

**STATE OF ILLINOIS
NORTH COOK
INTERMEDIATE SERVICE CENTER #1
FINANCIAL AUDIT
For the Year Ended June 30, 2015**

**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

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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
(Effective 1/26/2015 – Current)

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

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	2
Repeated audit findings	2	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>Findings (Government Auditing Standards)</i>			
2015-001	11a-11b	Controls Over Financial Statement Preparation	Material Weakness
2015-002	11c	Inadequate Internal Control Procedures	Material Weakness
2015-003	11d	Internal Controls Over Grant Reporting	Material Weakness and Noncompliance

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 conference on November 5, 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.

**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 (the Center) 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 Frank J. Mautino
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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in Notes 1 and 14 to the financial statements, the North Cook Intermediate Service Center #1 implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions, and Post-Employment Benefits Other Than Pensions Schedule of Funding Progress on pages 14a through 14e and 54 through 57 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 combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements 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 August 12, 2016 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

August 12, 2016

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Board of Directors
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, 2015, 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 August 12, 2016.

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 the North Cook Intermediate Service Center #1's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 2015-001, 2015-002, and 2015-003 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2015-003.

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 the 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
August 12, 2016

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, 2015**

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?	Yes

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

FINDING NO. 2015-001 – Controls Over Financial Statement Preparation (Repeated from finding no. 2014-001)

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.

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, require governments to record and present net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

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 Center 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 Center, the following were noted:

- 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 individual fund cash balances and 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.

Through inquiries and discussions with the Center's accounting personnel and Executive Director, auditors noted the North Cook Intermediate Service Center #1 also did not have adequate controls to record and report the Center's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses 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, 2015

FINDING NO. 2015-001 – Controls Over Financial Statement Preparation (Repeated from Finding no. 2014-001) (Concluded)

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.

Cause:

North Cook Intermediate Service Center #1 did not effectively detect all of the adjustments needed in order to present financial statements in accordance with GAAP. This is due in part to the new Business Manager being in her position for only a portion of the year.

Additionally, the complex requirements of GASB Statements No. 68 and 71 were new for fiscal year 2015 and will require additional time and training before the Center can fully implement the requirements on its own.

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 retirement of the North Cook Intermediate Service Center's Business Manager during FY2015, a replacement was 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, 2015**

FINDING NO. 2015-002 – Inadequate Internal Control Procedures (Repeated from finding no. 2014-002)

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 through February 28, 2015 (2/3 of the year):

- 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 had not established sufficient internal control procedures.

Recommendation:

North Cook Intermediate Service Center #1 should make appropriate changes to its internal control system.

Management's Response:

North Cook Intermediate Service Center #1 agrees with the finding and made changes to its internal control procedures, effective March 1, 2015, to address the deficiencies identified above.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

FINDING NO. 2015-003 – Internal Controls Over Grant Reporting

Criteria/specific requirement:

North Cook Intermediate Service Center #1 is required to maintain a system of controls over grant compliance requirements to ensure grant reporting is accurate. Specifically, transactions should be accurately classified within expenditure reports.

Condition:

The July 2014 final expenditure report for the Illinois State Board of Education's (ISBE) FY14 Title I School Improvement & Accountability grant filed by North Cook Intermediate Service Center #1 in FY15 included \$43,482 in expenses that had also been claimed on the final FY13 grant report.

Effect:

North Cook Intermediate Service Center #1 received \$43,482 more in funding for the FY14 grant than it was entitled to receive.

Cause:

The expense duplication was due to a clerical error.

Recommendation:

The North Cook Intermediate Service Center #1 should contact ISBE to determine how to remedy the issue.

In addition, the North Cook Intermediate Service Center #1 should establish a set of internal controls over grant compliance to ensure that all grant expenditure reports are accurate prior to submission to the granting agency. These internal controls should be designed such that errors or omissions resulting from adjusting journal entries, clerical and posting errors, or other factors are detected and corrected prior to submission of the expenditure report. Internal controls include procedures that all expenditure reports be reviewed by an individual separate from the preparer and compared to underlying accounting records for completeness and accuracy.

Management's Response:

ISBE was contacted immediately upon discovering this error. A corrected expenditure report for the final quarter of FY14 was filed on IWAS and the \$43,482 is reflected on FRIS as a pre-payment for FY15 Title I. We were instructed by ISBE to not return the funds until they bill us. Therefore, until such time as ISBE invoices us or reduces a future Title I payment, North Cook Intermediate Service Center #1 will reflect the \$43,482 as a liability.

