benefits other than pensions liability included TRS employee information; however, IMRF employee information was not included in order to be in compliance with GASB Statement No. 75.

In the absence of an actuarial valuation prepared in accordance with GASB Statement No. 75 for the IMRF employees, the auditors could not reasonably determine the amount by which this departure would affect assets, liabilities, deferred outflows of resources, deferred inflows of resources, and/or expenditures of the ISC as of June 30, 2018.

Effect:

Failure to apply the accounting and reporting requirements of GASB Statement No. 75 could result in material misstatement of the South Cook Intermediate Service Center #4’s financial statements. This could also result in inaccurate and incomplete disclosure of the OPEB plan description, the funding policy, and the annual OPEB and total OPEB obligation.

Cause:

South Cook Intermediate Service Center #4’s actuarial valuation did not include IMRF employee information in order to be in compliance with GASB Statement No. 75.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II—FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2018

Finding No. 2018-002 – Departure from U.S. Generally Accepted Accounting Principles (GAAP)
(Concluded)

Auditors' Recommendation:

South Cook Intermediate Service Center #4 should obtain an actuarial valuation of its OPEB Plan that includes IMRF employee information to be in compliance with GASB Statement No. 75 and include all disclosures required by the Statement in its financial statements.

Management's Response:

The ISC has contracted with an actuary to obtain an actuarial valuation for its IMRF employees. The ISC will include the required disclosures in the fiscal year 2019 financial statements.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018



Corrective Action Plan

Finding No. 2018-001 – Internal Control Deficiencies (Repeated from Finding 17-003)

Condition:

During the audit, we noted the following weaknesses in the design of the ISC's system of internal controls over financial reporting:

- A. There is no formal review and approval over the manual journal entry process by an individual independent of the general ledger process.

- B. No formal documentation is maintained to evidence review of the reconciliation of deposit totals by account to the general ledger by the bookkeeper after Bloom Township Trustees of Schools has deposited and recorded the cash receipts.

Plan:

The ISC will work with the Bloom Township Treasurer's Office and request copies of reconciliation statements to confirm/verify that all of the ISC's accounts were properly reconciled. The ISC Bookkeeper will maintain documentation of reconciliation deposit totals. To strengthen the internal controls, all journal entries are approved by the Executive Director after the Bookkeeper has completed them. Monthly journal entry reports will be submitted by the Bookkeeper to the Executive Director.

Anticipated Date of Completion:

June 30, 2019

Name of Contact Person:

Dr. Vanessa Kinder, Executive Director

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**



Corrective Action Plan

Finding No. 2018-002 – Departure from U.S. Generally Accepted Accounting Principles (GAAP)

Condition:

South Cook Intermediate Service Center #4 participates in a defined benefit Other Postemployment Benefits – Health Insurance Plan (“OPEB Plan”), which provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. Under accrual accounting, the cost of OPEB, and any related OPEB liability for the OPEB Plan, should generally be recorded in the period when the exchange for the employees’ services occurs, rather than when the benefits are paid. Currently, the South Cook Intermediate Service Center #4’s OPEB Plan is financed on a pay-as-you-go basis, and as such, the financial statements do not report the financial effects of OPEB until the promised benefits are paid. The ISC’s actuarial valuation of its postemployment benefits other than pensions liability included TRS employee information; however, IMRF employee information was not included in order to be in compliance with GASB Statement No. 75.

In the absence of an actuarial valuation prepared in accordance with GASB Statement No. 75 for the IMRF employees, the auditors could not reasonably determine the amount by which this departure would affect assets, liabilities, deferred outflows of resources, deferred inflows of resources, and/or expenditures of the ISC as of June 30, 2018.

Plan:

The ISC has contracted with an actuary to obtain an actuarial valuation for its IMRF employees. The ISC will include the required disclosures in the fiscal year 2019 financial statements.

Anticipated Date of Completion:

June 30, 2019

Name of Contact Person:

Dr. Vanessa Kinder, Executive Director

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the Year Ended June 30, 2018

2017-001 Controls Over Financial Statement Preparation

Not Repeated

For the current audit, the South Cook Intermediate Service Center hired an accounting firm with experience in complying with GAAP and ROE financial statement preparation.

2017-002 Controls Over Timely Expenditure Report Submission

Not Repeated

During the current audit, audit testing results indicated expenditure reports were filed timely.

2017-004 Controls Over Accurate Preparation of Grant Expenditure Reporting and Budgeting

Not Repeated

During the current audit, audit testing results indicated expenditure reports were accurately prepared and budget amendments were requested when necessary.

2017-005 Salaries and Benefits Not Supported by Proper Time and Effort Documentation

Not Repeated

The South Cook Intermediate Service Center implemented new procedures over time and effort documentation during FY2018.

BASIC FINANCIAL STATEMENTS

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,736,502	\$ 777,728	\$ 4,514,230
Accounts receivable	-	39,124	39,124
Due from other governments:			
Local	66,974	-	66,974
State	133,069	-	133,069
Total current assets	<u>3,936,545</u>	<u>816,852</u>	<u>4,753,397</u>
NONCURRENT ASSETS:			
Capital assets, net of depreciation	2,880,530	-	2,880,530
Net pension asset	78,764	-	78,764
Total noncurrent assets	<u>2,959,294</u>	<u>-</u>	<u>2,959,294</u>
TOTAL ASSETS	<u>6,895,839</u>	<u>816,852</u>	<u>7,712,691</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	89,848		89,848
Deferred outflows related to pensions	373,438	-	373,438
Total Deferred Outflows	<u>463,286</u>	<u>-</u>	<u>463,286</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	50,927	-	50,927
Accrued payroll and employee benefits	125,524	-	125,524
Due to other governments:			
State	90	-	90
Unearned revenue	17,838	-	17,838
Total current liabilities	<u>194,379</u>	<u>-</u>	<u>194,379</u>
NONCURRENT LIABILITIES			
Net OPEB liability	2,254,482	-	2,254,482
Net pension liability	703,109	-	703,109
Total noncurrent liabilities	<u>2,957,591</u>	<u>-</u>	<u>2,957,591</u>
TOTAL LIABILITIES	<u>3,151,970</u>	<u>-</u>	<u>3,151,970</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	213,649		213,649
Deferred inflows related to pensions	673,729	-	673,729
Total Deferred Inflows	<u>887,378</u>	<u>-</u>	<u>887,378</u>
NET POSITION			
Investment in capital assets	2,880,530	-	2,880,530
Restricted-other	997,840	-	997,840
Unrestricted	(558,593)	816,852	258,259
TOTAL NET POSITION	<u>\$ 3,319,777</u>	<u>\$ 816,852</u>	<u>\$ 4,136,629</u>

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
Governmental activities:						
Instructional services:						
Salaries	\$ 2,388,187	\$ 1,120,207	\$ 670,407	\$ (597,573)	\$ -	\$ (597,573)
Employee benefits	622,108	248,637	106,476	(266,995)	-	(266,995)
Purchased services	704,009		239,093	(464,916)	-	(464,916)
Supplies and materials	142,929	222,819	42,591	122,481	-	122,481
Other objects	7,233	50,484	-	43,251	-	43,251
Depreciation	170,850	-	-	(170,850)	-	(170,850)
Pension expense (income)	(209,645)	61,071	68,167	338,883	-	338,883
Intergovernmental:						
Payments to other governments	28,206	-	-	(28,206)	-	(28,206)
Administrative:						
On-behalf payments	1,463,006	-	-	(1,463,006)	-	(1,463,006)
Total Governmental Activities	<u>5,316,883</u>	<u>1,703,218</u>	<u>1,126,734</u>	<u>(2,486,931)</u>	<u>-</u>	<u>(2,486,931)</u>
Business-type activities:						
Charges for services	135,885	307,285	-	-	171,400	171,400
Total business-type activities	<u>135,885</u>	<u>307,285</u>	<u>-</u>	<u>-</u>	<u>171,400</u>	<u>171,400</u>
Total primary government	<u>\$ 5,452,768</u>	<u>\$ 2,010,503</u>	<u>\$ 1,126,734</u>	<u>(2,486,931)</u>	<u>171,400</u>	<u>(2,315,531)</u>
General revenues:						
Local sources				125,683	-	125,683
State sources				975,552	-	975,552
On-behalf payments				1,463,006	-	1,463,006
Interest				2,601	57,058	59,659
Transfers				783,233	(783,233)	-
Total general revenues				<u>3,350,075</u>	<u>(726,175)</u>	<u>2,623,900</u>
Change in net position				<u>863,144</u>	<u>(554,775)</u>	<u>308,369</u>
Net position - beginning, as previously reported				4,607,147	1,371,627	5,978,774
Prior period adjustment (Note 13)				<u>(2,150,514)</u>	<u>-</u>	<u>(2,150,514)</u>
Net position - beginning, as restated				<u>2,456,633</u>	<u>1,371,627</u>	<u>3,828,260</u>
Net position - ending				<u>\$ 3,319,777</u>	<u>\$ 816,852</u>	<u>\$ 4,136,629</u>

