

**STATE OF ILLINOIS  
NORTH COOK  
INTERMEDIATE SERVICE CENTER #1  
FINANCIAL AUDIT  
For the Year Ended June 30, 2014**

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

## **NORTH COOK INTERMEDIATE SERVICE CENTER #1**

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**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
OFFICIALS**

Executive Director (Current and during the Audit Period)	Dr. Bruce Brown
Administrative Assistant (Current and during the Audit Period)	Ms. Cindy Cirillo
Business Manager (Retired 1/26/2015)	Ms. Virginia Clark
Business Manager (Current – Effective 1/26/2015)	Ms. Terrie Simmons

Offices are located at:

Continental Office Plaza  
2340 Des Plaines River Road, Suite 414  
Des Plaines, IL 60018-3292

## **NORTH COOK INTERMEDIATE SERVICE CENTER #1 FINANCIAL REPORT SUMMARY**

The financial audit testing performed during this audit was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

### **AUDITORS' REPORTS**

The auditors' reports do not contain scope limitations, disclaimers, or other significant non-standard language.

### **SUMMARY OF AUDIT FINDINGS**

Number of	This Audit	Prior Audit
Audit findings	2	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	0

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

### **SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i><b>Findings (Government Auditing Standards)</b></i>			
2014-001	11a-11b	Controls Over Financial Statement Preparation	Material Weakness
2014-002	11c	Inadequate Internal Control Procedures	Material Weakness

### ***Prior Audit Findings Not Repeated (Government Auditing Standards)***

N/A

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
FINANCIAL REPORT SUMMARY – (CONCLUDED)**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Center personnel in an informal exit teleconference on March 26, 2015. Attending were Bruce Brown, Executive Director; Terrie Simmons, Business Manager; and Kimberly Walker, CPA, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Bruce Brown, Executive Director, on March 26, 2015.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the North Cook Intermediate Service Center #1 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the North Cook Intermediate Service Center #1's basic financial statements.



## **INDEPENDENT AUDITORS' REPORT**

Honorable William G. Holland  
Auditor General  
State of Illinois

Board of Directors  
North Cook Intermediate Service Center #1

### **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 North Cook Intermediate Service Center #1, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the North Cook Intermediate Service Center #1's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Cook Intermediate Service Center #1, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Illinois Municipal Retirement Fund Schedule of Funding Progress, and the Post Employment Benefits other than Pensions Schedule of Funding Progress on pages 14a through 14e, page 48, and page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Cook Intermediate Service Center #1's basic financial statements. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 04, 2015 on our consideration of the North Cook Intermediate Service Center #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Cook Intermediate Service Center #1's internal control over financial reporting and compliance.

*Kemper CPA Group LLP*

KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
June 04, 2015



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

Honorable William G. Holland  
Auditor General  
State of Illinois

Board of Directors  
North Cook Intermediate Service Center #1

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Cook Intermediate Service Center #1, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the North Cook Intermediate Service Center #1's basic financial statements, and have issued our report thereon dated June 04, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Cook Intermediate Service Center #1'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 North Cook Intermediate Service Center #1's internal control. Accordingly, we do not express an opinion on the effectiveness of North Cook Intermediate Service Center #1's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2014-001 and 2014-002 to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether North Cook Intermediate Service Center #1's financial statements are free from 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*.

### North Cook Intermediate Service Center #1's Responses to Findings

North Cook Intermediate Service Center #1's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. North Cook Intermediate Service Center #1'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 North Cook Intermediate Service Center #1's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Cook Intermediate Service Center #1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kemper CPA Group LLP*

KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
June 04, 2015

**SCHEDULE OF FINDINGS AND RESPONSES**

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SECTION I – SUMMARY OF AUDITORS’ RESULTS**  
**For the Year Ended June 30, 2014**

**Financial Statements**

Type of auditors' report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2014**

**FINDING NO. 2014-001 – Controls Over Financial Statement Preparation**

**Criteria/specific requirement:**

North Cook Intermediate Service Center #1 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). North Cook Intermediate Service Center #1's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

**Condition:**

North Cook Intermediate Service Center #1 does not have sufficient internal controls over the financial reporting process. North Cook Intermediate Service Center #1 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the North Cook Intermediate Service Center #1 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the North Cook Intermediate Service Center #1's financial information prepared by the North Cook Intermediate Service Center #1, the following were noted:

- North Cook Intermediate Service Center #1 did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Service Center did maintain records to indicate the balances of some accounts receivable, accounts payable, and unearned revenue, not all necessary entries were provided to post the activity.
- Several adjustments were necessary to properly record interfund receivables and payables.
- Several adjustments were necessary to properly categorize funds as to fund types (general, special revenue, proprietary).
- Several adjustments were necessary to adjust fund balances to actual.
- An entry was necessary to reclassify payments to a vendor to an expenditure account instead of being netted against the revenue recorded for the related service.

**Effect:**

North Cook Intermediate Service Center #1 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2014**

**FINDING NO. 2014-001 – Controls Over Financial Statement Preparation (Concluded)**

**Cause:**

North Cook Intermediate Service Center #1 did not have adequate funding to hire, as full-time staff, a certified public accountant or other financial professionals with the appropriate training and expertise.

**Recommendation:**

As part of internal control over the preparation of financial statements, North Cook Intermediate Service Center #1 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of North Cook Intermediate Service Center #1's activities and operations.

**Management's Response:**

With the recent retirement of the North Cook Intermediate Service Center's Business Manager, a replacement has been hired who is an accountant and possesses many years of experience in school finance. The new Business Manager will strive to do her best to prepare the financial statements in accordance with GAAP.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2014**

**FINDING NO. 2014-002 – Inadequate Internal Control Procedures**

**Criteria/specific requirement:**

North Cook Intermediate Service Center #1 is responsible for establishing and maintaining an internal control system over receipts and disbursements sufficient to prevent errors and fraud.

**Condition:**

Auditors noted the following weaknesses in North Cook Intermediate Service Center #1's internal control system:

- Lack of segregation of duties exists over receipts since the same individual receiving tuition monies also creates the deposit slip, records the receipt in the general ledger, and is responsible for making the deposit at the bank.
- Lack of segregation of duties exists over disbursements since the person entering bills, printing checks (which contain an electronic signature), and mailing the checks is also responsible for providing a check register to the Board for approval and to the Township for use in their reconciliation of the Service Center's accounts.
- The Executive Assistant does not formally document her review of the Accounts Payable Pre-list and Check Register.
- Journal entries made by the accounting department are not formally reviewed and approved by the Executive Director.

**Effect:**

North Cook Intermediate Service Center #1's lack of effective internal control procedures could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

**Cause:**

North Cook Intermediate Service Center #1 has not established sufficient internal control procedures.

**Recommendation:**

- Tuition monies should be recorded in the general ledger by an individual independent of the receipt and deposit of the same monies.
- Signed disbursement checks should be reviewed and mailed by an individual independent of the check preparation and recording functions. This review should include comparing the signed checks to the check register that will be provided to the Board and to the Township. The individual performing the review should initial the check register before providing it to the Board and to the Township.
- The Executive Assistant should document her review of the Accounts Payable Pre-list and Check Register with an actual signature or initials.
- Journal entries should be reviewed on a regular basis with this review being formally documented by initialing the journal entry report by the Executive Director.

**Management's Response:**

North Cook Intermediate Service Center #1 agrees with the finding and will make changes to its internal control procedures to address the deficiencies identified above.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**For the Year Ended June 30, 2014**

**CORRECTIVE ACTION PLAN**

**FINDING NO. 2014-001 – Controls Over Financial Statement Preparation**

**Condition:**

North Cook Intermediate Service Center #1 does not have sufficient internal controls over the financial reporting process. North Cook Intermediate Service Center #1 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the North Cook Intermediate Service Center #1 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the North Cook Intermediate Service Center #1's financial information prepared by the North Cook Intermediate Service Center #1, the following were noted:

- North Cook Intermediate Service Center #1 did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Service Center did maintain records to indicate the balances of some accounts receivable, accounts payable, and unearned revenue, not all necessary entries were provided to post the activity.
- Several adjustments were necessary to properly record interfund receivables and payables.
- Several adjustments were necessary to properly categorize funds as to fund types (general, special revenue, proprietary).
- Several adjustments were necessary to adjust fund balances to actual.
- An entry was necessary to reclassify payments to a vendor to an expenditure account instead of being netted against the revenue recorded for the related service.

**Plan:**

With the recent retirement of the North Cook Intermediate Service Center's Business Manager, a replacement has been hired who is an accountant and possesses many years of experience in school finance. The new Business Manager will strive to do her best to prepare the financial statements in accordance with GAAP.

**Anticipated Date of Completion:**

Prior to the FY2015 audit.

**Name of Contact Person:**

Dr. Bruce Brown, Executive Director

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2014**

**CORRECTIVE ACTION PLAN**

**FINDING NO. 2014-002 – Inadequate Internal Control Procedures**

**Condition:**

Auditors noted the following weaknesses in North Cook Intermediate Service Center #1's internal control system:

- Lack of segregation of duties exists over receipts since the same individual receiving tuition monies also creates the deposit slip, records the receipt in the general ledger, and is responsible for making the deposit at the bank.
- Lack of segregation of duties exists over disbursements since the person entering bills, printing checks (which contain an electronic signature), and mailing the checks is also responsible for providing a check register to the Board for approval and to the Township for use in their reconciliation of the Service Center's accounts.
- The Executive Assistant does not formally document her review of the Accounts Payable Pre-list and Check Register.
- Journal entries made by the accounting department are not formally reviewed and approved by the Executive Director.