Internal controls were modified in 2015 to include another individual working with each grant to prepare additional documentation tracking expenses. This documentation is compared with a new spreadsheet prepared by the accounting department and the DCR records and any variances are investigated prior to filing quarterly expenditure reports. This additional involvement of personnel working with the grants and the cross check with the new spreadsheets will ensure accuracy prior to the expenditure reports being submitted to ISBE.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2015**

CORRECTIVE ACTION PLAN

FINDING NO. 2015-001 – Controls Over Financial Statement Preparation (Repeated from finding no. 2014-001)

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 Center 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 Center, the following were noted:

- 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 individual fund cash balances and 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.

Through inquiries and discussions with the Center's accounting personnel and Executive Director, auditors noted the North Cook Intermediate Service Center #1 also did not have adequate controls to record and report the Center's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

Plan:

With the retirement of the North Cook Intermediate Service Center's Business Manager during FY2015, a replacement was 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 FY2016 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, 2015**

CORRECTIVE ACTION PLAN

FINDING NO. 2015-002 – Inadequate Internal Control Procedures (Repeated from finding no. 2014-002)

Condition:

Auditors noted the following weaknesses in North Cook Intermediate Service Center #1's internal control system through February 28, 2015 (2/3 of the year):

- 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:

North Cook Intermediate Service Center #1 made changes to its internal control procedures, effective March 1, 2015, to address the deficiencies identified above.

Anticipated Date of Completion:

June 30, 2015

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, 2015**

CORRECTIVE ACTION PLAN

FINDING NO. 2015-003 – Internal Controls over Grant Reporting

Condition:

The July 2014 final expenditure report for the Illinois State Board of Education's (ISBE) FY14 Title I School Improvement & Accountability grant filed by North Cook Intermediate Service Center #1 in FY15 included \$43,482 in expenses that had also been claimed on the final FY13 grant report.

Plan:

North Cook Intermediate Service Center #1 contacted ISBE and has taken steps to refund the \$43,482. Changes have also been made to internal control procedures to address this weakness.

Anticipated Date of Completion:

Prior to the FY2016 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, 2015**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2014-001	Controls Over Financial Statement Preparation	Repeated as Finding 2015-001
2014-002	Inadequate Internal Control Procedures	Repeated as Finding 2015-002

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, 2015

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, 2015.

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, 2015) and the prior year (ended June 30, 2014) 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, 2015 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 plus deferred outflows of resources and liabilities and deferred inflows of resources, 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 #1
Required Supplementary Information
Management's Discussion and Analysis (Continued)
For the year ended June 30, 2015

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 plus deferred outflows of resources and liabilities and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position 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 Education Fund, which is in compliance with GASB Statement No. 34.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
Required Supplementary Information
Management's Discussion and Analysis (Continued)
For the year ended June 30, 2015

Condensed Financial Information

	For Fiscal Years Ending June 30,					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	2,541,758	\$ 2,361,455	\$ 201,666	\$ 118,905	\$ 2,743,424	\$ 2,480,360
Noncurrent Assets	91,697	52,740	896	959	92,593	53,699
Total Assets	<u>2,633,455</u>	<u>2,414,195</u>	<u>202,562</u>	<u>119,864</u>	<u>2,836,017</u>	<u>2,534,059</u>
Deferred Outflows of Resources	86,276	-	-	-	86,276	-
Current Liabilities	74,040	42,854	6,589	6,452	80,629	49,306
Noncurrent Liabilities	169,056	21,076	-	-	169,056	21,076
Total Liabilities	<u>243,096</u>	<u>63,930</u>	<u>6,589</u>	<u>6,452</u>	<u>249,685</u>	<u>70,382</u>
Deferred Inflows of Resources	38,887	-	-	-	38,887	-
Net Position:						
Net investment in capital assets	35,650	52,740	896	959	36,546	53,699
Restricted for						
educational purposes	855,898	447,216	-	-	855,898	447,216
Unrestricted	1,546,200	1,850,309	195,077	112,453	1,741,277	1,962,762
TOTAL NET POSITION	<u>\$ 2,437,748</u>	<u>\$ 2,350,265</u>	<u>\$ 195,973</u>	<u>\$ 113,412</u>	<u>\$ 2,633,721</u>	<u>\$ 2,463,677</u>