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Education Fund	Institute Fund	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,809,323	\$ 18,080	\$ 909,099	\$ -	\$ 3,736,502
Due from other funds	146,073	-	-	(146,073)	-
Due from other governments:					
Local	42,211	14,353	10,410	-	66,974
State	-	133,069	-	-	133,069
Total assets	<u>2,997,607</u>	<u>165,502</u>	<u>919,509</u>	<u>(146,073)</u>	<u>3,936,545</u>
DEFERRED OUTFLOWS OF RESOURCES					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u>\$ 2,997,607</u>	<u>\$ 165,502</u>	<u>\$ 919,509</u>	<u>\$ (146,073)</u>	<u>\$ 3,936,545</u>
LIABILITIES					
Accounts payable	\$ 46,171	\$ 4,756	\$ -	\$ -	\$ 50,927
Accrued payroll and employee benefits	124,805	286	433	-	125,524
Due to other funds	3,541	142,532	-	(146,073)	-
Due to other governments:					
State	-	90	-	-	90
Unearned revenue	-	17,838	-	-	17,838
Total liabilities	<u>174,517</u>	<u>165,502</u>	<u>433</u>	<u>(146,073)</u>	<u>194,379</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	4,797	-	-	4,797
FUND BALANCES					
Restricted	-	-	919,076	-	919,076
Assigned	2,789,226	-	-	-	2,789,226
Unassigned	33,864	(4,797)	-	-	29,067
Total fund balance	<u>2,823,090</u>	<u>(4,797)</u>	<u>919,076</u>	<u>-</u>	<u>3,737,369</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
	<u>\$ 2,997,607</u>	<u>\$ 165,502</u>	<u>\$ 919,509</u>	<u>\$ (146,073)</u>	<u>\$ 3,936,545</u>

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

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2017**

Total fund balances - governmental funds		\$ 3,737,369
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.</p>		2,880,530
<p>Some revenues will not be collected for several months after the Intermediate Service Center #4 fiscal year end; they are not considered "available" revenues and are deferred in the governmental funds.</p>		
<p style="padding-left: 20px;">Current year unavailable revenue</p> <p style="padding-left: 40px;">State sources</p>		4,797
<p>Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore, are not reported in the funds.</p>		
<p style="padding-left: 20px;">IMRF net pension asset</p>		78,764
<p>Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore are not reported in the governmental funds as follows:</p>		
<p style="padding-left: 20px;">Deferred outflows of resources</p>	\$ 463,286	
<p style="padding-left: 20px;">Deferred inflows of resources</p>	<u>(887,378)</u>	(424,092)
<p>Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.</p>		
<p style="padding-left: 20px;">Other post-employment benefit obligation</p> <p style="padding-left: 20px;">TRS net pension liability</p>		<u>(2,254,482)</u> <u>(703,109)</u>
Net position of governmental activities		<u>\$ 3,319,777</u>

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Education Fund	Institute Fund	Total Governmental Funds
REVENUES				
Local sources	\$ 1,363,644	\$ 37,205	\$ -	\$ 1,400,849
State sources	975,552	923,777	465,257	2,364,586
Federal sources	-	351,258	-	351,258
Interest	-	-	2,601	2,601
On-behalf payments	145,547	-	-	145,547
Total revenues	<u>2,484,743</u>	<u>1,312,240</u>	<u>467,858</u>	<u>4,264,841</u>
EXPENDITURES				
Instructional services				
Salaries	1,603,884	666,051	118,252	2,388,187
Employee benefits	284,659	140,531	38,993	464,183
Pension expense	63,672	33,405	10,702	107,779
Purchased services	449,435	254,354	220	704,009
Supplies and materials	94,865	48,057	7	142,929
Other objects	7,233	-	-	7,233
On-behalf payments	145,547	-	-	145,547
Intergovernmental				
Payments to other governments	28,206	-	-	28,206
Capital outlay	281,562	34,336	-	315,898
Total expenditures	<u>2,959,063</u>	<u>1,176,734</u>	<u>168,174</u>	<u>4,303,971</u>
Excess/(deficiency) of revenues over/ (under) expenditures	<u>(474,320)</u>	<u>135,506</u>	<u>299,684</u>	<u>(39,130)</u>
OTHER FINANCING SOURCES/(USES)				
Transfers in	807,148	-	-	807,148
Transfers out	(3,594)	(20,321)	-	(23,915)
Total other financing sources (uses)	<u>803,554</u>	<u>(20,321)</u>	<u>-</u>	<u>783,233</u>
Net change in fund balances	329,234	115,185	299,684	744,103
FUND BALANCES - BEGINNING OF YEAR	<u>2,493,856</u>	<u>(119,982)</u>	<u>619,392</u>	<u>2,993,266</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,823,090</u>	<u>\$ (4,797)</u>	<u>\$ 919,076</u>	<u>\$ 3,737,369</u>

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

**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, 2018**

Net change in fund balances \$ 744,103

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	\$ 315,898	
Depreciation expense	<u>(170,850)</u>	145,048

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

Prior year unavailable revenue		
State sources		(190,303)
Current year unavailable revenue		
State sources		4,797

Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the government funds.

Pension income		317,424
OPEB expense		<u>(157,925)</u>

Change in net position of governmental activities \$ 863,144

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activities Enterprise Funds		Total
	Workshop Fund	Nonmajor Enterprise Funds	
		Fingerprinting Fund	
Assets			
Cash and cash equivalents	\$ 720,635	\$ 57,093	\$ 777,728
Accounts receivable	38,394	730	39,124
Total Assets	759,029	57,823	816,852
Liabilities	-	-	-
Net Position			
Unrestricted	759,029	57,823	816,852
Total Net Position	\$ 759,029	\$ 57,823	\$ 816,852

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Business-type Activities		
	Enterprise Funds		
	Workshop	Nonmajor Enterprise Funds	Total
Fund	Fingerprinting Fund		
Operating revenues			
Charges for services	\$ 278,100	\$ 29,185	\$ 307,285
Total operating revenues	<u>278,100</u>	<u>29,185</u>	<u>307,285</u>
Operating expenses			
Salaries	-	6,918	6,918
Benefits	-	1,375	1,375
Purchased services	107,964	19,013	126,977
Supplies	615	-	615
Total operating expenses	<u>108,579</u>	<u>27,306</u>	<u>135,885</u>
Operating excess of revenues over expenditures	<u>169,521</u>	<u>1,879</u>	<u>171,400</u>
Non-operating revenues			
Interest	<u>57,058</u>	<u>-</u>	<u>57,058</u>
Other financing sources/(uses)			
Transfers out	<u>(783,233)</u>	<u>-</u>	<u>(783,233)</u>
Total other financing sources /(uses)	<u>(783,233)</u>	<u>-</u>	<u>(783,233)</u>
Change in net position	(556,654)	1,879	(554,775)
Net position, beginning of year	<u>1,315,683</u>	<u>55,944</u>	<u>1,371,627</u>
Net position, end of year	<u>\$ 759,029</u>	<u>\$ 57,823</u>	<u>\$ 816,852</u>