**Plan:**

- Receipts of tuition monies will be recorded in the general ledger by an individual independent of the receipt and deposit of the same monies.
- Signed disbursement checks will be reviewed and mailed by an individual independent of the check preparation and recording functions. This review will include comparing the signed checks to the check register that will be provided to the Board and to the Township. The individual performing the review will initial the check register before providing it to the Board and to the Township.
- The Executive Assistant will document her review of the Accounts Payable Pre-list and Check Register with a live signature or initials.
- Journal entries will be reviewed on a regular basis with this review being formally documented by initialing the journal entry report.

**Anticipated Date of Completion:**

Prior to the FY2015 audit.

**Name of Contact Person:**

Dr. Bruce Brown, Executive Director

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2014**

<b><u>Finding Number</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
None		

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **NORTH COOK INTERMEDIATE SERVICE CENTER #1**

### **Required Supplementary Information Management's Discussion and Analysis**

For the year ended June 30, 2014

As management of North Cook Intermediate Service Center #1, we offer the readers of the financial statements this narrative overview and analysis of the financial activities of North Cook Intermediate Services Center #1 for the year ended June 30, 2014.

Management's Discussion and Analysis (MD&A) is an element of required supplementary information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 issued in June 1999. Certain comparative information between the current year (ended June 30, 2014) and the prior year (ended June 30, 2013) is required to be presented in the MD&A.

MD&A is provided at the beginning of the report to provide an overview of North Cook Intermediate Service Center #1's financial position at June 30, 2014 and the results of operations for the year. This summary should not be taken as a replacement for the audit report, which consists of the financial statements, notes to the financial statements, required and other supplementary information.

### **Using This Annual Report**

The financial section of this annual report consists of four parts – Independent Auditor's Reports, required supplementary information which includes the MD&A (this section), the basic financial statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of North Cook Intermediate Service #1: 1) Government-wide financial statements and 2) fund financial statements.

#### **Government – Wide Financial Statements**

The first two statements are government-wide financial statements that provide both short term and long term information about North Cook Intermediate Service Center #1's overall financial status, similar to a private business sector. In the government-wide financial statements, activities are shown in two categories – governmental and business-type activities. North Cook Intermediate Service Center #1's basic service is education. These activities are largely financed with local, State and Federal revenues.

The Statement of Net Position presents information on all of North Cook Intermediate Service Center #1's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of North Cook Intermediate Service Center #1 is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year.

The government-wide financial statements present a summary of governmental and business-type activities, accompanied by a total, and are presented on an 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. Separate financial statements are provided for governmental funds and proprietary funds. 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.

**NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1**  
**Required Supplementary Information**  
**Management's Discussion and Analysis (Continued)**  
For the year ended June 30, 2014

**Fund Financial Statements**

The governmental fund financial statements have been prepared in accordance with the Illinois Program Accounting Manual for Local Education Agencies and generally accepted accounting principles on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, when they become both "measurable" and "available" to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents 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.

The governmental and proprietary fund financial statements provide more detailed information about North Cook Intermediate Service Center #1's funds – not the Center as a whole. Funds are specific segregations of cash and accounting devices the Center uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law while others are established to control and manage money for particular purposes or to show that North Cook Intermediate Service Center #1 is properly using certain revenues.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for each. By doing so, readers may better understand the long-term impact of North Cook Intermediate Service Center #1's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

North Cook Intermediate Service Center #1 maintains various governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for these funds. More detail of the individual revenues and expenditures for these funds is presented in the supplementary section of this report.

North Cook Intermediate Service Center #1 prepares budgets for each of the governmental funds. North Cook Intermediate Service Center #1 has not legally adopted the budgets and is not required to do so. Illinois State Board of Education, a granting agency, approves the North Cook Intermediate Service Center #1 budgets for certain program revenues. A budgetary comparison statement has been provided as supplementary information for the General, Education, and Nonmajor Special Revenue Funds, which is in compliance with GASB Statement No. 34.

**NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1**  
**Required Supplementary Information**  
**Management's Discussion and Analysis (Continued)**  
For the year ended June 30, 2014

**Condensed Financial Information**

For Fiscal Years Ending June 30,

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	2,361,455	\$ 2,251,247	\$ 118,905	\$ -	\$ 2,480,360	\$ 2,251,247
Capital Assets, net	52,740	11,982	959	-	53,699	11,982
Total Assets	<u>2,414,195</u>	<u>2,263,229</u>	<u>119,864</u>	-	<u>2,534,059</u>	<u>2,263,229</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Current Liabilities	42,854	96,803	6,452	-	49,306	96,803
Noncurrent Liabilities	21,076	8,450	-	-	21,076	8,450
Total Liabilities	<u>63,930</u>	<u>105,253</u>	<u>6,452</u>	-	<u>70,382</u>	<u>105,253</u>
Deferred Inflows of Resources	-	-	-	-	-	-
Net Position:						
Net investment in capital assets	52,740	11,982	959	-	53,699	11,982
Restricted for educational purposes	447,216	166,556	-	-	447,216	166,556
Unrestricted	1,850,309	1,979,438	112,453	-	1,962,762	1,979,438
<b>TOTAL NET POSITION</b>	<b><u>\$ 2,350,265</u></b>	<b><u>\$ 2,157,976</u></b>	<b><u>\$ 113,412</u></b>	<b>\$ -</b>	<b><u>\$ 2,463,677</u></b>	<b><u>\$ 2,157,976</u></b>

Current assets consist of cash and investments, prepaid expenses, accrued interest receivable, and amounts due from other governments. As of June 30, 2014, the Center had no outstanding long-term debt. Net position consists of unrestricted and restricted net position and net investment in capital assets.

CHANGES IN NET POSITION  
For Fiscal Years Ending June 30,

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 286,586	\$ -	\$ 167,459	\$ -	\$ 454,045	\$ -
Operating grants	1,011,806	1,526,097	-	-	1,011,806	1,526,097
General revenues:						
Local sources	1,506,389	1,765,109	-	-	1,506,389	1,765,109
State sources	430,592	-	-	-	430,592	-
On-behalf payments - State	400,374	416,147	-	-	400,374	416,147
Interest	16,865	21,427	756	-	17,621	21,427
<b>Total Revenues</b>	<b><u>3,652,612</u></b>	<b><u>3,728,780</u></b>	<b><u>168,215</u></b>	<b>\$ -</b>	<b><u>3,820,827</u></b>	<b><u>3,728,780</u></b>
Expenses:						
Program expenses:						
Instructional services:						
Instruction	942,315	1,168,726	-	-	942,315	1,168,726
Support services	2,303,544	2,520,903	106,036	-	2,409,580	2,520,903
Nonprogrammed charges	-	116,103	-	-	-	116,103
Administrative expenses:						
On-behalf payments - State	400,374	416,147	-	-	400,374	416,147
Unallocated depreciation expense	4,665	5,268	-	-	4,665	5,268
Loss on disposal of capital assets	732	-	2,599	-	3,331	-
<b>Total Expenses</b>	<b><u>3,651,630</u></b>	<b><u>4,227,147</u></b>	<b><u>108,635</u></b>	<b>\$ -</b>	<b><u>3,760,265</u></b>	<b><u>4,227,147</u></b>
Changes in Net Position before Transfers	982	(498,367)	59,580	-	60,562	(498,367)
Transfers	-	-	-	-	-	-
Changes in Net Position	982	(498,367)	59,580	-	60,562	(498,367)
Net Position, beginning, restated	<u>2,349,283</u>	<u>2,656,343</u>	<u>53,832</u>	<u>-</u>	<u>2,403,115</u>	<u>2,656,343</u>
Net Position, end of year	<b><u>\$ 2,350,265</u></b>	<b><u>\$ 2,157,976</u></b>	<b><u>\$ 113,412</u></b>	<b>\$ -</b>	<b><u>\$ 2,463,677</u></b>	<b><u>\$ 2,157,976</u></b>

**NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1**  
**Required Supplementary Information**  
**Management's Discussion and Analysis (Continued)**  
For the year ended June 30, 2014

**Condensed Financial Information (Concluded)**

Major sources of operating revenues for North Cook Intermediate Service Center #1 include: Federal and State grants and local tuition and fees.

**Management's Analysis of the Intermediate Service Center's Overall Financial Position and Results of Operations**

As shown in the table above, total revenues for governmental activities for this year were \$3,652,612. Local sources, consisting of primarily tuition, contributed \$1,792,975, or 49% of this amount. Federal and State grants financed another 39%, or \$1,442,398.

The increase in business-type activities is due to a misclassification of certain proprietary funds as special revenue funds in the prior year. Beginning net position has been restated, as described in Note 15, partially as a result of this misclassification.

General Fund direct revenues decreased by \$30,464 (2%) from \$1,967,445 in FY 2013 to \$1,936,981 in FY 2014, due primarily to a decrease in General State Aid. General Fund direct expenditures decreased by \$218,595 (9%) from \$2,313,058 in FY 2013 to \$2,094,463 in FY 2014, driven primarily by decreases in instructional expenditures.