Current assets consist of cash and investments, accrued interest receivable, and amounts due from other governments. As of June 30, 2015, 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	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 560,751	\$ 286,586	\$ 200,501	\$ 167,459	\$ 761,252	\$ 454,045
Operating grants	1,046,419	1,011,806	-	-	1,046,419	1,011,806
General revenues:						
Local sources	1,269,807	1,506,389	-	-	1,269,807	1,506,389
State sources	466,777	430,592	-	-	466,777	430,592
On-behalf payments - State	558,232	400,374	-	-	558,232	400,374
Interest	13,535	16,865	1,154	756	14,689	17,621
Total Revenues	<u>3,915,521</u>	<u>3,652,612</u>	<u>201,655</u>	<u>168,215</u>	<u>4,117,176</u>	<u>3,820,827</u>
Expenses:						
Program expenses:						
Instructional services:						
Salaries	1,781,350	1,733,292	25,705	18,642	1,807,055	1,751,934
Employee benefits	291,926	365,035	373	1,355	292,299	366,390
Pension expense (income)	51,354	-	-	-	51,354	-
Purchased services	1,039,501	1,075,156	86,393	78,649	1,125,894	1,153,805
Supplies and materials	48,323	45,629	9,236	7,359	57,559	52,988
Other	5,589	8,086	-	-	5,589	8,086
Depreciation	15,461	23,326	63	31	15,524	23,357
Loss on disposal of capital assets	2,146	732	-	2,599	2,146	3,331
Administrative						
On-behalf payments - State	558,232	400,374	-	-	558,232	400,374
Total Expenses	<u>3,793,882</u>	<u>3,651,630</u>	<u>121,770</u>	<u>108,635</u>	<u>3,915,652</u>	<u>3,760,265</u>
Changes in Net Position	121,639	982	79,885	59,580	201,524	60,562
Net Position, beginning, restated	2,316,109	2,349,283	116,088	53,832	2,432,197	2,403,115
Net Position, end of year	<u>\$ 2,437,748</u>	<u>\$ 2,350,265</u>	<u>\$ 195,973</u>	<u>\$ 113,412</u>	<u>\$ 2,633,721</u>	<u>\$ 2,463,677</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
Required Supplementary Information
Management's Discussion and Analysis (Continued)
For the year ended June 30, 2015

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 \$3,915,521. Local sources, consisting of primarily tuition, contributed \$1,781,046, or 45% of this amount. Federal and State grants financed another 40%, or \$1,576,243.

General Fund revenues, excluding on-behalf payments, decreased by \$189,861 (10%) from \$1,936,981 in FY 2014 to \$1,747,120 in FY 2015, due primarily to a decrease from tuition. General Fund expenditures, excluding on-behalf payments, decreased by \$144,240 (7%) from \$2,094,463 in FY 2014 to \$1,950,223 in FY 2015, driven primarily by decreases in support services and instructional expenditures.

Education Fund revenues increased by \$98,659 (10%) from \$950,759 in FY 2014 to \$1,049,418 in FY 2015. This increase was due to acquisition of a one-time state grant. Expenditures increased by \$99,521 (10%) from \$953,812 in FY 2014 to \$1,053,333 in FY 2015, directly driven by the increase in Education Fund programs.

Institute Fund and Bus Driver revenues increased by \$213,118 (61%) from \$347,633 in FY 2014 to \$560,751 in FY 2015. Expenditures increased by \$7,471 (4%) from \$197,145 in FY 2014 to \$204,616 in FY 2015. These increases are primarily due to new program offerings and increased certification/licensure revenue.

Capital assets

During the year ended June 30, 2015 the North Cook Intermediate Service Center #1 invested \$517 in new capital assets and retired some unnecessary furniture and equipment.

Net position

During the year, total net position increased \$201,524. Total revenue for fiscal year ended June 30, 2014 was \$3,820,827 and increased by \$296,349 to \$4,117,176 for fiscal year ended June 30, 2015. This increase was mainly due to an increase in charges for services and an additional state grant. Total expenses increased by \$155,387 from \$3,760,265 in fiscal year ended June 30, 2014, to \$3,915,652 during the fiscal year ended June 30, 2015. Expenditures were higher in fiscal year 2015 compared to fiscal year 2014 due to an increase in instructional costs, reduced supporting services, and on-behalf State charges. The factors which have contributed to this condition are explained below.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
Required Supplementary Information
Management's Discussion and Analysis (Concluded)
For the year ended June 30, 2015

Factors or Conditions Impacting Future Periods

On the revenue side, State and Federal grant monies increased, although some State funding was temporary. Local revenues were lower than anticipated due to a fewer number of participants enrolled in the various programs offered by North Cook Intermediate Service Center #1, but this was offset by additional program offerings and additional certification/licensure revenue. On the expenditure side, the increase is due to additional grants and other programs offered by the Center. Starting in FY17, the Center will consolidate the NCYAA program into one location to accommodate fewer students. This decision is driven by the reduced demand of our sender districts.