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Business-type Activities		
	Enterprise Funds		
	Workshop	Nonmajor Enterprise Funds	
		Fingerprinting Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 239,706	\$ 28,455	\$ 268,161
Payments to suppliers and providers of goods and services	(108,579)	(19,013)	(127,592)
Payments to employees	-	(8,293)	(8,293)
Net cash provided by operating activities	<u>131,127</u>	<u>1,149</u>	<u>132,276</u>
Cash flows from investing activities			
Interest earned on deposits	<u>57,058</u>	-	<u>57,058</u>
Net cash provided by investing activities	<u>57,058</u>	<u>-</u>	<u>57,058</u>
Cash flows from noncapital financing activities:			
Cash transfer from interfund borrowings	10,245	-	10,245
Cash transfer to other funds	<u>(783,233)</u>	-	<u>(783,233)</u>
Net cash provided by (used for) noncapital financing activities	<u>(772,988)</u>	<u>-</u>	<u>(772,988)</u>
Net increase (decrease) in cash and cash equivalents	(584,803)	1,149	(583,654)
Cash and cash equivalents - Beginning of year	<u>1,305,438</u>	<u>55,944</u>	<u>1,361,382</u>
Cash and cash equivalents - End of year	<u>\$ 720,635</u>	<u>\$ 57,093</u>	<u>\$ 777,728</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 169,521	\$ 1,879	\$ 171,400
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase)/decrease in assets:			
Accounts receivable	<u>(38,394)</u>	<u>(730)</u>	<u>(39,124)</u>
Net cash provided by operating activities	<u>\$ 131,127</u>	<u>\$ 1,149</u>	<u>\$ 132,276</u>

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Cook Intermediate Service Center #4 (ISC #4) was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2018, the South Cook Intermediate Service Center #4 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 85, *Omnibus 2017*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The implementation of GASB Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The implementation of GASB Statement No. 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 had no significant impact on the financial statements of the South Cook Intermediate Service Center #4.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through July 17, 2019, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The portion of Cook County, Illinois, outside of the City of Chicago, constitutes a Regional Office of Education established pursuant to Section 3A-4 of the Illinois School Code (105 ILCS 5/3A-4) and has an oversight board responsible for the duties and programs specified in Section 3A-17 of the Illinois School Code administered through three (3) Intermediate Service Centers (North Cook, West Cook, and South Cook).

The purpose of South Cook Intermediate Service Center #4 is to provide services designed to be responsive to the needs of the schools in South Cook County, Illinois. This area includes the following school districts and the associated special education cooperatives:

Summit School Dist. #104	Evergreen Park School Dist. #124
Central Stickney School Dist. #110	Worth School Dist. #127
North Palos School Dist. #117	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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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. #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. #159	H-F Community H.S. Dist. #233

South Cook Intermediate Service Center #4 is governed by a 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.

C. SCOPE OF REPORTING ENTITY

The South Cook Intermediate Service Center #4's reporting entity includes all related organizations for which they exercise oversight responsibility.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF REPORTING ENTITY (Concluded)

The South Cook Intermediate Service Center #4 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the South Cook Intermediate Service Center #4 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the South Cook Intermediate Service Center #4 does not control the assets, operations, or management of the districts or joint agreements. In addition, the South Cook Intermediate Service Center #4 is not aware of any entity, which would exercise such oversight as to result in the South Cook Intermediate Service Center #4 being considered a component unit of the entity.

D. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The South Cook Intermediate Service Center #4's government-wide financial statements include a Statement of Net Position and a Statement of Activities and report information on all of the non-fiduciary activities of the South Cook Intermediate Service Center #4. These statements present a summary of governmental and business-type activities for the South Cook Intermediate Service Center #4 accompanied by a total column and are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The South Cook Intermediate Service Center #4 also has business-type activities that rely on fees and charges for support.

All of the South Cook Intermediate Service Center #4's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and any fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE FINANCIAL STATEMENTS (Concluded)

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 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 sources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. 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, if applicable. In the Statement of Activities those transactions between governmental and business-type activities, if applicable, have not been eliminated.

E. 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.” “Measurable” means that the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. All revenues are considered “available” if they are collected within 60 days after year end. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. 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.

F. 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.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets plus deferred outflows of resources and liabilities plus deferred inflows of resources (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, if any, are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses, if any, are reported as non-operating expenses.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 plus deferred outflows of resources and current liabilities plus deferred inflows of resources are generally included on their balance sheets. The 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 South Cook 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 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 South Cook Intermediate Service Center #4 uses funds to maintain its financial records during the year. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The South Cook 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, 2018

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 South Cook Intermediate Service Center #4 has presented all major funds that met the above qualifications.

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

General Fund – The General Fund is the general operating fund of the South Cook Intermediate Service Center #4 and is used to account for financial resources within the territorial boundaries of the Center except those required to be accounted for and reported in another fund. General Funds include the following:

RISE and General State Aid – 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. General State Aid Funds received from the Illinois State Board of Education resulting from students attending the RISE school are also accounted for in this fund.

Local – This program is used for the general operation of the Center, located at 253 West Joe Orr Road, Chicago Heights, Illinois.

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.

Squeeze and Read – This program is used to account for local monies received for, and payment of, expenditures by the Squeeze ‘N Reads™ program. Squeeze ‘N Reads™ are 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.

Major 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:

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

Governmental Funds (Continued)

Major Special Revenue Fund (Concluded)

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:

ROE/ISC Ops Health and Life Safety Program – This program uses funds to inspect all public school buildings and school-related buildings on an annual basis for compliance with standards necessary to ensure the health and safety of public schools in Illinois. Revenue in this fund comes from the ROE/ISC Operations 3730-01 grant from the Illinois State Board of Education.

Learning Technology Center – This program uses Tech for Success State grant monies distributed by West 40 Intermediate Service Center #2 for technology related expenses.

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.

New Teacher Induction and Mentoring – This program uses New Teacher Induction and Mentoring State grant funds passed through the Illinois State Board of Education to provide support services to new teachers that typically include mentoring, professional development, and formative assessment of teaching practices in an effort to retain new teachers and improve their skills and effectiveness.

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.

ROE/ISC Operations – This program is used to account for grant monies received for, and payment of, expenditures for ISC administrative operations. Program funding is used 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 6–9.

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.

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.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

Governmental Funds (Concluded)

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.

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:

Major Proprietary Fund – The South Cook Intermediate Service Center #4 reports the following proprietary fund as a major fund:

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

Nonmajor Proprietary Fund – The South Cook Intermediate Service Center #4 reports the following nonmajor proprietary fund:

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance – the portion of a Governmental Fund’s net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. The Center has no nonspendable fund balances.

Restricted Fund Balance – the portion of a Governmental Fund’s net position that is subject to external enforceable legal restrictions. The Institute Fund is restricted by Illinois Statute.

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. The Center has no committed fund balances.

Assigned Fund Balance – the portion of a Governmental Fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Executive Director. The following fund has an assigned fund balance: RISE and General State Aid.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

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. The following fund presents an unassigned fund balance: Local. The following Education fund account has an unassigned fund deficit: Title I – School Improvement and Accountability.

J. NET POSITION

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

Investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowing, if any, 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 investment in capital assets or the restricted component of net position.

K. BUDGET INFORMATION

The South Cook Intermediate Service Center #4 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: McKinney-Vento Education for Homeless Children and Youth, New Teacher Induction and Mentoring, Regional Safe Schools, ROE/ISC Operations, Title I – School Improvement and Accountability, and Title II – Teacher Quality – Leadership Grant.

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. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$1,000 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.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. CAPITAL ASSETS (Concluded)

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.