Education Fund revenues decreased by \$13,056 (1%) from \$963,815 in FY 2013 to \$950,759 in FY 2014. This decrease was caused by a decline in federal program revenue. Expenditures decreased by \$214,388 (18%) from \$1,168,200 in FY 2013 to \$953,812 in FY 2014, directly driven by the decrease in education program revenues.

Institute Fund and Nonmajor Special Revenue Fund revenues decreased by \$28,472 (8%) from \$376,105 in FY 2013 to \$347,633 in FY 2014. Expenditures decreased by \$123,122 (38%) from \$320,267 in FY 2013 to \$197,145 in FY 2014. These decreases are primarily due to the reclassification of certain funds, which were classified as special revenue funds in FY 2013, to proprietary funds in FY 2014.

**Capital assets**

During the year ended June 30, 2014 the North Cook Intermediate Service Center #1 invested \$19,816 in new computers and other miscellaneous computer hardware.

**Net position**

During the year, total net position increased \$305,701 (unadjusted for prior period adjustments). Total revenue for fiscal year ended June 30, 2013 was \$3,728,780 and increased by \$92,047 to \$3,820,827 for fiscal year ended June 30, 2014. This increase was mainly due to an increase in charges for services and general revenues. Total expenses decreased by \$466,882 from \$4,227,147 in fiscal year ended June 30, 2013, to \$3,760,265 during the fiscal year ended June 30, 2014. Expenditures were lower in fiscal year 2014 compared to fiscal year 2013 due to a decrease in instruction, supporting services, and nonprogrammed charges. The factors which have contributed to this condition are explained below.

**NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1**  
**Required Supplementary Information**  
**Management's Discussion and Analysis (Concluded)**  
For the year ended June 30, 2014

**Factors or Conditions Impacting Future Periods**

On the revenue side, State and Federal grant monies decreased. Local revenues were lower than anticipated primarily due to a fewer number of participants enrolled in the various programs offered by North Cook Intermediate Service Center #1. On the expenditure side, the decrease is due to less grant funds available to the Center. In summary, this expectation of continued service demand will result in larger response time, reduced array of services, and the need to do more with existing human resources.

**Contacting the Intermediate Service Center's Financial Management**

This financial report is designed to provide the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the organization, Illinois State Board of Education, Federal award agencies and pass-through entities with a general overview of North Cook Intermediate Service Center #1's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Dr. Bruce Brown, Executive Director, 2340 Des Plaines River Road, Des Plaines, IL 60018-3292.

## **BASIC FINANCIAL STATEMENTS**

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 862,495	\$ 109,705	\$ 972,200
Investments	1,110,068	-	1,110,068
Due from other governments	381,432	9,200	390,632
Accrued interest receivable	7,460	-	7,460
Total Current Assets	<u>2,361,455</u>	<u>118,905</u>	<u>2,480,360</u>
<b>NONCURRENT ASSETS</b>			
Capital assets, net of accumulated depreciation	52,740	959	53,699
Total Noncurrent Assets	<u>52,740</u>	<u>959</u>	<u>53,699</u>
<b>TOTAL ASSETS</b>	<u>2,414,195</u>	<u>119,864</u>	<u>2,534,059</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	14,615	6,452	21,067
Accrued employee benefits	26,028	-	26,028
Due to other governments	2,211	-	2,211
Total Current Liabilities	<u>42,854</u>	<u>6,452</u>	<u>49,306</u>
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences	9,592	-	9,592
IMRF net pension obligation	11,484	-	11,484
Total Noncurrent Liabilities	<u>21,076</u>	<u>-</u>	<u>21,076</u>
<b>TOTAL LIABILITIES</b>	<u>63,930</u>	<u>6,452</u>	<u>70,382</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	52,740	959	53,699
Restricted for educational purposes	447,216	-	447,216
Unrestricted	1,850,309	112,453	1,962,762
<b>TOTAL NET POSITION</b>	<u>\$ 2,350,265</u>	<u>\$ 113,412</u>	<u>\$ 2,463,677</u>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2014**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Primary Government		
							Total	
<b>FUNCTIONS/PROGRAMS</b>								
<b>PRIMARY GOVERNMENT</b>								
Governmental Activities								
Instructional Services:								
Instruction	\$ 942,315	\$ -	\$ 260,920	\$ (681,395)	\$ -	\$ -	\$ (681,395)	
Support services	2,303,544	286,586	750,886	(1,266,072)	-	-	(1,266,072)	
Administrative:								
On-behalf payments - State	400,374	-	-	(400,374)	-	-	(400,374)	
Unallocated depreciation expense	4,665	-	-	(4,665)	-	-	(4,665)	
Total Governmental Activities	<u>3,650,898</u>	<u>286,586</u>	<u>1,011,806</u>	<u>(2,352,506)</u>	<u>-</u>	<u>-</u>	<u>(2,352,506)</u>	
Business-type Activities								
Support services	<u>106,036</u>	<u>167,459</u>	<u>-</u>	<u>-</u>	<u>61,423</u>	<u>61,423</u>	<u>61,423</u>	
Total Business-type Activities	<u>106,036</u>	<u>167,459</u>	<u>-</u>	<u>-</u>	<u>61,423</u>	<u>61,423</u>	<u>61,423</u>	
Total Primary Government	<u>\$ 3,756,934</u>	<u>\$ 454,045</u>	<u>\$ 1,011,806</u>	<u>(2,352,506)</u>	<u>61,423</u>	<u>(2,291,083)</u>		
General Revenues								
Local sources				1,506,389	-	-	1,506,389	
State sources				430,592	-	-	430,592	
On-behalf payments - State				400,374	-	-	400,374	
Loss on disposal of capital assets				(732)	(2,599)	(3,331)		
Interest				16,865	756	17,621		
Total General Revenues				<u>2,353,488</u>	<u>(1,843)</u>	<u>2,351,645</u>		
Change in net position				<u>982</u>	<u>59,580</u>	<u>60,562</u>		
Net Position - beginning				<u>2,157,976</u>	<u>-</u>	<u>2,157,976</u>		
Prior period adjustment				<u>191,307</u>	<u>53,832</u>	<u>245,139</u>		
Net Position - beginning (restated, see Note 15)				<u>2,349,283</u>	<u>53,832</u>	<u>2,403,115</u>		
Net Position - ending				<u>\$ 2,350,265</u>	<u>\$ 113,412</u>	<u>\$ 2,463,677</u>		

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2014**

	General Fund	Education Fund	Institute Fund	Non-Major Special Revenue Fund Bus Driver	Eliminations	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 425,505	\$ 10,986	\$ 234,460	\$ 191,544	\$ -	\$ 862,495
Investments	1,110,068	-	-	-	-	1,110,068
Due from other funds	507,420	-	-	-	(507,420)	-
Due from other governments	312,425	45,981	23,026	-	-	381,432
Accrued interest receivable	7,460	-	-	-	-	7,460
<b>TOTAL ASSETS</b>	<b>2,362,878</b>	<b>56,967</b>	<b>257,486</b>	<b>191,544</b>	<b>(507,420)</b>	<b>2,361,455</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,362,878</b>	<b>\$ 56,967</b>	<b>\$ 257,486</b>	<b>\$ 191,544</b>	<b>\$ (507,420)</b>	<b>\$ 2,361,455</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 6,140	\$ 8,475	\$ -	\$ -	\$ -	\$ 14,615
Accrued employee benefits	23,914	300	1,209	605	-	26,028
Due to other funds	461,439	45,981	-	-	(507,420)	-
Due to other governments	-	2,211	-	-	-	2,211
Total liabilities	491,493	56,967	1,209	605	(507,420)	42,854
<b>DEFERRED INFLOWS OF RESOURCES</b>						
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	-	-	256,277	190,939	-	447,216
Unassigned	1,871,385	-	-	-	-	1,871,385
<b>Total Fund Balances (Deficits)</b>	<b>1,871,385</b>	<b>-</b>	<b>256,277</b>	<b>190,939</b>	<b>-</b>	<b>2,318,601</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>						
	<b>\$ 2,362,878</b>	<b>\$ 56,967</b>	<b>\$ 257,486</b>	<b>\$ 191,544</b>	<b>\$ (507,420)</b>	<b>\$ 2,361,455</b>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**June 30, 2014**

Total fund balances - governmental funds	\$ 2,318,601
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$500,866	52,740
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued compensated absences	(9,592)
IMRF net pension obligation	<u>(11,484)</u>
Net position of governmental activities	<u><u>\$ 2,350,265</u></u>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2014**