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 NO. 1
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,342,789	\$ 192,853	\$ 1,535,642
Investments	1,006,451	-	1,006,451
Due from other governments	186,868	8,813	195,681
Accrued interest receivable	5,650	-	5,650
Total Current Assets	<u>2,541,758</u>	<u>201,666</u>	<u>2,743,424</u>
NONCURRENT ASSETS			
Capital assets, being depreciated, net	35,650	896	36,546
Net pension asset	56,047	-	56,047
Total Noncurrent Assets	<u>91,697</u>	<u>896</u>	<u>92,593</u>
TOTAL ASSETS	<u>2,633,455</u>	<u>202,562</u>	<u>2,836,017</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>86,276</u>	<u>-</u>	<u>86,276</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	25,187	6,589	31,776
Accrued employee benefits	5,371	-	5,371
Due to other governments	43,482	-	43,482
Total Current Liabilities	<u>74,040</u>	<u>6,589</u>	<u>80,629</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	10,048	-	10,048
Net pension liability	159,008	-	159,008
Total Noncurrent Liabilities	<u>169,056</u>	<u>-</u>	<u>169,056</u>
TOTAL LIABILITIES	<u>243,096</u>	<u>6,589</u>	<u>249,685</u>
DEFERRED INFLOWS OF RESOURCES	<u>38,887</u>	<u>-</u>	<u>38,887</u>
NET POSITION			
Invested in capital assets	35,650	896	36,546
Restricted for educational purposes	855,898	-	855,898
Unrestricted	1,546,200	195,077	1,741,277
TOTAL NET POSITION	<u>\$ 2,437,748</u>	<u>\$ 195,973</u>	<u>\$ 2,633,721</u>

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

NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		Total
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
FUNCTIONS/PROGRAMS						
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional Services						
Salaries	\$ 1,781,350	\$ 375,704	\$ 518,567	\$ (887,079)	\$ -	\$ (887,079)
Employee benefits	291,926	86,708	5,202	(200,016)	-	(200,016)
Pension expense (income)	51,354	34,000	2,113	(15,241)	-	(15,241)
Purchased services	1,039,501	61,069	518,198	(460,234)	-	(460,234)
Supplies and materials	48,323	2,864	2,339	(43,120)	-	(43,120)
Other	5,589	406	-	(5,183)	-	(5,183)
Depreciation	15,461	-	-	(15,461)	-	(15,461)
Loss on disposal of capital assets	2,146	-	-	(2,146)	-	(2,146)
Administrative						
On-behalf payments - State	558,232	-	-	(558,232)	-	(558,232)
Total Governmental Activities	<u>3,793,882</u>	<u>560,751</u>	<u>1,046,419</u>	<u>(2,186,712)</u>	<u>-</u>	<u>(2,186,712)</u>
Business-type Activities						
Instructional	121,770	200,501	-	-	78,731	78,731
Total Business-type Activities	<u>121,770</u>	<u>200,501</u>	<u>-</u>	<u>-</u>	<u>78,731</u>	<u>78,731</u>
Total Primary Government	<u>\$ 3,915,652</u>	<u>\$ 761,252</u>	<u>\$ 1,046,419</u>	<u>(2,186,712)</u>	<u>78,731</u>	<u>(2,107,981)</u>
General Revenues						
Local sources				1,269,807	-	1,269,807
State sources				466,777	-	466,777
On-behalf payments - State				558,232	-	558,232
Interest				13,535	1,154	14,689
Total General Revenues				<u>2,308,351</u>	<u>1,154</u>	<u>2,309,505</u>
Change in net position				<u>121,639</u>	<u>79,885</u>	<u>201,524</u>
Net Position - beginning				2,350,265	113,412	2,463,677
Prior period adjustment				<u>(34,156)</u>	<u>2,676</u>	<u>(31,480)</u>
Net Position - beginning (restated, see Note 14)				<u>2,316,109</u>	<u>116,088</u>	<u>2,432,197</u>
Net Position - ending				<u>\$ 2,437,748</u>	<u>\$ 195,973</u>	<u>\$ 2,633,721</u>

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

NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Education Fund	Institute Fund	Bus Driver	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 536,606	\$ 6,806	\$ 546,554	\$ 252,823	\$ -	\$ 1,342,789
Investments	1,006,451	-	-	-	-	1,006,451
Due from other funds	612,021	-	-	-	(612,021)	-
Due from other governments	116,923	67,945	-	2,000	-	186,868
Accrued interest receivable	5,650	-	-	-	-	5,650
TOTAL ASSETS	<u>2,277,651</u>	<u>74,751</u>	<u>546,554</u>	<u>254,823</u>	<u>(612,021)</u>	<u>2,541,758</u>
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,277,651</u>	<u>\$ 74,751</u>	<u>\$ 546,554</u>	<u>\$ 254,823</u>	<u>\$ (612,021)</u>	<u>\$ 2,541,758</u>
LIABILITIES						
Accounts payable	\$ 3,638	\$ 21,549	\$ -	\$ -	\$ -	\$ 25,187
Accrued employee benefits	3,845	-	202	1,324	-	5,371
Due to other funds	602,301	9,720	-	-	(612,021)	-
Due to other governments	-	43,482	-	-	-	43,482
Total liabilities	<u>609,784</u>	<u>74,751</u>	<u>202</u>	<u>1,324</u>	<u>(612,021)</u>	<u>74,040</u>
DEFERRED INFLOWS OF RESOURCES						
	-	-	-	-	-	-
FUND BALANCES						
Restricted	-	-	546,352	253,499	-	799,851
Unassigned	1,667,867	-	-	-	-	1,667,867
Total Fund Balances	<u>1,667,867</u>	<u>-</u>	<u>546,352</u>	<u>253,499</u>	<u>-</u>	<u>2,467,718</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 2,277,651</u>	<u>\$ 74,751</u>	<u>\$ 546,554</u>	<u>\$ 254,823</u>	<u>\$ (612,021)</u>	<u>\$ 2,541,758</u>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2015**