N. 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.

O. 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. There was \$17,838 unearned revenue as of June 30, 2018.

P. 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 project year and are recorded as liabilities.

Q. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

R. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the South Cook Intermediate Service Center #4's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Cook Intermediate Service Center #4's OPEB Plan and additions to/deductions from the South Cook Intermediate Service Center #4's fiduciary net position have been determined on the same basis as they are reported by the South Cook Intermediate Service Center #4's Plan.

S. INDIRECT COSTS

South Cook Intermediate Service Center #4 may charge funds for centralized expenses, which may include an administrative overhead component. These interfund administrative overhead charges are not eliminated and are included in the direct expenses of the fund they are charged to and in revenue of the fund they are charged from.

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, 2018, the carrying amount of the Intermediate Service Center #4's Government-wide deposits were \$4,514,230, including \$3,936,089 held on deposit with Bloom Township School Treasurer, an imprest account totaling \$10,000, \$200 cash on hand, \$502,467 investment in Illinois Money Market Funds, and a separate deposit account totaling \$65,474. The bank balances for the imprest account and separate deposit account were \$9,606 and \$65,474, respectively, which were fully covered by federal depository insurance. Risk category was not determinable for the amount pooled and held on deposit with a separate legal governmental agency (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.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Intermediate Service Center #4's, only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2018, the Intermediate Service Center #4 had investments with carrying and fair value of \$502,467 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2018, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the 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.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The South Cook 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 Intermediate Service Center #4's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided (Concluded)

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	14
Inactive Plan Members entitled to but not yet receiving benefits	49
Active Plan Members	23
Total	86

Contributions

As set by statute, the South Cook Intermediate Service Center #4's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. ISC #4's annual contribution rate for calendar year 2017 was 12.47%. For the calendar year ended 2017, ISC #4 contributed \$102,648 to the plan. ISC #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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Asset

ISC #4's net pension asset of \$78,764 was measured as of December 31, 2017. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **Non-disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (based year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected future rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37%	6.85%
International Equities	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternatives	7%	
Private Equity		7.35%
Hedge Funds		5.05%
Commodities		2.65%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Single Discount Rate (Concluded)

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 2,809,394	\$ 2,651,312	\$ 158,082
Changes for the year:			
Service Cost	89,319	-	89,319
Interest on the Total Pension Liability	208,152	-	208,152
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	202,915	-	202,915
Changes of Assumptions	(95,303)	-	(95,303)
Contributions - Employer	-	102,648	(102,648)
Contributions - Employees	-	73,360	(73,360)
Net Investment Income	-	468,670	(468,670)
Benefit Payments, including Refunds of Employee Contributions	(159,894)	(159,894)	-
Other (Net Transfer)	-	(2,749)	2,749
Net Changes	245,189	482,035	(236,846)
Balances at December 31, 2017	<u>\$ 3,054,583</u>	<u>\$ 3,133,347</u>	<u>\$ (78,764)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability (Asset)	\$ 345,111	\$ (78,764)	\$ (425,533)

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

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

For the year ended June 30, 2018 the South Cook Intermediate Service Center #4 recognized pension income of \$5,526. At June 30, 2018, the South Cook Intermediate Service Center #4 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 71,932	\$ (9,671)
Changes of assumptions	-	(63,673)
Net difference between projected and actual earnings on pension plan investments	<u>105,084</u>	<u>(216,242)</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>177,016</u>	<u>(289,586)</u>
<i>Pension Contributions made Subsequent to the Measurement Date</i>	<u>40,192</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 217,208</u>	<u>\$ (289,586)</u>

\$40,192 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
<u> </u>	<u> </u>
2018	\$ (35,101)
2019	27,727
2020	(51,137)
2021	(54,059)
2022	-
Thereafter	-
Total	<u>\$ (112,570)</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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

TRS issues a publicly available financial report that can be obtained at <http://trsil.org/financial/cafrs/fy2017>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

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

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

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by ISC #4.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

Contributions (Concluded)

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the South Cook Intermediate Service Center #4. For the year ended June 30, 2018, State of Illinois contributions recognized by ISC #4 were based on the State's proportionate share of the collective net pension liability associated with ISC #4, and ISC #4 recognized revenue and expenditures of \$1,151,049 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$8,361 and are deferred because they were paid after the June 30, 2017 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by ISC #4, there is a statutory requirement for ISC #4 to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$102,503 were paid from federal and special trust funds that required employer contributions of \$10,353. These contributions are deferred because they were paid after June 30, 2017, measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The South Cook Intermediate Service Center #4 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2017 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, ISC #4 paid no employer ERO contributions to TRS.

The South Cook Intermediate Service Center #4 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, ISC #4 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, ISC #4 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

Employers proportionate share of the net pension liability	\$ 703,109
State’s proportionate share of the net pension liability associated with the employer	<u>11,695,848</u>
Total	<u>\$12,398,957</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. ISC #4’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, ISC #4’s proportion was 0.00092032161 percent, which was a decrease of 0.00000774769 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, ISC #4 recognized pension expense of \$1,151,049 and revenue of \$1,151,049 for support provided by the State. For the year ended June 30, 2018, the South Cook Intermediate Service Center #4 recognized pension income of \$204,119. At June 30, 2018, ISC #4 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,637	\$ (325)
Net difference between projected and actual earnings on pension plan investments	482	-
Change of assumptions	46,927	(20,204)
Changes in proportion and differences between employer contributions and proportionate share of contributions	82,470	(363,614)
Employer contributions subsequent to the measurement date	18,714	-
Total	\$ 156,230	\$ (384,143)

\$18,714 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2019	\$	(230,617)
2020		(32,892)
2021		15,188
2022		1,191
2023		503
Thereafter		-
Total	\$	(246,627)

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15%	5.44%
Commodities (real return)	11%	4.28%
Hedge funds (absolute return)	8%	4.16%
Private equity	14%	10.63%
Total	<u>100%</u>	

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0 percent, which was a change from the June 30, 2016 rate of 6.83 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS’s fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I’s liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

Discount Rate (Concluded)

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS’s fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

Sensitivity of the South Cook Intermediate Service Center #4’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the South Cook Intermediate Service Center #4’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer’s proportionate share of the net pension liability	\$ 863,861	\$ 703,109	\$ 571,439

TRS fiduciary net position

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

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND

THIS Plan Description

The South Cook Intermediate Service Center #4 participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

Benefits Provided

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

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

On-behalf contributions to the THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the South Cook Intermediate Service Center #4. For the year ended June 30, 2018, State of Illinois contributions recognized by the South Cook Intermediate Service Center #4 were based on the State’s proportionate share of the collective net OPEB liability associated with the South Cook Intermediate Service Center #4, and recognized revenue and expenditures of \$166,410 in OPEB contributions from the State of Illinois.

Employer contributions to the THIS Fund. The South Cook Intermediate Service Center #4 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the South Cook Intermediate Service Center #4 paid \$12,685 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, the South Cook Intermediate Service Center #4 paid \$13,197 and \$13,093 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

Actuarial Assumptions (Concluded)

Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.
-----------------------------	---

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

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

Single Discount Rate

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

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

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following presents the South Cook Intermediate Service Center #4's proportionate share of the collective net OPEB liability, as well as what the ISC #4's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer’s proportionate share of the collective net OPEB liability	\$ 2,142,889	\$ 1,785,760	\$ 1,499,979

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table shows the South Cook Intermediate Service Center #4's net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease (a)	Healthcare Cost Trend Rates	1% Increase (b)
Employer’s proportionate share of the collective net OPEB liability	\$ 1,441,282	\$ 1,785,760	\$ 2,280,172

(a) One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate rate of 4.09% in 2025 for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

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

At June 30, 2018, the South Cook Intermediate Service Center #4 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the South Cook Intermediate Service Center #4.