	General Fund	Education Fund	Institute Fund	Non-Major Special Revenue Fund		Total Governmental Funds
				Bus Driver	Eliminations	
<b>REVENUES</b>						
Local sources	\$ 1,506,389	\$ -	\$ 216,182	\$ 70,404	\$ -	\$ 1,792,975
State sources	430,592	584,567	-	61,047	-	1,076,206
Federal sources	-	366,192	-	-	-	366,192
Total direct revenues	<u>1,936,981</u>	<u>950,759</u>	<u>216,182</u>	<u>131,451</u>	<u>-</u>	<u>3,235,373</u>
On-behalf payments	<u>400,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,374</u>
Total revenues	<u>2,337,355</u>	<u>950,759</u>	<u>216,182</u>	<u>131,451</u>	<u>-</u>	<u>3,635,747</u>
<b>EXPENDITURES</b>						
Instruction	677,067	261,215	-	-	-	938,282
Support services	1,417,396	692,597	129,460	67,685	-	2,307,138
Total direct expenditures	<u>2,094,463</u>	<u>953,812</u>	<u>129,460</u>	<u>67,685</u>	<u>-</u>	<u>3,245,420</u>
On-behalf payments	<u>400,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,374</u>
Total expenditures	<u>2,494,837</u>	<u>953,812</u>	<u>129,460</u>	<u>67,685</u>	<u>-</u>	<u>3,645,794</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(157,482)</u>	<u>(3,053)</u>	<u>86,722</u>	<u>63,766</u>	<u>-</u>	<u>(10,047)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	3,053	-	-	(3,053)	-
Transfers out	(3,053)	-	-	-	3,053	-
Interest	16,865	-	-	-	-	16,865
Total other financing sources (uses)	<u>13,812</u>	<u>3,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,865</u>
Net change in fund balances	<u>(143,670)</u>	<u>-</u>	<u>86,722</u>	<u>63,766</u>	<u>-</u>	<u>6,818</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	1,987,888	(215,691)	-	382,247	-	2,154,444
PRIOR PERIOD ADJUSTMENTS	<u>27,167</u>	<u>215,691</u>	<u>169,555</u>	<u>(255,074)</u>	<u>-</u>	<u>157,339</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR (RESTATED, SEE NOTE 15)	<u>2,015,055</u>	<u>-</u>	<u>169,555</u>	<u>127,173</u>	<u>-</u>	<u>2,311,783</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 1,871,385</u>	<u>\$ -</u>	<u>\$ 256,277</u>	<u>\$ 190,939</u>	<u>\$ -</u>	<u>\$ 2,318,601</u>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2014**

Net change in fund balances	\$	6,818
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures and proceeds from disposals as revenue. However, in the Statement of Activities the cost of those assets, which meet capitalization requirements, is allocated over their estimated useful lives and reported as depreciation expense and gains and losses are reported on disposals.

Capital outlay	\$ 18,826
Loss on disposal of capital assets	(732)
<u>Depreciation expense</u>	<u>(23,326)</u>

Certain expenditures in the Statement of Activities do no require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(1,142)
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The payment of net pension obligation consumes current financial resources from governmental funds. However, it has no effect on net position. This amount is the effect of current year payments to reduce the net pension obligation.

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Change in net position of governmental activities	\$ <u>982</u>
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The notes to the financial statements are an integral part of this statement.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2014**

	Business-Type Activities Enterprise Funds					
	Nonmajor Fund				Total	
	Fingerprinting	Workshops	Local Mentoring	Eliminations		
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 19,811	\$ 89,894	\$ -	\$ -	\$ 109,705	
Due from other funds	-	2,619	-	(2,619)	-	
Due from other governments	-	4,200	5,000	-	9,200	
Total Current Assets	<u>19,811</u>	<u>96,713</u>	<u>5,000</u>	<u>(2,619)</u>	<u>118,905</u>	
<b>NONCURRENT ASSETS</b>						
Capital assets, net of accumulated depreciation	959	-	-	-	959	
Total Noncurrent Assets	<u>959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>959</u>	
<b>TOTAL ASSETS</b>	<b>20,770</b>	<b>96,713</b>	<b>5,000</b>	<b>(2,619)</b>	<b>119,864</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	-	-	-	-	-	
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	3,000	3,452	-	-	6,452	
Due to other funds	-	-	2,619	(2,619)	-	
Total Current Liabilities	<u>3,000</u>	<u>3,452</u>	<u>2,619</u>	<u>(2,619)</u>	<u>6,452</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	-	-	-	-	-	
<b>NET POSITION</b>						
Net investment in capital assets	959	-	-	-	959	
Unrestricted	<u>16,811</u>	<u>93,261</u>	<u>2,381</u>	<u>-</u>	<u>112,453</u>	
<b>TOTAL NET POSITION</b>	<b>\$ 17,770</b>	<b>\$ 93,261</b>	<b>\$ 2,381</b>	<b>\$ -</b>	<b>\$ 113,412</b>	

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2014**

	Business-Type Activities Enterprise Funds			
				Nonmajor Fund
	Fingerprinting	Workshops	Local Mentoring	Total
Operating Revenues				
Charge for services	\$ 24,655	\$ 100,304	\$ 42,500	\$ 167,459
Operating Expenses				
Support services	18,047	56,789	31,200	106,036
Total operating expenses	<u>18,047</u>	<u>56,789</u>	<u>31,200</u>	<u>106,036</u>
Operating Income (Loss)	6,608	43,515	11,300	61,423
Nonoperating Revenues (Expenses)				
Loss on disposal of capital assets	(2,599)	-	-	(2,599)
Interest	-	756	-	756
Total Nonoperating Revenues (Expenses)	<u>(2,599)</u>	<u>756</u>	<u>-</u>	<u>(1,843)</u>
Change in Net Position	<u>4,009</u>	<u>44,271</u>	<u>11,300</u>	<u>59,580</u>
Net Position, Beginning of Year	-	-	-	-
Prior Period Adjustment	<u>13,761</u>	<u>48,990</u>	<u>(8,919)</u>	<u>53,832</u>
Net Position, Beginning of Year (Restated, See Note 15)	<u>13,761</u>	<u>48,990</u>	<u>(8,919)</u>	<u>53,832</u>
Net Position, End of year	<u>\$ 17,770</u>	<u>\$ 93,261</u>	<u>\$ 2,381</u>	<u>\$ 113,412</u>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2014**

	Business-type Activities Enterprise Funds				
	Fingerprinting	Workshops	Nonmajor Fund	Local Mentoring	
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers	\$ 24,655	\$ 96,104	\$ 37,500	\$ 158,259	
Payments to suppliers and providers for goods and services	(15,016)	(33,340)	(31,200)	(79,556)	
Payments to employees	-	(19,997)	-	(19,997)	
Net cash provided by (used for) operating activities	<u>9,639</u>	<u>42,767</u>	<u>6,300</u>	<u>58,706</u>	
<b>Cash Flows from Noncapital Financing Activities:</b>					
Interfund loans (made) repaid, net	-	(2,619)	(6,300)	(8,919)	
Net cash provided by (used for) noncapital financing activities	-	(2,619)	(6,300)	(8,919)	
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Purchase of capital assets	(990)	-	-	-	(990)
Net cash provided by (used for) capital and related financing activities	<u>(990)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(990)</u>
<b>Cash Flows from Investing Activities</b>					
Interest earned on deposits	-	756	-	-	756
Net cash provided by (used for) investing activities	<u>-</u>	<u>756</u>	<u>-</u>	<u>-</u>	<u>756</u>
Net increase (decrease) in cash and cash equivalents	8,649	40,904	-	-	49,553
Cash and cash equivalents - Beginning of year	<u>11,162</u>	<u>48,990</u>	<u>-</u>	<u>-</u>	<u>60,152</u>
Cash and cash equivalents - End of year	<u>\$ 19,811</u>	<u>\$ 89,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,705</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>					
Operating income (loss)	\$ 6,608	\$ 43,515	\$ 11,300	\$ 61,423	
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	31	-	-	-	31
Change in assets and liabilities:					
(Increase)/decrease in due from other governments	-	(4,200)	(5,000)	(9,200)	
Increase/(decrease) in accounts payable	<u>3,000</u>	<u>3,452</u>	<u>-</u>	<u>6,452</u>	
Net cash provided by (used for) operating activities	<u>\$ 9,639</u>	<u>\$ 42,767</u>	<u>\$ 6,300</u>	<u>\$ 58,706</u>	

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

## **NORTH COOK INTERMEDIATE SERVICE CENTER #1**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2014**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The North Cook Intermediate Service Center #1 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2014, the North Cook Intermediate Service Center #1 implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The Intermediate Service Center #1 implemented these standards during the current year; however, GASB Statement No. 70 had no impact on the financial statements. The implementation of GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB Statement No. 66 resolved conflicting guidance that resulted from the issuance of GASB Statements Nos. 54 and 62 regarding risk financing activities, operating leases, purchased loans, and servicing fees. The implementation of GASB Statement No. 67 improved financial reporting by state and local governmental pension plans.

#### **A. Date of Management's Review**

Management has evaluated subsequent events through June 04, 2015, 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 North Cook Intermediate Service Center #1 is to provide services designed to be responsive to the needs of the schools in North Cook County, Illinois. This area includes the districts within the territorial boundaries of the following high school districts:

Evanston Township H.S. District 202

Maine Township H.S. District 207

Township H.S. District 214

Northfield Township H.S. District 225

New Trier Township H.S. District 203

Township H.S. District 211

Niles Township Community H.S. District 219

North Cook Intermediate Service Center #1 is governed by an eleven member board. The administrative agent designated for this Center is Des Plaines School District #62.

## **NORTH COOK INTERMEDIATE SERVICE CENTER #1**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2014**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **B. Financial Reporting Entity (Concluded)**

More specifically, North Cook Intermediate Service Center #1 incorporates the following activities into its overall plan of services:

- Provide a variety of in-service training and staff development opportunities to improve the knowledge and skill of educators.
- Coordinate the communication and data reporting requirements from local and regional programs and services to the State Board of Education and the State Superintendent of Education as needed.
- Serve as a clearinghouse for educational information and research.
- Serve as the primary regional delivery system for federal and/or State supported programs and services in education as authorized in Section 2-3.62 of the Illinois School Code or as directed by the State Superintendent of Education.
- Provide other services as set out in Section 500.50 of the Emergency Rules of the State Board of Education.