Total fund balances - governmental funds	\$	2,467,718
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$466,581.</p>		35,650
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	\$ 86,276	
Deferred inflows of resources	<u>(38,887)</u>	47,389
<p>Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore, are not reported in the funds.</p>		
IMRF net pension asset		56,047
<p>Long-term liabilities are not due and payable in the current period and; therefore, are not reported in the governmental funds.</p>		
Accrued compensated absences		(10,048)
TRS net pension liability		<u>(159,008)</u>
Net position of governmental activities	\$	<u><u>2,437,748</u></u>

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

NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund	Education Fund	Institute Fund	Bus Driver	Eliminations	Total Governmental Funds
REVENUES						
Local sources	\$ 1,266,807	\$ 3,000	\$ 427,162	\$ 70,542	\$ -	\$ 1,767,511
State sources	466,778	707,886	-	63,047	-	1,237,711
State sources - on-behalf payments	10,870	-	-	-	-	10,870
Federal sources	-	338,532	-	-	-	338,532
Total revenues	<u>1,744,455</u>	<u>1,049,418</u>	<u>427,162</u>	<u>133,589</u>	<u>-</u>	<u>3,354,624</u>
EXPENDITURES						
Instructional services						
Salaries	1,127,780	521,994	97,383	34,193	-	1,781,350
Employee benefits	255,257	5,236	21,603	9,374	-	291,470
Pension expense	27,389	2,127	8,815	3,091	-	41,422
Purchased services	488,898	521,622	4,983	23,998	-	1,039,501
Supplies and materials	44,920	2,354	676	373	-	48,323
Other	5,462	-	127	-	-	5,589
On-behalf payments	10,870	-	-	-	-	10,870
Capital outlay	517	-	-	-	-	517
Total expenditures	<u>1,961,093</u>	<u>1,053,333</u>	<u>133,587</u>	<u>71,029</u>	<u>-</u>	<u>3,219,042</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(216,638)</u>	<u>(3,915)</u>	<u>293,575</u>	<u>62,560</u>	<u>-</u>	<u>135,582</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	3,915	-	-	(3,915)	-
Transfers out	(415)	-	(3,500)	-	3,915	-
Interest	13,535	-	-	-	-	13,535
Total other financing sources (uses)	<u>13,120</u>	<u>3,915</u>	<u>(3,500)</u>	<u>-</u>	<u>-</u>	<u>13,535</u>
Net change in fund balances	(203,518)	-	290,075	62,560	-	149,117
FUND BALANCES, BEGINNING OF YEAR	<u>1,871,385</u>	<u>-</u>	<u>256,277</u>	<u>190,939</u>	<u>-</u>	<u>2,318,601</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,667,867</u>	<u>\$ -</u>	<u>\$ 546,352</u>	<u>\$ 253,499</u>	<u>\$ -</u>	<u>\$ 2,467,718</u>

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

NORTH COOK INTERMEDIATE SERVICE CENTER NO. 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, 2015

Net change in fund balances \$ 149,117

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	\$ 517	
Loss on disposal of capital assets	(2,146)	
Depreciation expense	<u>(15,461)</u>	(17,090)

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

Compensated absences		(456)
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Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 41,422	
Cost of benefits earned, net	<u>(51,354)</u>	<u>(9,932)</u>

Change in net position of governmental activities		<u>\$ 121,639</u>
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The notes to the financial statements are an integral part of this statement.

NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-Type Activities Enterprise Funds				Total
	Nonmajor Funds			Local Mentoring	
	Workshops	Fingerprinting	Outside Professional Development Providers		
Assets					
Current Assets					
Cash and cash equivalents	\$ 125,570	\$ 32,512	\$ 26,530	\$ 8,241	\$ 192,853
Due from other governments	1,190	3,003	4,620	-	8,813
Total current assets	126,760	35,515	31,150	8,241	201,666
Noncurrent Assets					
Capital assets, net of accumulated depreciation	-	896	-	-	896
Total noncurrent assets	-	896	-	-	896
Total assets	126,760	36,411	31,150	8,241	202,562
Deferred Outflows of Resources	-	-	-	-	-
Liabilities					
Current Liabilities					
Accounts payable	5,089	-	-	1,500	6,589
Total current liabilities	5,089	-	-	1,500	6,589
Deferred Inflows of Resources	-	-	-	-	-
Net Position					
Net investment in capital assets	-	896	-	-	896
Unrestricted	121,671	35,515	31,150	6,741	195,077
Total net position	\$ 121,671	\$ 36,411	\$ 31,150	\$ 6,741	\$ 195,973

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

NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-Type Activities Enterprise Funds				Total
	Nonmajor Funds				
	Workshops	Fingerprinting	Outside Professional Development Providers	Local Mentoring	
Operating Revenues					
Charge for services	\$ 105,035	\$ 40,016	\$ 31,150	\$ 24,300	\$ 200,501
Operating Expenses					
Salaries	25,705	-	-	-	25,705
Employee benefits	373	-	-	-	373
Purchased services	42,465	23,988	-	19,940	86,393
Supplies and materials	9,236	-	-	-	9,236
Depreciation	-	63	-	-	63
Total operating expenses	<u>77,779</u>	<u>24,051</u>	<u>-</u>	<u>19,940</u>	<u>121,770</u>
Operating Income (Loss)	<u>27,256</u>	<u>15,965</u>	<u>31,150</u>	<u>4,360</u>	<u>78,731</u>
Nonoperating Revenues (Expenses)					
Interest	1,154	-	-	-	1,154
Total Nonoperating Revenues (Expenses)	<u>1,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,154</u>
Change in net position	<u>28,410</u>	<u>15,965</u>	<u>31,150</u>	<u>4,360</u>	<u>79,885</u>
Net Position, Beginning of Year	93,261	17,770	-	2,381	113,412
Prior Period Adjustment	-	2,676	-	-	2,676
Net Position, Beginning of Year, Restated (Restated, See Note 14)	<u>93,261</u>	<u>20,446</u>	<u>-</u>	<u>2,381</u>	<u>116,088</u>
Net Position, End of Year	<u>\$ 121,671</u>	<u>\$ 36,411</u>	<u>\$ 31,150</u>	<u>\$ 6,741</u>	<u>\$ 195,973</u>

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

NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-type Activities				Total
	Enterprise Funds				
	Workshops	Fingerprinting	Nonmajor Funds Outside Professional Development Providers	Local Mentoring	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 108,045	\$ 37,013	\$ 26,530	\$ 29,300	\$ 200,888
Payments to suppliers and providers for goods and services	(50,064)	(24,312)	-	(18,440)	(92,816)
Payments to employees	(26,078)	-	-	-	(26,078)
Net cash provided by (used for) operating activities	<u>31,903</u>	<u>12,701</u>	<u>26,530</u>	<u>10,860</u>	<u>81,994</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans (made) repaid	2,619	-	-	(2,619)	-
Net cash provided by (used for) noncapital financing activities	<u>2,619</u>	<u>-</u>	<u>-</u>	<u>(2,619)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest earned on deposits	1,154	-	-	-	1,154
Net cash provided by (used for) investing activities	<u>1,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,154</u>
Net increase (decrease) in cash and cash equivalents	35,676	12,701	26,530	8,241	83,148
Cash and cash equivalents - Beginning of year	89,894	19,811	-	-	109,705
Cash and cash equivalents - End of year	<u>\$ 125,570</u>	<u>\$ 32,512</u>	<u>\$ 26,530</u>	<u>\$ 8,241</u>	<u>\$ 192,853</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 27,256	\$ 15,965	\$ 31,150	\$ 4,360	\$ 78,731
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	-	63	-	-	63
Change in assets and liabilities:					
(Increase)/decrease in due from other governments	3,010	(3,003)	(4,620)	5,000	387
Increase/(decrease) in accounts payable	1,637	(324)	-	1,500	2,813
Net cash provided by (used for) operating activities	<u>\$ 31,903</u>	<u>\$ 12,701</u>	<u>\$ 26,530</u>	<u>\$ 10,860</u>	<u>\$ 81,994</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, 2015

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 2015, the North Cook Intermediate Service Center #1 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27; GASB Statement No. 69, Government Combinations and Disposals of Government Operations; and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The North Cook Intermediate Service Center #1 implemented these standards during the current year. The implementation of GASB Statement No. 68 established 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 includes a liability for the government's proportionate share of the employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

A. Date of Management's Review

Management has evaluated subsequent events through August 12, 2016, 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 H.S. District 219

North Cook Intermediate Service Center #1 is governed by a board of directors. 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, 2015

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, 2015

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, 2015

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

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

G. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets plus deferred outflows of resources and current liabilities plus deferred inflows of resources are generally included on their balance sheets. The reported fund balance (net current position) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the 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, 2015

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 – 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, 2015

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 licenses. 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.