The amount recognized by the South Cook Intermediate Service Center #4 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the South Cook Intermediate Service Center #4 were as follows:

Employers proportionate share of the net OPEB liability	\$ 1,785,760
State’s proportionate share of the net OPEB liability associated with the employer	<u>2,345,143</u>
Total	<u>\$ 4,130,903</u>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and was rolled forward to the June 30, 2017 measurement date. The South Cook Intermediate Service Center #4's proportion of the collective net OPEB liability was based on a projection of the South Cook Intermediate Service Center #4's long-term share of contributions to the OPEB plan relative to the projected contributions of the South Cook Intermediate Service Center #4, actuarially determined. At June 30, 2017, the South Cook Intermediate Service Center #4's proportion was 0.006882 percent, which was an increase of 0.000311 from its proportion measured as of June 30, 2016 (0.006571 percent). The State's support and total are for disclosure purposes only.

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Concluded)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)

For the year ended June 30, 2018, the South Cook Intermediate Service Center #4 recognized OPEB expense of \$166,410 and revenue of \$166,410 for support provided by the State. For the year ended June 30, 2018, the South Cook Intermediate Service Center #4 recognized OPEB expense of \$143,900. At June 30, 2018, the South Cook Intermediate Service Center #4 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,011
Change in assumptions		212,618
Net difference between projected and actual earnings on OPEB plan investments	-	20
Changes in proportion and differences between employer contributions and proportionate share of contributions	72,670	-
Employer contributions subsequent to the measurement date	12,685	-
 Total Deferred Amounts Related to OPEB	 \$ 85,355	 \$ 213,649

\$12,685 reported as deferred outflows of resources related to OPEB resulting from South Cook Intermediate Service Center #4 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the South Cook Intermediate Service Center #4's OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2019	\$ (21,658)
2020	(21,658)
2021	(21,658)
2022	(21,658)
2023	(21,653)
Thereafter	(32,694)
Total	\$ (140,979)

THIS Fiduciary Net Position

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

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE PLAN

Plan Description and Actuarial Valuation

In addition to providing the pension benefits described in Note 4, the South Cook Intermediate Service Center #4 provides postemployment health care benefits (OPEB) for retired TRS employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the South Cook Intermediate Service Center #4 and can be amended by board approval. 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 to be performed at least every two years. As a result of this requirement, South Cook Intermediate Service Center #4 was required to have an actuarial valuation for the year ended June 30, 2018. The results of ISC #4’s latest actuarial valuation are described below.

Eligibility Provisions

Select employees eligible to retire under TRS are eligible for the postemployment health care benefits.

Benefits Provided

ISC #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 South Cook Intermediate Service Center #4 TRS retirement plan. The Service Center offers a subsidy equal to 100% of the retiree’s medical premium until age 65. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from ISC #4’s insurance provider.

Membership

At June 30, 2018, membership consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	-
Inactive Employees Entitled to but not yet Receiving Benefits	-
Active Employees	6
TOTAL	6
Number of Participating Employers	1

Funding Policy and Contributions

There is no funding policy that exists for the postretirement plan at this time, as the total OPEB liabilities are currently an unfunded obligation.

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

Employer contributions, which reflect implicit rate subsidies, of \$4,043 and benefit payments of \$4,043 were made on the pay-as-you-go basis.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE PLAN (Continued)

Total OPEB Liability

The South Cook Intermediate Service Center #4's total OPEB Liability of \$468,722 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified.

Inflation	3.50%
Actuarial Cost Method	Entry Age Normal cost method was applied for actively employed participants.
Discount rate	As prescribed by GASB 75 for an unfunded OPEB, the discount rate as of June 30, 2017 and June 30, 2018 was developed using the 20 year municipal bond yield. The S&P Municipal Bond 20 Year High Grade Rate Index was used for this purpose. As of June 30, 2017 a rate of 3.13% was used. As of June 30, 2018 a rate of 2.98% was used.
Healthcare cost trend rates	Based on forecast information in published papers from industry experts combined with historical premium rate experience, suggests a 7.00% medical increase for the 2017/2018 fiscal year grading down to an ultimate rate of 4.50% in the 2028/2029 fiscal year and beyond.
Mortality rates	Based on the RP-2014 Healthy Mortality Tables with White Collar Adjustments, projected generationally with Scale MP-2014. Post-commencement rates were further adjusted. Specifically, male rates were multiplied by 115% for ages 78-114, and female rates were multiplied by 76% for ages 50-77 and 106% for ages 78-114.
Salary scale	Benefits are not salary based and therefore a wage inflation assumption of 3.50% was used. This assumption is only used for the application of the actuarial cost methods and is based on the expectation that future experience under the plan will be materially consistent with the assumption utilized in the TRS valuations. The specific wage inflation assumption is based on the TRS 2015 experience study.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE PLAN (Continued)

Actuarial Assumptions and Other Inputs (Concluded)

Retirement rates	For TRS employees hired prior to January 1, 2011, eligibility for reduced early retirement is 55 year old and 20 years of service while eligibility for normal unreduced retirement is 55 years old and 35 years of service, 60 years old and 10 years of services or 62 years old and 5 years of service. For TRS employees hired after January 1, 2011, eligibility for reduced early retirement is 62 years old and 10 years of services while eligibility for normal unreduced retirement is 67 years old and 10 years of service. Assumptions are based on the expectation that future experience under the plan will be materially consistent with the assumptions utilized in the TRS valuations.
------------------	--

Changes in the Total OPEB Liability

The following represents the reconciliation of the Total OPEB Liability (TOL) from the beginning of the Fiscal Year (July 1, 2017) to the end of the Fiscal Year (June 30, 2018). The TOL as of June 30, 2018 is \$468,722.

Reconciliation of Total OPEB Liability

	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (Asset) (A) – (B)
Beginning of the Year TOL	\$ 428,264	\$ -	\$ 428,264
Service Cost	25,319	-	25,319
Interest Cost	14,134	-	14,134
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes in Assumptions	5,048	-	5,048
Contributions – Employer	-	4,043	(4,043)
Net Investment Income	-	-	-
Benefit Payments	(4,043)	(4,043)	-
Administrative Expense	-	-	-
End of Year TOL	<u>\$ 468,722</u>	<u>\$ -</u>	<u>\$ 468,722</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (Concluded)

B. OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE PLAN (Concluded)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the South Cook Intermediate Service Center #4's total liability, as well as what the total liability would be if it were calculated using the discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
Total OPEB Liability	\$ 505,236	\$ 468,722	\$ 434,128

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the South Cook Intermediate Service Center #4's total liability, as well as what the total liability would be if it were calculated using the discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate. They key trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2029 for both non-Medicare coverage and post-Medicare coverage.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 416,157	\$ 468,722	\$ 529,898

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

For the period of July 1, 2017 to June 30, 2018, South Cook Intermediate Service Center #4 recognized OPEB expense of \$40,008. At June 30, 2018, South Cook Intermediate Service Center #4 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Expenses	\$ -	\$ -
Differences Between Projected and Actual Earnings	-	-
Changes in Assumption	4,493	-
Total	\$ 4,493	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2019	\$	555
2020		555
2021		555
2022		555
2023		555
Thereafter		1,718
Total	\$	4,493

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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. ISC #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.

NOTE 7 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, ISC #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, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Equipment	\$ 2,104,074	\$ 123,663	\$ -	\$ 2,227,737
Building	4,115,795	192,235	-	4,308,030
Governmental Activities Total	6,219,869	315,898	-	6,535,767
Assets				
Less Accumulated Depreciation				
Equipment	(1,812,714)	(62,925)	-	(1,875,639)
Building	(1,671,673)	(107,925)	-	(1,779,598)
Total Accumulated Depreciation	(3,484,387)	(170,850)	-	(3,655,237)
Governmental Activities				
Investment in Capital Assets, Net	\$ 2,735,482	\$ (145,048)	\$ -	\$ 2,880,530

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, 2018 of \$170,850 was charged to the governmental activities instructional services function 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 of the executive director and assistant executive director and contributions on-behalf of the South Cook Intermediate Service Center #4:

State of Illinois	
Executive Director Salary	\$ 57,588
Executive Director Fringe Benefits	19,175
Assistant Executive Director Salary	51,828
Assistant Executive Director Fringe Benefits	16,956
	<u>145,547</u>
ISC #4's share of THIS OPEB expense	166,410
ISC #4's share of TRS pension expense	1,151,049
Total	<u>\$ 1,463,006</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – ON – BEHALF PAYMENTS (Concluded)

Salary and benefit data for the Executive Director and Assistant Executive Director were calculated based on data provided by the Illinois State Board of Education. These amounts have been recorded in the accompanying governmental fund financial statements as State revenue and expenditures.