##### **C. Scope of Reporting Entity**

The North Cook Intermediate Service Center #1's reporting entity includes all related organizations for which they exercise oversight responsibility.

The North Cook Intermediate Service Center #1 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 North Cook Intermediate Service Center #1 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 Intermediate Service Center #1 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Intermediate Service Center #1 is not aware of any entity, which would exercise such oversight as to result in the Intermediate Service Center #1 being considered a component unit of the entity.

##### **D. Government-Wide and Fund Financial Statements**

The North Cook Intermediate Service Center #1'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 North Cook Intermediate Service Center #1. These statements present a summary of governmental and business-type activities for the North Cook Intermediate Service Center #1 accompanied by a total 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 North Cook Intermediate Service Center #1 also has business-type activities that rely on fees and charges for support.

## **NORTH COOK INTERMEDIATE SERVICE CENTER #1**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2014**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **D. Government-Wide and Fund Financial Statements (Concluded)**

All of the North Cook Intermediate Service Center #1'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.

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.

## **NORTH COOK INTERMEDIATE SERVICE CENTER #1**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2014**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **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 and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues, 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.

##### **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 and current liabilities 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 North Cook Intermediate Service Center #1; 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, North Cook Intermediate Service Center #1 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 North Cook Intermediate Service Center #1's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

## NORTH COOK INTERMEDIATE SERVICE CENTER #1

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **H. Fund Accounting**

The North Cook Intermediate Service Center #1 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 North Cook Intermediate Service Center #1 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.

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 North Cook Intermediate Service Center #1 has presented all major funds that met the above qualifications.

The North Cook Intermediate Service Center #1 reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the North Cook Intermediate Service Center #1 and is used to account for all 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:

**General Operations** – This fund is the general operating fund of the North Cook Intermediate Service Center #1. It is used to account for all financial resources except those required to be accounted for in another fund.

**General State Aid – Regional Safe Schools** – This program is for students placed in Regional Safe Schools. Districts give up their general State aid claim for the students while placed in the Regional Safe Schools program.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Fund Accounting (Continued)**

*Governmental Funds (Concluded)*

**Major Special Revenue Funds** – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Major special revenue funds include the following:

**Education** – 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:

**Regional Safe Schools** – Alternative program created through State legislation for students in grades 6 through 12 that have multiple suspensions or that have been expelled from their district. Eligible students are administratively transferred from their district to this program.

**ROE/ISC Operations** – Program monies for ROE/ISC administrative operations. Program funding is used to keep offices open in order to provide professional development to teachers in the area.

**Title I School Improvement & Accountability** – This program provides direct technical assistance to schools and districts in academic status. The program provides funds to put school support teams (educational advisors) in each school in academic trouble.

**Title II Teacher Quality – Leadership** – The purpose of this grant is to increase academic achievement by improving teacher and principal quality. The program is carried out by increasing the number of highly qualified teachers in classrooms, increasing the number of highly qualified principals and assistant principals in schools, and increasing the effectiveness of teachers and principals by holding LEAs and schools accountable for improvements in student academic achievement.

**Institute Fund** – Accounts for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or to defray the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

**Nonmajor Special Revenue Funds** – The North Cook Intermediate Service Center #1 reports the following nonmajor special revenue fund:

**Bus Driver** – Accounts for revenue from the issuance of school bus driver permits to sponsor instructional training courses for school bus drivers.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Fund Accounting (Concluded)**

*Proprietary Funds*

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

Major Proprietary Funds – The North Cook Intermediate Service Center #1 reports the following proprietary funds as major funds:

Fingerprinting – Accounts for the administration of the Fingerprinting Program.

Workshops – Accounts for revenues and expenses associated with workshops conducted by the North Cook Intermediate Service Center #1.

Nonmajor Proprietary Fund – The North Cook Intermediate Service Center #1 reports the following nonmajor proprietary fund:

Local Mentoring – Accounts for programs that offer coordinated services to at-risk students and their families.

**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:

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 its form or through legal restrictions.

Restricted Fund Balance – The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following funds have fund balances restricted by Illinois Statute: Bus Driver and Institute.

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.

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.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following fund has an unassigned fund balance: General Fund.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Net Position**

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

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

**K. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on deposit. The North Cook Intermediate Service Center #1 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**L. Investments**

State statutes authorize North Cook Intermediate Service Center #1 to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value.

**M. Capital Assets**

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are recorded at historical cost or estimated historical cost. Contributed assets are recorded 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. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment	5-15 years
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Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

**N. Interfund Receivables and Payables**

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Deferred Inflows and Outflows of Resources**

GASB Statement No. 65 reclassified as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities. Decreases in net assets that relate to future periods are reported as deferred inflows of resources. Increases in net assets that relate to future periods are reported as deferred outflows of resources. When an asset is recorded in the governmental fund financial statements but the revenue is not available, the Center reports a deferred inflow of resources until such time as the revenue becomes available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are not available if they are received more than 60 days after the end of the fiscal year. The North Cook Intermediate Service Center #1 had no deferred inflows or outflows of resources in the current year.

**P. Compensated Absences**

A full-time, noncertified 260 day employee shall be eligible for paid vacation according to the following schedule:

After this number of years of continuous employment	Noncertified full-time staff will receive this number of paid vacation days
1	12
2	13
3	14
4	15
5	16
6	17
7	18
8	19
9 or more	20

North Cook Intermediate Service Center #1's full-time staff members working in a certified position shall receive 15 days of vacation per year with one additional day per year after each subsequent year of service, up to a maximum of 20 total days. Vacation time for noncertified and certified employees is earned throughout the year on a prorated basis. Vacation days in one fiscal year must be used by the end of that fiscal year.

With the prior approval of the Executive Director, up to 10 days may be carried over from year to year, but in no instance may accrued days of vacation from the prior year exceed ten. For the year ended June 30, 2014, the Executive Director granted a total of 40.5 days or \$9,592 in vacation accruals. The liability balance at June 30, 2014 and 2013 were \$9,592 and \$0, respectively.

**Q. 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.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

R. Budget Information

Budgeted amounts for the Education Fund are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

State grants administered that have budgets are as follows: Regional Safe Schools and ROE/ISC Operations. Federal grants administered that have budgets are as follows: Title I School Improvement & Accountability and Title II Teacher Quality – Leadership.

In addition to having budgets for State and Federal grants, North Cook Intermediate Service Center #1 also prepares a budget for local revenues and expenditures.

North Cook Intermediate Service Center #1 has not legally adopted the budgets and is not required to do so. The Governing Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to August 31, the Governing Board reviews the budget.
3. Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Governing Board is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Governing Board after following the public hearing process mandated by law.
4. Formal budgetary integration is employed as a management control device during the year for the funds.
5. Budgeted amounts for the funds are adopted on a basis that is consistent with accounting principles generally accepted in the United States of America, with the exception of on-behalf payments made by other governmental units, which are not required to be budgeted under state laws and regulations and are not budgeted.
6. Appropriations lapse at the end of the fiscal year.
7. The budget amounts shown in the financial statements are as originally adopted because there were no amendments during the past fiscal year.

## **NORTH COOK INTERMEDIATE SERVICE CENTER #1**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2014**

#### **NOTE 2: DEPOSITS AND INVESTMENTS**

Under the Illinois Compiled Statutes, school districts and related organizations are authorized to enter into contracts among themselves and to confirm and transfer powers and functions by intergovernmental cooperation. Effective July 1, 2000, North Cook Intermediate Service Center #1 began utilizing Des Plaines School District #62 as its administrative agent in order to better facilitate accounting for its transactions. Township treasurer duties rest with Maine Township High School District #207 for Des Plaines School District #62 and a number of other districts. At June 30, 2000, all investments were transferred to District #207.

District #207 invests excess funds at its discretion, subject to legal restrictions discussed below. For these purposes, District #207 is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in a township. Monies combined under these circumstances as well as investment earnings are accounted for separately for each fund and/or district. Cash and investments, other than the depository account and imprest funds, are part of a common pool for all school centers and cooperatives within the township. District #207 maintains records that segregate the cash and investment balance by district or cooperative. Income from investments is distributed monthly based upon the percentage participation in the pool.

##### **A. Bank Deposits**

At June 30, 2014, the carrying amount of the North Cook Intermediate Service Center #1's government-wide deposits were \$972,200, including \$967,170 held on deposit with District #207, two imprest accounts totaling \$4,830, and \$200 cash on hand. The bank balance for the imprest accounts was \$5,025 which was fully covered by Federal Deposit Insurance Corporation. Risk category was not determinable for the amount pooled and held on deposit with a separate legal governmental agency (District #207).

##### ***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the North Cook Intermediate Service Center #1 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 its township treasurer.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 2: DEPOSITS AND INVESTMENTS (CONCLUDED)**

B. Investments

North Cook Intermediate Service Center #1's investments are held by District #207. The carrying and fair value of investments was \$1,110,068.