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

Proprietary Funds

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

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Proprietary Funds (Concluded)

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

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:

Fingerprinting – Accounts for the administration of the Fingerprinting Program.

Outside Professional Development Providers – Accounts for revenues and expenses associated approving professional development seminars put on by the Bureau of Education and Research and issuing professional development hours to the attendees.

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 and Governmental Funds Combining Schedule of Accounts:

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

Restricted Fund Balance – The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following fund balances are 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. The Center has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Executive Director. The Center has no assigned fund balances.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Governmental Fund Balances (Concluded)

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances: General Operations and General State Aid – Safe Schools.

J. Net Position

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

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

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

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

K. 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.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

O. Deferred Outflows of Resources

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

P. Deferred Inflows of Resources

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

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

Q. 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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Compensated Absences (Concluded)

North Cook Intermediate Service Center #1's full-time staff members working in a certified position receive 12 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, 2015, the Executive Director granted a total of 40.5 days or \$10,048 in vacation accruals. The liability balances at June 30, 2015 and 2014 were \$10,048 and \$9,592, respectively.

R. 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.

S. Budget Information

The North Cook Intermediate Service Center #1 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following programs: Regional Safe Schools, ROE/ISC Operations (00), ROE/ISC Operations (01), Title I School Improvement & Accountability, and Title II Teacher Quality – Leadership.

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.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2: DEPOSITS AND INVESTMENTS (CONCLUDED)

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, 2015, the carrying amount of the North Cook Intermediate Service Center #1's government-wide deposits were \$1,535,642, including \$1,530,442 held on deposit with District #207, two imprest accounts totaling \$5,000, and \$200 cash on hand. The bank balance for the imprest accounts was \$5,000 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.

B. Investments

North Cook Intermediate Service Center #1's investments are held by District #207. The carrying and fair value of investments was \$1,006,451.

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, 2015, 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.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 3: DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

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

Benefits Provided

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

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

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

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

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	9
Inactive Plan Members entitled to but not yet receiving benefits	12
Active Plan Members	8
Total	29

Contributions

As set by statute, the North Cook Intermediate Service Center #1's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The North Cook Intermediate Service Center #1's annual contribution rate for calendar year 2014 was 9.69%. For the calendar year ended 2014, the North Cook Intermediate Service Center #1 contributed \$34,962 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The North Cook Intermediate Service Center #1's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Concluded)

- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2013	\$ 1,129,539	\$ 1,260,214	\$ (130,675)
Changes for the year:			
Service Cost	42,175	-	42,175
Interest on the Total Pension Liability	84,708	-	84,708
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	8,271	-	8,271
Changes of Assumptions	57,581	-	57,581
Contributions - Employer	-	34,962	(34,962)
Contributions - Employees	-	16,236	(16,236)
Net Investment Income	-	67,804	(67,804)
Benefit Payments, including Refunds of Employee Contributions	(43,443)	(43,443)	-
Other (Net Transfer)	-	(895)	895
Net Changes	149,292	74,664	74,628
Balances at December 31, 2014	\$ 1,278,831	\$ 1,334,878	\$ (56,047)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability (Asset)	\$ 119,898	\$ (56,047)	\$ (198,360)

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

For the year ending June 30, 2015, the North Cook Intermediate Service Center #1 recognized pension expense of \$46,303. At June 30, 2015, the North Cook Intermediate Service Center #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

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

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 5,260	\$ -
Changes of assumptions	36,616	-
Net difference between projected and actual earnings on pension plan investments	<u>21,410</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>63,286</u>	<u>-</u>
<i>Pension Contributions made Subsequent to the Measurement Date</i>		
	<u>16,725</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 80,011</u></u>	<u><u>\$ -</u></u>

\$16,725 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Outflows of Resources
<u> </u>	<u> </u>
2015	\$ 29,328
2016	23,254
2017	5,352
2018	5,352
2019	-
Thereafter	-
Total	<u><u>\$ 63,286</u></u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr.htm>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits provided

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

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

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

Contributions

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

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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

Contributions (Concluded)

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the North Cook Intermediate Service Center #1.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the North Cook Intermediate Service Center #1. For the year ended June 30, 2015, State of Illinois contributions recognized by the North Cook Intermediate Service Center #1 were based on the State's proportionate share of the collective net pension liability associated with the North Cook Intermediate Service Center #1, and the North Cook Intermediate Service Center #1 recognized revenue and expenditures of \$547,362 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$6,181, and are deferred because they were paid after the June 30, 2014, measurement date.

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, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. These contributions are deferred because they were paid after the June 30, 2014, measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The North Cook Intermediate Service Center #1 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the North Cook Intermediate Service Center #1 paid no employer ERO contributions.