ISC #4 also recorded \$1,151,049 in revenue and expenses as on-behalf payments from the Illinois State Board of Education for the ISC's share of the State's Teachers' Retirement System pension expense and \$166,410 in revenue and expenses as on-behalf payments from the THIS fund for the ISC's share of the OPEB expense in the Statement of Activities. In addition, ISC #4 has not included any on-behalf payments related to the State's TRS pension expense for the Executive Director and Assistant Executive Director.

NOTE 9 – DUE FROM/TO OTHER GOVERNMENTS

ISC #4's Education Fund have funds due from/ to various other governmental units which consist of the following:

Due from Other Governments:

Special Revenue Fund – Education Fund				
Local Governments		\$		66,974
Illinois State Board of Education				133,069
Total		\$		<u>200,043</u>

Due to Other Governments:

Special Revenue Fund – Education Fund				
Illinois State Board of Education		\$		90
Total		\$		<u>90</u>

NOTE 10 – INTERFUND ACTIVITY

Interfund due to/from fund balances at June 30, 2018 consist of the following individual due to/from other funds in the governmental fund Balance Sheet. The purpose of interfund borrowing was to cover temporary shortfalls in cash flow within grant programs and funds.

Fund	Due From Other Funds	Due to Other Funds
General Funds		
RISE	\$ 146,073	\$ -
Local	-	3,541
Major Special Revenue Fund – Education Funds		
Regional Safe Schools	-	34,932
South Cook Mathematics Initiative	-	14,353
Title I – School Improvement and Accountability	-	93,247
	<u>\$ 146,073</u>	<u>\$ 146,073</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – INTERFUND ACTIVITY (Concluded)

Interfund transfers in/out to other fund balances at June 30, 2018 consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. These transfers were made in order to meet operating cost needs in the receiving fund.

Fund	Transfers In	Transfers Out
General Funds		
Local	\$ 807,148	\$ -
Squeeze and Read	-	3,594
Education Fund		
ROE/ISC Health and Life Safety Program	-	20,321
Major Proprietary Fund		
Workshop Fund	-	783,233
	<u>\$ 807,148</u>	<u>\$ 807,148</u>

NOTE 11 – LONG-TERM LIABILITIES

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

	June 30, 2017	Additions	Deductions	June 30, 2018
Net OPEB liability – THIS	\$ 1,796,137	\$ 117,917	\$ (128,294)	\$ 1,785,760
Net OPEB liability – TRS	428,264	44,501	(4,043)	468,722
Total net OPEB liability	<u>2,224,401</u>	<u>162,418</u>	<u>(132,337)</u>	<u>2,254,482</u>
Net pension liability (asset) – IMRF	158,082	-	(236,846)	(78,764)
Net pension liability - TRS	732,581	-	(29,472)	703,109
Total net pension liability	<u>890,663</u>	<u>-</u>	<u>(266,318)</u>	<u>624,345</u>
Total noncurrent liabilities	<u>\$ 3,115,064</u>	<u>\$ 162,418</u>	<u>\$ (398,655)</u>	<u>\$ 2,878,827</u>

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which over expend appropriations during the year are required to be disclosed.

The following fund had a deficit fund balance at June 30, 2018:

Special Revenue Fund – Education Fund – Title I – School Improvement and Accountability	\$ 4,797
--	----------

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The South Cook Intermediate Service Center #4 implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

As a result of the implementation of GASB Statement No. 75, the South Cook Intermediate Service Center #4 restated its net position balance in Fiscal Year 2018 from \$5,978,774 to \$3,828,260 to reflect the impact of the beginning OPEB liability as of the beginning of Fiscal Year 2018. This adjustment decreased net position (unrestricted) by \$2,150,514.

A reconciliation of net position reported in the prior period financial statements and as restated follows:

Net Position, beginning of year, as previously reported	\$ 5,978,774
Cumulative effect of change in accounting principle	<u>(2,150,514)</u>
Net Position, beginning of year, as restated	<u>\$ 3,828,260</u>

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR CALENDAR YEARS - *UNAUDITED***

Calendar Year Ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	\$ 89,319	\$ 96,563	\$ 98,567	\$ 107,890
Interest on the Total Pension Liability	208,152	212,157	194,281	170,633
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	202,915	(245,071)	10,591	13,349
Changes of Assumptions	(95,303)	-	-	87,624
Benefit Payments, including Refunds of Employee Contributions	(159,894)	(66,957)	(61,238)	(59,061)
Net Change in Total Pension Liability	<u>245,189</u>	<u>(3,308)</u>	<u>242,201</u>	<u>320,435</u>
Total Pension Liability - Beginning	<u>2,809,394</u>	<u>2,812,702</u>	<u>2,570,501</u>	<u>2,250,066</u>
Total Pension Liability - Ending (A)	<u>\$ 3,054,583</u>	<u>\$ 2,809,394</u>	<u>\$ 2,812,702</u>	<u>\$ 2,570,501</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 102,648	\$ 96,230	\$ 98,510	\$ 102,270
Contributions - Employees	73,360	35,149	38,447	38,224
Net Investment Income	468,670	167,330	(35,585)	115,205
Benefit Payments, including Refunds of Employee Contributions	(159,894)	(66,957)	(61,238)	(59,061)
Other (Net Transfer)	(2,749)	(2,671)	1,965	1,521
Net Change in Plan Fiduciary Net Position	<u>482,035</u>	<u>229,081</u>	<u>42,099</u>	<u>198,159</u>
Plan Fiduciary Net Position - Beginning (Restated)	<u>2,651,312</u>	<u>2,422,231</u>	<u>2,380,132</u>	<u>2,181,973</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 3,133,347</u>	<u>\$ 2,651,312</u>	<u>\$ 2,422,231</u>	<u>\$ 2,380,132</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ (78,764)</u>	<u>\$ 158,082</u>	<u>\$ 390,471</u>	<u>\$ 190,369</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102.58%	94.37%	86.12%	92.59%
Covered Payroll	\$ 823,157	\$ 781,092	\$ 854,383	\$ 833,221
Net Pension Liability as a Percentage of Covered Payroll	-9.57%	20.24%	45.70%	22.85%

Notes to Schedule

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

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS - *UNAUDITED*
LAST FOUR CALENDAR YEARS**

Calendar Year Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 95,154	\$ 102,270	\$ (7,116)	\$ 833,221	12.27%
2015	98,510	98,510	-	854,383	11.53%
2016	96,231	96,230	1	781,092	12.32%
2017	102,648	102,648	-	823,157	12.47%

Notes to Schedule:

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

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

Actuarial Cost Method: Aggregate entry age = normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 26-year closed period
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 3.5%
Price Inflation: 2.75%, approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases: 3.75% to 14.50%, including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (based year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation; note two year lag between valuation and rate setting.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2018†

	<u>FY2017*</u>	<u>FY2016*</u>	<u>FY2015*</u>	<u>FY2014*</u>
Employer's proportion of the net pension liability	0.0009203216%	0.0009280693%	0.0009005002%	0.0004289567%
Employer's proportionate share of the net pension liability	\$ 703,109	\$ 732,581	\$ 589,918	\$ 261,056
State's proportionate share of the net pension liability associated with the Employer	11,695,848	13,030,305	10,249,832	9,485,250
Total	<u>\$ 12,398,957</u>	<u>\$ 13,762,886</u>	<u>\$ 10,839,750</u>	<u>\$ 9,746,306</u>
Employer's covered payroll	\$ 1,571,069	\$ 1,636,686	\$ 1,620,419	\$ 1,581,211
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	44.8%	44.8%	36.4%	16.5%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2018†

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>
Statutorily-required contribution	\$ 21,464	\$ 48,518	\$ 33,755	\$ 21,421	\$ 17,107
Contributions in relation to the statutorily-required contribution	21,464	48,518	33,755	21,421	17,107
Contribution deficiency (excess)	<u>\$ -</u>				
Employer's covered payroll	\$ 1,441,496	\$ 1,571,069	\$ 1,636,686	\$ 1,620,419	\$ 1,581,211
Contributions as a percentage of covered payroll	1.49%	3.09%	2.06%	1.32%	1.08%

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

Notes to Supplementary Information

Changes of assumptions

For the 2017 and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and real return of 4.5 percent. Salary increases were assumed to vary by service credit.