*Credit Risk*

District #207's investment policies are established by an Advisory Board made up of representatives of the member districts as prescribed by the Illinois School Code and the Illinois Compiled Statutes. District #207 is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposits issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations). As of June 30, 2014, District #207's investment in the external pool was rated within the three highest classifications by at least two standard rating services.

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. District #207 has no specific policy on the interest rate risk at year end. Management guidelines suggest investments not exceed six years in maturity from the date of purchase.

**NOTE 3: DEFINED BENEFIT PENSION PLAN**

**Plan Description.** North Cook Intermediate Service Center #1'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 North Cook Intermediate Service Center #1's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at [www.imrf.org](http://www.imrf.org).

**Funding Policy.** As set by statute, North Cook Intermediate Service Center #1's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 10.05%. The North Cook Intermediate Service Center #1 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)**

**Annual Pension Cost.** For the fiscal year ending June 30, 2014, North Cook Intermediate Service Center #1's actual contributions for pension cost for the Regular plan members were \$33,893. The required contribution for fiscal year 2014 was \$33,893.

**THREE YEAR TREND INFORMATION**

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/14	\$ 33,355	102%	\$ 11,484
6/30/13	41,805	94%	12,022
6/30/12	42,833	86%	9,661

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included a) 7.5% investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of the North Cook Intermediate Service Center #1's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The North Cook Intermediate Service Center #1's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 10 year basis.

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 100.06% funded. The actuarial accrued liability for benefits was \$744,108 and the actuarial value of assets was \$744,558, resulting in an overfunded actuarial accrued liability (UAAL) of \$450. The covered payroll for 2013 (annual payroll of active employees covered by the plan) was \$378,064. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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

**NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

The North Cook Intermediate Service Center #1 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

## NORTH COOK INTERMEDIATE SERVICE CENTER #1

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

#### **NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)**

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

The State of Illinois makes contributions directly to TRS on behalf of the North Cook Intermediate Service Center #1's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the North Cook Intermediate Service Center #1. For the year ended June 30, 2014, the State of Illinois contributions were based on 35.41% of creditable earnings not paid from federal funds and the North Cook Intermediate Service Center #1 recognized revenue and expenditures of \$389,699 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the contribution rates were 28.05% (\$402,931) and 24.91% (\$363,265), respectively.

The North Cook Intermediate Service Center #1 makes other types of employer contributions directly to TRS:

- **2.2 formula contributions.** Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2014 were \$6,383. Contributions for the years ending June 30, 2013, and June 30, 2012, were \$8,332 and \$8,458, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the North Cook Intermediate Service Center #1, there is a statutory requirement for the North Cook Intermediate Service Center #1 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41% of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05% and 24.91%, respectively. For the year ended June 30, 2014, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. For the years ended June 30, 2013 and June 30, 2012, required North Cook Intermediate Service Center #1 contributions were \$0 and \$36,254 respectively.

- **Early Retirement Option.** The North Cook Intermediate Service Center #1 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. The maximum employer ERO contribution under the current program is 146.5% and applies when the member is age 55 at retirement.

## **NORTH COOK INTERMEDIATE SERVICE CENTER #1**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2014**

#### **NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)**

For the year ended June 30, 2014, the North Cook Intermediate Service Center #1 paid no employer contributions to TRS under the ERO program. For the years ended June 30, 2013 and June 30, 2012, the North Cook Intermediate Service Center #1 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** If the North Cook Intermediate Service Center #1 grants salary increases over 6% and those salaries are used to calculate a retiree's final average salary, the North Cook Intermediate Service Center #1 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6%.

For the year ended June 30, 2014, the North Cook Intermediate Service Center #1 paid \$0 to TRS for employer contributions due on salary increases in excess of 6%. For the years ended June 30, 2013 and June 30, 2012, the North Cook Intermediate Service Center #1 paid no contributions to TRS for employer contributions due on salary increases in excess of 6%.

If the North Cook Intermediate Service Center #1 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, North Cook Intermediate Service Center #1 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29% of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the North Cook Intermediate Service Center #1 paid no TRS contributions for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2013 and 2012, the North Cook Intermediate Service Center #1 paid no employer contributions granted for sick leave days.

**Further information on TRS.** TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

#### **NOTE 5: OTHER POST EMPLOYMENT BENEFITS**

##### **A. Teacher Health Insurance Security Fund**

The North Cook Intermediate Service Center #1 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

## NORTH COOK INTERMEDIATE SERVICE CENTER #1

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

#### **NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

##### **A. Teacher Health Insurance Security Fund (Concluded)**

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

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

- **On-behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the North Cook Intermediate Service Center #1. State contributions are intended to match contributions to the THIS Fund from active members which were 0.97% of pay during the year ended June 30, 2014. State of Illinois contributions were \$10,675 and the North Cook Intermediate Service Center #1 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92% and 0.88% of pay, respectively. State contributions on behalf of North Cook Intermediate Service Center #1's employees were \$13,216 and \$12,833, respectively.

- **Employer contributions to THIS Fund.** The North Cook Intermediate Service Center #1 also makes contributions to THIS Fund. The North Cook Intermediate Service Center #1's THIS fund contribution was 0.72% during the year ended June 30, 2014 and 0.69% and 0.66% during the years ended June 30, 2013 and June 30, 2012. For the year ended June 30, 2014, the North Cook Intermediate Service Center #1 paid \$7,924 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the North Cook Intermediate Service Center #1 paid \$9,912 and \$9,592, respectively, which was 100% of the required contribution.

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

##### **B. Illinois Municipal Retirement Fund**

**Plan Description and Actuarial Valuation.** In addition to providing the pension benefits described in Note 3, the North Cook Intermediate Service Center #1 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the North Cook Intermediate Service Center #1 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.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

B. Illinois Municipal Retirement Fund (Continued)

For financial statement purposes, an actuarial valuation is required at least biennially for OPEB plans with a total membership (including employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits) of 200 or more, or at least triennially for plans with a total membership of fewer than 200. As a result of these requirements, North Cook Intermediate Service Center #1 was not required to have an actuarial valuation for the year ended June 30, 2014. July 1, 2012 is the most recent actuarial valuation of North Cook Intermediate Service Center #1's plan. The results of North Cook Intermediate Service Center #1's latest actuarial valuation are described below.

**Benefits Provided.** The North Cook Intermediate Service Center #1 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 North Cook Intermediate Service Center #1 retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the North Cook Intermediate Service Center #1 insurance provider.

**Membership.** At July 1, 2012 membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	-
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	8
<b>TOTAL</b>	<b>8</b>
Participating Employers	1

**Funding Policy.** The North Cook Intermediate Service Center #1 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

The North Cook Intermediate Service Center #1 had an actuarial valuation performed for the plan as of July 1, 2012 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2013.

**Annual OPEB Costs and Net OPEB Obligation.** The North Cook Intermediate Service Center #1's annual OPEB cost (expense) was \$3,170, interest on net OPEB obligation was \$235 and the adjustment to the annual required contribution was \$298. The North Cook Intermediate Service Center #1's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 3,170	\$ -	0%	\$ 3,170

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONCLUDED)**

B. Illinois Municipal Retirement Fund (Concluded)

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

Annual Required Contribution	\$ 3,233
Interest on Net OPEB Obligation	235
Adjustment to Annual Required Contribution	<u>(298)</u>
Annual OPEB Cost	3,170
Estimated Annual Employer Contribution	<u>(191)</u>
Increase in Net OPEB Obligation	2,979
Net OPEB Obligation Beginning of Year	<u>4,693</u>
TOTAL	<u>\$ 7,672</u>

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

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

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

In the July 1, 2012 actuarial valuation, the unit credit cost method was used. The actuarial assumptions included a discount rate of 5.00% and an initial healthcare cost trend rate of 8.00% with a 5.00% increase for 2018-2019 and later years. Both rates include a 2.00% inflation assumption.

The actuarial value of assets was not determined as the North Cook Intermediate Service Center #1 has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized using a level dollar method. The remaining amortization period at July 1, 2012 was 30 years. North Cook Intermediate Service Center #1 has not recorded a post-employment benefit liability since the obligation was determined to be immaterial.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2014

**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES**

Interfund due to / from other fund balances at June 30, 2014 consist of the following individual due to / from other funds in the governmental funds Balance Sheet and the proprietary funds Statement of Net Position. Balances of the same fund type were eliminated in the government-wide Statement of Net Position. 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		
General Operations	\$ -	\$ 461,439
General State Aid – Safe Schools	507,420	-
Major Special Revenue Fund - Education Funds		
Title I School Improvement & Accountability	-	10,503
Title II Teacher Quality – Leadership	-	35,478
Major Proprietary Fund		
Workshops	2,619	-
Nonmajor Proprietary Fund		
Local Mentoring	-	2,619
	<hr/> <u>\$ 510,039</u>	<hr/> <u>\$ 510,039</u>

**NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS**

The North Cook Intermediate Service Center #1's General Fund, Education Fund, Institute Fund, Workshops Fund, and Nonmajor Proprietary Fund – Local Mentoring have funds due to and due from various other governmental units which consist of the following:

Due from Other Governments:

General Fund		
Local Governments	\$	312,425
Special Revenue Fund – Education Fund		
Illinois State Board of Education	45,981	
Special Revenue Fund – Institute Fund		
Local Governments	23,026	
Proprietary Fund – Workshops		
Local Governments	4,200	
Nonmajor Proprietary Fund – Local Mentoring		
Local Governments	5,000	
Total	<hr/> <u>\$ 390,632</u>	

Due to Other Governments:

Special Revenue Fund – Education Fund		
Illinois State Board of Education	\$ 2,211	
Total	<hr/> <u>\$ 2,211</u>	

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 8: CAPITAL ASSETS**

**Governmental Activities**

Capital asset activity for fiscal year 2014 was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Funds				
Equipment	\$ 662,983	\$ 18,826	\$ 128,203	\$ 553,606
Less: Accumulated Depreciation	<u>605,011</u>	<u>23,326</u>	<u>127,471</u>	<u>500,866</u>
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 57,972</u>	<u>\$ (4,500)</u>	<u>\$ 732</u>	<u>\$ 52,740</u>

**Business-Type Activities**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Business-type Activities				
Equipment	\$ 4,950	\$ 990	\$ 4,950	\$ 990
Less: Accumulated Depreciation	<u>2,351</u>	<u>31</u>	<u>2,351</u>	<u>31</u>
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 2,599</u>	<u>\$ 959</u>	<u>\$ 2,599</u>	<u>\$ 959</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$23,326 and \$31 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2014. Invested in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 18,661
Depreciation not charged to a specific function	4,665
Total	<u>\$ 23,326</u>

**NOTE 9: RISK MANAGEMENT**

The North Cook Intermediate Service Center #1 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. North Cook Intermediate Service Center #1 has purchased commercial insurance to cover these risks. During the year ended June 30, 2014, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 10: ON-BEHALF PAYMENTS**

The State of Illinois paid the following retirement and other postemployment benefits on-behalf of North Cook Intermediate Service Center #1:

TRS Pension Contributions	\$ 389,699
THIS Fund Contributions	10,675
Total	<u>\$ 400,374</u>

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

**NOTE 11: INTERFUND TRANSFERS**

Interfund transfers in/out to other funds at June 30, 2014 consisted of the following individual transfers in/out to other funds in the fund statements. These transfers were made in order to meet operating costs in the receiving funds. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
General State Aid – Safe Schools	\$ -	\$ 3,053
Special Revenue Fund – Education Fund		
ROE/ISC Operations	3,053	-
Total	<u>\$ 3,053</u>	<u>\$ 3,053</u>

**NOTE 12: OPERATING LEASES**

North Cook Intermediate Service Center #1 has entered into the following operating building leases:

Lease 1: On December 10, 1999, a lease agreement was entered into for office and classroom suites (Suites 414/L14/L15) in Des Plaines, IL. An amendment was made on September 21, 2005 which extended the lease until June 30, 2010. On January 31, 2010, a third amendment was made to extend the lease until July 31, 2014.

On February 1, 2003, an amendment was made for an additional 1,610 square feet to be rented for classroom suites (Suite 201) at Des Plaines, IL. Amendments were made on September 21, 2005 and February 1, 2007 which extended the lease to July 31, 2014.

On September 16, 2013, an additional amendment was made to extend the lease for all suites discussed above until July 31, 2019. This amendment was effective October 1, 2013.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2014**

**NOTE 12: OPERATING LEASES (CONTINUED)**

Rental terms are as follows

Suite 414:	April 1, 2010 to March 31, 2011 at \$10,793.83 per month April 1, 2011 to March 31, 2012 at \$11,117.64 per month April 1, 2012 to March 31, 2013 at \$11,451.17 per month April 1, 2013 to September 30, 2013 at \$11,794.71 per month October 1, 2013 to September 30, 2014 at \$11,922.63 per month October 1, 2014 to September 30, 2015 at \$12,161.08 per month October 1, 2015 to September 30, 2016 at \$12,407.75 per month October 1, 2016 to September 30, 2017 at \$12,654.43 per month October 1, 2017 to September 30, 2018 at \$12,909.33 per month October 1, 2018 to July 31, 2019 at \$13,164.22 per month
Suite L14/L15:	April 1, 2010 to March 31, 2011 at \$13,619.91 per month April 1, 2011 to March 31, 2012 at \$14,028.60 per month April 1, 2012 to March 31, 2013 at \$14,448.15 per month April 1, 2013 to September 30, 2013 at \$14,883.85 per month October 1, 2013 to September 30, 2014 at \$9,050.42 per month October 1, 2014 to September 30, 2015 at \$9,231.43 per month October 1, 2015 to September 30, 2016 at \$9,417.61 per month October 1, 2016 to September 30, 2017 at \$9,603.79 per month October 1, 2017 to September 30, 2018 at \$9,795.14 per month October 1, 2018 to July 31, 2019 at \$9,991.66 per month
Suite 201:	April 1, 2007 to March 31, 2008 at \$2,562.58 per month April 1, 2008 to March 31, 2009 at \$2,639.46 per month April 1, 2009 to March 31, 2010 at \$2,718.64 per month April 1, 2010 to March 31, 2011 at \$2,800.20 per month April 1, 2011 to March 31, 2012 at \$2,884.21 per month April 1, 2012 to March 31, 2013 at \$2,970.74 per month April 1, 2013 to September 30, 2013 at \$3,059.86 per month October 1, 2013 to July 31, 2019 at \$250.00 per day (only to be charged on days suite is actually used)

Lease 2: On February 11, 2011, 543 square feet was rented for storage space in Des Plaines, IL. The effective date of the lease began on March 1, 2011 and extends to July 31, 2014.

Storage space: March 1, 2011 to July 31, 2014 at \$152.25 per month

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 12: OPERATING LEASES (CONCLUDED)**

Lease 3: On April 22, 2005, a new lease agreement was entered into for property located in Palatine, IL. The lease was amended on September 17, 2013 with the following rental terms:

August 1, 2013 to July 31, 2014 at \$7,103.00 per month  
 August 1, 2014 to July 31, 2015 at \$7,509.00 per month

Total rent expense for fiscal year ended June 30, 2014 related to these building leases was \$365,651.

The leases carry no restrictions on the financial operating policies.

Minimum future rental payments under the above non-cancelable leases having remaining terms in excess of 1 year as of June 30, 2014 for each of the next five years and in the aggregate are as follows:

Year Ended June 30,	\$	
2015	\$ 345,306	
2016	268,115	
2017	265,800	
2018	271,115	
2019	276,516	
2020	69,468	
Total	<hr/> <hr/> \$ 1,496,320	

North Cook Intermediate Service Center #1 also leases certain copy equipment under a non-cancellable rental agreement. The lease term is for five years commencing December 19, 2012 with monthly payments of \$1,216.61. Rental expense for the year ended June 30, 2014 was \$14,599. Minimum future rental payments required under this equipment lease is as follows:

Year Ended June 30,	\$	
2015	\$ 14,599	
2016	14,599	
2017	14,599	
2018	6,083	
Total	<hr/> <hr/> \$ 49,880	

**NOTE 13: 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, 2014:

General Fund – General Operations	\$ 465,079
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**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 14: PROSPECTIVE ACCOUNTING CHANGE**

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

**NOTE 15: PRIOR PERIOD ADJUSTMENT**

The beginning net position on the Statement of Activities was increased by \$191,307 for governmental activities and by \$53,832 for business-type activities as a result of the following prior period adjustments:

	Governmental Activities	Business-Type Activities
Net Position, July 1, 2013	\$ 2,157,976	\$ -
Misclassification of proprietary funds in the prior year as special revenue funds	(51,233)	51,233
Omission of accounts receivable in the prior year	168,840	-
Correction of error related to accrued employee benefits	39,732	-
Increase to prior period net capital assets resulting from a correction of an error	45,990	2,599
Omission of IMRF net pension obligation in the prior year	(12,022)	-
Net Position, July 1, 2013, Restated	<u>\$ 2,349,283</u>	<u>\$ 53,832</u>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**SCHEDULE OF FUNDING PROGRESS**  
**(UNAUDITED)**  
**June 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c )
12/31/13	\$744,558	\$744,108	\$(450)	100.06%	\$378,064	0.00%
12/31/12	\$627,392	\$681,220	\$53,828	92.10%	\$423,663	12.71%
12/31/11	\$535,781	\$582,444	\$46,663	91.99%	\$457,895	10.19%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$865,221. On a market basis, the funded ratio would be 116.28%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with North Cook Intermediate Service Center #1. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**  
**SCHEDULE OF FUNDING PROGRESS**  
**(UNAUDITED)**  
**June 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c )
7/1/12	\$0	\$16,884	\$16,884	0.00%	N/A	N/A
7/1/09	\$0	\$21,023	\$21,023	0.00%	N/A	N/A