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

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

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
TEACHERS' HEALTH INSURANCE SECURITY FUND - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2018

	<u>FY2017*</u>	<u>FY2016*</u>
Employer's proportion of the collective net OPEB liability (asset)	0.006882%	0.006571%
Employer's proportionate share of the collective net OPEB liability (asset)	\$ 1,785,760	\$ 1,796,137
Employer's covered payroll	\$ 1,571,069	\$ 1,636,686
Employer's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered payroll	113.7%	109.7%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.22%

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' HEALTH INSURANCE SECURITY FUND - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2018

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>
Statutorily-required contribution	\$ 12,685	\$ 13,197	\$ 13,093
Contributions in relation to the statutorily-required contribution	12,685	13,197	13,093
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 1,441,496	\$ 1,571,069	\$ 1,636,686
Contributions as a percentage of covered payroll	0.88%	0.84%	0.80%

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

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
TEACHERS' HEALTH INSURANCE SECURITY FUND
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS – *UNAUDITED*
FOR THE YEAR ENDED JUNE 30, 2018**

Changes of Benefit Terms

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

Changes of Assumptions

Because this is implementation year of GASB 74/75, the beginning Total OPEB Liability is based on the same assumptions, data, and plan provisions as the ending Total OPEB Liability. For the purpose of developing changes in OPEB's Liability for GASB 74/75 reporting, there have been no changes in assumptions from the prior period.

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR - UNAUDITED**

Fiscal Year Ended June 30,	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 25,319
Interest Cost	14,134
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	5,048
Net Change in Total OPEB Liability	<u>44,501</u>
Total OPEB Liability - Beginning	<u>424,221</u>
Total OPEB Liability - Ending (A)	<u><u>\$ 468,722</u></u>
 Plan Fiduciary Net Position	
Expected Employer Contributions	4,043
Net Investment Income	-
Expected Benefit Payments	(4,043)
Administrative Expenses	-
Net Change in Plan Fiduciary Net Position	<u>-</u>
Plan Fiduciary Net Position - Beginning (Restated)	<u>-</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ -</u></u>
 Net OPEB Liability - Ending (A) - (B)	<u><u>\$ 468,722</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
 Covered Payroll	\$ 593,682
 Net OPEB Liability as a Percentage of Covered Payroll	78.95%

Note to Schedule

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

Changes in Assumptions Since the Prior Valuation:

The discount rate as of the beginning of the fiscal year changed from 5.00% to 3.13% to reflect the adoption of GASB 75.

The discount rate as of the end of the fiscal year changed from 3.13% to 2.98% based on the change in 20 year municipal bond yields.

The actuarial cost method changed to the entry Age Normal method to reflect the adoption of GASB 75.

Morbidity rates were updated based on the June 2013 Society of Actuaries Study entitled "Health Care Costs - From Birth to Death".

The healthcare cost trend was updated to a graded scale beginning with 7.00% in the 2017/2018 fiscal year grading down to an ultimate rate of 4.50%

SUPPLEMENTARY INFORMATION

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2018

	RISE and General State Aid	Local	Spelling Bee	Squeeze and Read	Totals
Assets					
Cash and cash equivalents	\$ 2,732,702	\$ 76,061	\$ 560	\$ -	\$ 2,809,323
Due from other funds	146,073	-	-	-	146,073
Due from other governments					
Local	28,290	13,921	-	-	42,211
Total Assets	<u>2,907,065</u>	<u>89,982</u>	<u>560</u>	<u>-</u>	<u>2,997,607</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 2,907,065</u>	<u>\$ 89,982</u>	<u>\$ 560</u>	<u>\$ -</u>	<u>\$ 2,997,607</u>
Liabilities					
Accounts payable	\$ -	\$ 45,611	\$ 560	\$ -	\$ 46,171
Accrued payroll and employee benefits	117,839	6,966	-	-	124,805
Due to other funds	-	3,541	-	-	3,541
Total liabilities	<u>117,839</u>	<u>56,118</u>	<u>560</u>	<u>-</u>	<u>174,517</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance					
Assigned	2,789,226	-	-	-	2,789,226
Unassigned	-	33,864	-	-	33,864
Total fund balance	<u>2,789,226</u>	<u>33,864</u>	<u>-</u>	<u>-</u>	<u>2,823,090</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,907,065</u>	<u>\$ 89,982</u>	<u>\$ 560</u>	<u>\$ -</u>	<u>\$ 2,997,607</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2018

	RISE and General State Aid	Local	Spelling Bee	Squeeze and Read	Totals
Revenues					
Local sources	\$ 1,227,261	\$ 125,683	\$ 10,700	\$ -	\$ 1,363,644
State sources	975,552	-	-	-	975,552
On-behalf payments	-	145,547	-	-	145,547
Total revenues	<u>2,202,813</u>	<u>271,230</u>	<u>10,700</u>	<u>-</u>	<u>2,484,743</u>
Expenditures					
Instructional services					
Salaries	1,261,534	342,350	-	-	1,603,884
Employee benefits	170,786	113,873	-	-	284,659
Pension expense	46,832	16,840	-	-	63,672
Purchased services	276,315	165,417	7,703	-	449,435
Supplies and materials	50,801	41,067	2,997	-	94,865
Other objects	-	7,233	-	-	7,233
On-behalf payments	-	145,547	-	-	145,547
Intergovernmental					
Payments to other governments	-	28,206	-	-	28,206
Capital outlay	12,932	268,630	-	-	281,562
Total expenditures	<u>1,819,200</u>	<u>1,129,163</u>	<u>10,700</u>	<u>-</u>	<u>2,959,063</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>383,613</u>	<u>(857,933)</u>	<u>-</u>	<u>-</u>	<u>(474,320)</u>
Other financing sources/(uses)					
Transfers in	-	807,148	-	-	807,148
Transfers out	-	-	-	(3,594)	(3,594)
Total other financing sources/(uses)	<u>-</u>	<u>807,148</u>	<u>-</u>	<u>(3,594)</u>	<u>803,554</u>
Net change in fund balance	<u>383,613</u>	<u>(50,785)</u>	<u>-</u>	<u>(3,594)</u>	<u>329,234</u>
Fund balance, beginning of year	<u>2,405,613</u>	<u>84,649</u>	<u>-</u>	<u>3,594</u>	<u>2,493,856</u>
Fund balance, end of year	<u>\$ 2,789,226</u>	<u>\$ 33,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,823,090</u>

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	ROE/ISC Ops Health and Life Safety Program	Learning Technology Center	McKinney-Vento Education for Homeless Children and Youth	New Teacher Induction and Mentoring	Regional Safe Schools
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 18,080	\$ -	\$ -
Due from other governments					
Local	-	-	-	-	-
State	-	-	-	-	35,022
Total assets	<u>-</u>	<u>-</u>	<u>18,080</u>	<u>-</u>	<u>35,022</u>
Deferred outflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,080</u>	<u>\$ -</u>	<u>\$ 35,022</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 242	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	-
Due to other funds	-	-	-	-	34,932
Due to other governments					
State	-	-	-	-	90
Unearned revenue	-	-	17,838	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>18,080</u>	<u>-</u>	<u>35,022</u>
Deferred inflows of resources					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance/(deficit)					
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance/(deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,080</u>	<u>\$ -</u>	<u>\$ 35,022</u>