**SUPPLEMENTAL INFORMATION**

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Local sources			
Local fees	\$ 14,000	\$ 993	\$ (13,007)
Services provided other LEA's	<u>1,555,000</u>	<u>1,505,396</u>	(49,604)
Total local sources	<u>1,569,000</u>	<u>1,506,389</u>	(62,611)
State sources			
General State Aid - Regional Safe Schools	485,420	430,592	(54,828)
Total state sources	<u>485,420</u>	<u>430,592</u>	(54,828)
Total direct revenues	<u>2,054,420</u>	<u>1,936,981</u>	(117,439)
On-behalf payments	-	400,374	400,374
Total revenues	<u>2,054,420</u>	<u>2,337,355</u>	282,935
<b>Expenditures</b>			
Instruction			
High school programs			
Salaries	433,903	443,651	(9,748)
Employee benefits	146,075	159,245	(13,170)
Purchased services	43,800	31,888	11,912
Supplies and materials	65,250	27,933	37,317
Capital outlay	30,000	14,350	15,650
Total instruction	<u>719,028</u>	<u>677,067</u>	41,961
Support services			
Pupils			
Attendance and social work services			
Salaries	155,821	125,468	30,353
Employee benefits	49,307	52,908	(3,601)
Guidance services			
Salaries	61,200	61,200	-
Employee benefits	16,655	753	15,902
Supplies and materials	8,000	2,599	5,401
Total pupils	<u>290,983</u>	<u>242,928</u>	48,055
Instructional staff			
Improvement of instruction services			
Purchased services	3,000	-	3,000
Supplies and materials	1,000	-	1,000
Total instructional staff	<u>4,000</u>	<u>-</u>	4,000

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND (CONTINUED)**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures (Continued)			
Support services (Concluded)			
General administration			
Executive administrative services			
Salaries	77,952	127,338	(49,386)
Employee benefits	43,925	27,542	16,383
Purchased services	45,000	34,333	10,667
Supplies and materials	14,000	8,459	5,541
Capital outlay	2,000	1,701	299
Other objects	12,000	7,921	4,079
Special area administration services			
Salaries	280,852	211,249	69,603
Employee benefits	62,109	43,590	18,519
Purchased services	60,500	53,924	6,576
Supplies and materials	14,000	3,903	10,097
Total general administration	<u>612,338</u>	<u>519,960</u>	<u>92,378</u>
School administration			
Other support services			
Salaries	169,250	169,250	-
Employee benefits	34,765	27,026	7,739
Total school administration	<u>204,015</u>	<u>196,276</u>	<u>7,739</u>
Business			
Fiscal services			
Salaries	73,040	46,818	26,222
Employee benefits	21,507	4,271	17,236
Purchased services	54,000	28,809	25,191
Facilities acquisition			
Purchased services	7,000	80	6,920
Operations and maintenance of plant			
Purchased services	360,565	265,024	95,541
Pupil transportation services			
Purchased services	29,000	10,125	18,875
Food services			
Purchased services	60,000	61,922	(1,922)
Total business	<u>605,112</u>	<u>417,049</u>	<u>188,063</u>
Other support services			
Purchased services	2,090	41,183	(39,093)
Total other support services	<u>2,090</u>	<u>41,183</u>	<u>(39,093)</u>
Total support services	<u>1,718,538</u>	<u>1,417,396</u>	<u>301,142</u>
Total direct expenditures	<u>2,437,566</u>	<u>2,094,463</u>	<u>343,103</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND (CONCLUDED)**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures (Concluded)			
On-behalf payments	<u>-</u>	<u>400,374</u>	<u>(400,374)</u>
Total expenditures	<u>2,437,566</u>	<u>2,494,837</u>	<u>(57,271)</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(383,146)</u>	<u>(157,482)</u>	<u>225,664</u>
Other financing sources (uses)			
Transfers out	<u>-</u>	<u>(3,053)</u>	<u>(3,053)</u>
Interest	<u>21,000</u>	<u>16,865</u>	<u>(4,135)</u>
Total other financing sources (uses)	<u>21,000</u>	<u>13,812</u>	<u>(7,188)</u>
Net change in fund balance	<u>\$ (362,146)</u>	<u>(143,670)</u>	<u>\$ 218,476</u>
Fund balance, beginning of year (restated, see Note 15)		<u>2,015,055</u>	
Fund balance, end of year		<u>\$ 1,871,385</u>	

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
State sources			
Regional Safe Schools	\$ 372,618	\$ 372,618	\$ -
ROE/ISC Operations	205,776	211,949	6,173
Total state sources	<u>578,394</u>	<u>584,567</u>	<u>6,173</u>
Federal sources			
Title I School Improvement & Accountability	-	227,739	227,739
Title II Teacher Quality - Leadership	107,597	138,453	30,856
Total federal sources	<u>107,597</u>	<u>366,192</u>	<u>258,595</u>
Total direct revenues	<u>685,991</u>	<u>950,759</u>	<u>264,768</u>
<b>Expenditures</b>			
Instruction			
High school programs			
Salaries	261,215	261,215	-
Total instruction	<u>261,215</u>	<u>261,215</u>	<u>-</u>
Support services			
Pupils			
Attendance and social work services			
Salaries	111,403	111,403	-
Total pupils	<u>111,403</u>	<u>111,403</u>	<u>-</u>
Instructional staff			
Improvement of instruction services			
Salaries	49,980	19,531	30,449
Employee benefits	3,824	283	3,541
Purchased services	331,067	305,450	25,617
Supplies and materials	500	-	500
Other objects	500	-	500
Total instructional staff	<u>385,871</u>	<u>325,264</u>	<u>60,607</u>
General administration			
Executive administrative services			
Salaries	4,750	7,750	(3,000)
Employee benefits	364	-	364
Purchased services	5,402	8,314	(2,912)
ROE Services			
Salaries	6,916	7,326	(410)
Employee benefits	535	860	(325)
Purchased services	100,450	99,484	966
Supplies and materials	877	784	93
Other objects	200	165	35
Total general administration	<u>119,494</u>	<u>124,683</u>	<u>(5,189)</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND (CONCLUDED)**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures (Concluded)			
Support services (Concluded)			
School administration			
Other support services			
Salaries	23,071	11,834	11,237
Employee benefits	3,708	3,395	313
Purchased services	11,168	6,558	4,610
Supplies and materials	4,000	608	3,392
Capital outlay	2,200	2,199	1
Other objects	483	270	213
Total school administration	<u>44,630</u>	<u>24,864</u>	<u>19,766</u>
Business			
Operations and maintenance of plant			
Purchased services	150,000	106,383	43,617
Total business	<u>150,000</u>	<u>106,383</u>	<u>43,617</u>
Total support services	<u>811,398</u>	<u>692,597</u>	<u>118,801</u>
Total direct expenditures	<u>1,072,613</u>	<u>953,812</u>	<u>118,801</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(386,622)</u>	<u>(3,053)</u>	<u>383,569</u>
Other financing sources (uses)			
Transfers in	-	3,053	3,053
Total other financing sources (uses)	<u>-</u>	<u>3,053</u>	<u>3,053</u>
Net change in fund balance	<u>\$ (386,622)</u>	-	<u>\$ 386,622</u>
Fund balance, beginning of year (restated, see Note 15)		-	
Fund balance, end of year		<u>\$ -</u>	

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**BUDGETARY COMPARISON SCHEDULE**  
**INSTITUTE FUND**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Local sources			
Institute fees	\$ 200,000	\$ 216,182	\$ 16,182
Total local sources	<u>200,000</u>	<u>216,182</u>	<u>16,182</u>
Total direct revenues	<u>200,000</u>	<u>216,182</u>	<u>16,182</u>
<b>Expenditures</b>			
Support services			
General administration			
Executive administrative services			
Salaries	20,000	-	20,000
ROE services			
Salaries	96,500	96,062	438
Employee benefits	34,605	31,540	3,065
Purchased services	7,500	974	6,526
Supplies and materials	1,100	308	792
Capital outlay	-	576	(576)
Other objects	350	-	350
Total general administration	<u>160,055</u>	<u>129,460</u>	<u>30,595</u>
Total support services	<u>160,055</u>	<u>129,460</u>	<u>30,595</u>
Total direct expenditures	<u>160,055</u>	<u>129,460</u>	<u>30,595</u>
Net change in fund balance	<u>\$ 39,945</u>	<u>86,722</u>	<u>\$ 46,777</u>
Fund balance, beginning of year (restated, see Note 15)		<u>169,555</u>	
Fund balance, end of year	<u>\$ 256,277</u>		

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**BUDGETARY COMPARISON SCHEDULE**  
**NONMAJOR SPECIAL REVENUE FUND (BUS DRIVER)**  
**For the Year Ended June 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Local sources			
Bus driver training fees	\$ 55,000	\$ 70,404	\$ 15,404
Total local sources	<u>55,000</u>	<u>70,404</u>	<u>15,404</u>
State sources			
Bus driver training	59,000	61,047	2,047
Total local sources	<u>59,000</u>	<u>61,047</u>	<u>2,047</u>
Total direct revenues	<u>114,000</u>	<u>131,451</u>	<u>17,451</u>
<b>Expenditures</b>			
Support services			
Business			
Pupil transportation services			
Salaries	33,197	33,197	-
Employee benefits	10,165	13,018	(2,853)
Purchased services	29,400	21,155	8,245
Supplies and materials	1,000	315	685
Other objects	1,000	-	1,000
Total business	<u>74,762</u>	<u>67,685</u>	<u>7,077</u>
Central			
Information services			
Purchased services	20,000	-	20,000
Capital outlay	10,000	-	10,000
Total central	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total support services	<u>104,762</u>	<u>67,685</u>	<u>37,077</u>
Total direct expenditures	<u>104,762</u>	<u>67,685</u>	<u>37,077</u>
Net change in fund balance	<u>\$ 9,238</u>	<u>63,766</u>	<u>\$ 54,528</u>
Fund balance, beginning of year (restated, see Note 15)		<u>127,173</u>	
Fund balance, end of year	<u>\$ 190,939</u>		