**SOUTH COOK INTERMEDIATE SERVICE CENTER #4
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	ROE/ISC Operations	South Cook Mathematics Initiative	Title I - School Improvement and Accountability	Title II - Teacher Quality - Leadership Grant	Totals
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 18,080
Due from other governments					
Local	-	14,353	-	-	14,353
State	-	-	98,047	-	133,069
Total assets	-	14,353	98,047	-	165,502
Deferred outflow of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ -	\$ 14,353	\$ 98,047	\$ -	\$ 165,502
Liabilities					
Accounts payable	\$ -	\$ -	\$ 4,514	\$ -	\$ 4,756
Accrued payroll and employee benefits	-	-	286	-	286
Due to other funds	-	14,353	93,247	-	142,532
Due to other governments					
State	-	-	-	-	90
Unearned revenue	-	-	-	-	17,838
Total liabilities	-	14,353	98,047	-	165,502
Deferred inflows of resources					
Unavailable revenue	-	-	4,797	-	4,797
Fund balance/(deficit)					
Unassigned	-	-	(4,797)	-	(4,797)
Total fund balance/(deficit)	-	-	(4,797)	-	(4,797)
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 14,353	\$ 98,047	\$ -	\$ 165,502

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2018

	ROE/ISC Ops Health and Life Safety Program	Learning Technology Center	McKinney-Vento Education for Homeless Children and Youth	New Teacher Induction and Mentoring	Regional Safe Schools
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	23,750	571,406
Federal sources	-	-	121,762	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>121,762</u>	<u>23,750</u>	<u>571,406</u>
Expenditures					
Instructional services					
Salaries	-	-	36,164	-	310,957
Employee benefits	-	-	11,683	-	64,787
Pension expense	-	-	1,034	-	5,299
Purchased services	-	2,731	68,596	16,281	-
Supplies and materials	-	15,985	1,233	7,469	60
Capital outlay	-	31,284	3,052	-	-
Total expenditures	<u>-</u>	<u>50,000</u>	<u>121,762</u>	<u>23,750</u>	<u>381,103</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>190,303</u>
Other financing sources/(uses)					
Transfers out	<u>(20,321)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources/(uses)	<u>(20,321)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(20,321)	(50,000)	-	-	190,303
Fund balance, beginning of year	<u>20,321</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(190,303)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2018

	ROE/ISC Operations	South Cook Mathematics Initiative	Title I - School Improvement and Accountability	Title II - Teacher Quality - Leadership Grant	Totals
Revenues					
Local sources	\$ -	\$ 37,205	\$ -	\$ -	\$ 37,205
State sources	328,621	-	-	-	923,777
Federal sources	-	-	202,757	26,739	351,258
Total revenues	<u>328,621</u>	<u>37,205</u>	<u>202,757</u>	<u>26,739</u>	<u>1,312,240</u>
Expenditures					
Instructional services					
Salaries	227,402	5,850	85,678	-	666,051
Employee benefits	43,257	1,971	18,833	-	140,531
Pension expense	19,787	244	7,041	-	33,405
Purchased services	22,658	26,140	91,209	26,739	254,354
Supplies and materials	15,517	3,000	4,793	-	48,057
Capital outlay	-	-	-	-	34,336
Total expenditures	<u>328,621</u>	<u>37,205</u>	<u>207,554</u>	<u>26,739</u>	<u>1,176,734</u>
Excess/(Deficiency) of revenues over/ (under) expenditures	<u>-</u>	<u>-</u>	<u>(4,797)</u>	<u>-</u>	<u>135,506</u>
Other financing sources/(uses)					
Transfers out	-	-	-	-	(20,321)
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,321)</u>
Net change in fund balance	-	-	(4,797)	-	115,185
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119,982)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,797)</u>	<u>\$ -</u>	<u>\$ (4,797)</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
MCKINNEY-VENTO EDUCATION FOR HOMELESS CHILDREN AND YOUTH
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 139,600	\$ 139,600	\$ 121,762
Total revenues	<u>139,600</u>	<u>139,600</u>	<u>121,762</u>
Expenditures			
Salaries	36,853	36,853	36,164
Employee benefits, including pension expense	12,662	12,662	12,717
Purchased services	76,422	76,422	68,596
Supplies and materials	10,063	10,063	1,233
Capital outlay	3,600	3,600	3,052
Total expenditures	<u>139,600</u>	<u>139,600</u>	<u>121,762</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of November 15, 2016 to August 31, 2017)
EDUCATION FUND ACCOUNTS
NEW TEACHER INDUCTION AND MENTORING
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 129,180	\$ 129,180	\$ 23,750
Total revenues	<u>129,180</u>	<u>129,180</u>	<u>23,750</u>
Expenditures			
Salaries	12,844	12,844	-
Employee benefits, including pension expense	5,157	5,157	-
Purchased services	93,704	93,704	16,281
Supplies and materials	17,475	17,475	7,469
Total expenditures	<u>129,180</u>	<u>129,180</u>	<u>23,750</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from November 15, 2016 through August 31, 2017; only part of the grant was received and expended in the current fiscal year.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2016 to June 30, 2017)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 382,891	\$ 382,891	\$ 190,303
Total revenues	<u>382,891</u>	<u>382,891</u>	<u>190,303</u>
Expenditures			
Salaries	302,470	302,470	-
Employee benefits, including pension expense	76,959	76,959	-
Supplies and materials	3,462	3,462	-
Total expenditures	<u>382,891</u>	<u>382,891</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	\$ 190,303
Fund balance, beginning of year			<u>(190,303)</u>
Fund balance, end of year			<u>\$ -</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 381,103	\$ 381,103	\$ 381,103
Total revenues	<u>381,103</u>	<u>381,103</u>	<u>381,103</u>
Expenditures			
Salaries	309,073	309,073	310,957
Employee benefits, including pension expense	71,503	71,503	70,086
Supplies and materials	527	527	60
Total expenditures	<u>381,103</u>	<u>381,103</u>	<u>381,103</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 328,023	\$ 328,621	\$ 328,621
Total revenues	<u>328,023</u>	<u>328,621</u>	<u>328,621</u>
Expenditures			
Salaries	226,647	226,647	227,402
Employee benefits, including pension expense	67,147	67,147	63,044
Purchased services	20,000	20,598	22,658
Supplies and materials	14,229	14,229	15,517
Total expenditures	<u>328,023</u>	<u>328,621</u>	<u>328,621</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2016 to August 31, 2017)
EDUCATION FUND ACCOUNTS
TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 812,473	\$ 812,473	\$ 30,807
Total revenues	<u>812,473</u>	<u>812,473</u>	<u>30,807</u>
Expenditures			
Salaries	464,733	464,733	3,843
Employee benefits	83,335	83,335	2,208
Purchased services	259,405	259,405	24,570
Supplies and materials	5,000	5,000	186
Total expenditures	<u>812,473</u>	<u>812,473</u>	<u>30,807</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2016 through August 31, 2017; only part of the grant was received and expended in the current fiscal year.

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 190,000	\$ 190,000	\$ 171,950
Total revenues	<u>190,000</u>	<u>190,000</u>	<u>171,950</u>
Expenditures			
Salaries	132,161	82,003	81,835
Employee benefits, including pension expense	22,052	29,555	23,666
Purchased services	30,705	73,360	66,639
Supplies and materials	5,082	5,082	4,607
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>176,747</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(4,797)
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ (4,797)</u>

SOUTH COOK INTERMEDIATE SERVICE CENTER #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 4, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
TITLE II - TEACHER QUALITY - LEADERSHIP GRANT
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 26,771	\$ 26,771	\$ 26,739
Total revenues	<u>26,771</u>	<u>26,771</u>	<u>26,739</u>
Expenditures			
Purchased services	26,771	26,771	26,739
Total expenditures	<u>26,771</u>	<u>26,771</u>	<u>26,739</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>