The North Cook Intermediate Service Center #1 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the North Cook Intermediate Service Center #1 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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

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

At June 30, 2015, the North Cook Intermediate Service Center #1 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employers proportionate share of the net pension liability	\$ 159,008
State's proportionate share of the net pension liability associated with the employer	<u>6,798,628</u>
Total	<u>\$ 6,957,636</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The North Cook Intermediate Service Center #1's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the North Cook Intermediate Service Center #1's proportion was .0002612755 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The North Cook Intermediate Service Center #1's proportion of the net pension liability as of June 30, 2013, was based on the North Cook Intermediate Service Center #1's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the employer's proportion was .0003225606 percent.

For the year ended June 30, 2015, the North Cook Intermediate Service Center #1 recognized pension expense of \$547,362 and revenue of \$547,362 for support provided by the State. For the year ended June 30, 2015, the North Cook Intermediate Service Center #1 recognized pension expense of \$5,051. At June 30, 2015, the North Cook Intermediate Service Center #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 84	\$ -
Net difference between projected and actual earnings on pension plan investments	-	7,991
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	30,896
Employer contributions subsequent to the measurement date	6,181	-
Total	\$ 6,265	\$ 38,887

\$6,181 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2016	\$ (9,476)
2017	(9,476)
2018	(9,476)
2019	(9,476)
2020	(899)
Total	\$ (38,803)

Actuarial assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary Increase	5.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013, were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014, valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013, valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012, valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	18%	8.23%
Global equity excluding U.S.	18%	8.58%
Aggregate bonds	16%	2.27%
U.S. TIPS	2%	3.52%
NCREIF	11%	5.81%
Opportunistic real estate	4%	9.79%
ARS	8%	3.27%
Risk parity	8%	5.57%
Diversified inflation strategy	1%	3.96%
Private equity	14%	13.03%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily required rates.

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

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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

Sensitivity of the North Cook Intermediate Service Center #1's proportionate share of the net pension liability to changes in the discount rate

The following presents the North Cook Intermediate Service Center #1's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of the net pension liability	\$ 196,367	\$ 159,008	\$ 128,070

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

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 it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by 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 the THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Center. State contributions are intended to match contributions to THIS Fund from active members which were 1.02% of pay during the year ended June 30, 2015. State of Illinois contributions were \$10,870 and the North Cook Intermediate Service Center #1 recognized revenue and expenditures of this amount during the year.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

A. Teacher Health Insurance Security Fund (Concluded)

State contributions intended to match active member contributions during the years ended June 30, 2014 and June 30, 2013 were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of the North Cook Intermediate Service Center #1's employees were \$10,675 and \$13,216, respectively.

Employer contributions to the THIS Fund. The North Cook Intermediate Service Center #1 also makes contributions to the THIS Fund. The North Cook Intermediate Service Center #1's THIS fund contribution was 0.76% during the year ended June 30, 2015 and 0.72 percent and 0.69 percent during the years ended June 30, 2014 and June 30, 2013, respectively. For the year ended June 30, 2015, the Center paid \$8,064 to the THIS fund, which was 100% of the required contribution. For the years ended June 30, 2014 and 2013, the North Cook Intermediate Service Center #1 paid \$7,924 and \$9,912, respectively.

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

B. Illinois Municipal Retirement Fund – Health Insurance

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.

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, 2015. 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 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's insurance provider.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Illinois Municipal Retirement Fund – Health Insurance (Continued)

Membership. At July 1, 2012, the date of the actuarial valuation, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	-
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	8
TOTAL	8
Number of 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.

Annual OPEB Costs and OPEB Obligation. 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 and the employer’s annual required contribution (ARC) for the fiscal year ended June 30, 2013. 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%	\$ 7,672

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

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

Funded Status and Funding Progress. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions and 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.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONCLUDED)

B. Illinois Municipal Retirement Fund – Health Insurance (Concluded)

The schedule of funding progress, presented as required supplementary information 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.

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.

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

Interfund due to / from other fund balances at June 30, 2015 consist of the following individual due to / from other funds in the governmental funds Balance Sheet. 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	\$ -	\$ 602,301
General State Aid – Safe Schools	612,021	-
Major Special Revenue Fund – Education Funds		
Title I School Improvement & Accountability	-	3,450
Title II Teacher Quality – Leadership	-	6,270
	<u>\$ 612,021</u>	<u>\$ 612,021</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

The North Cook Intermediate Service Center #1's General Fund, Education Fund, Bus Driver Fund, Workshops Fund, Nonmajor Proprietary Fund – Fingerprinting, and Nonmajor Proprietary Fund – Outside Professional Development Providers have funds due to and due from various other governmental units which consist of the following:

Due from Other Governments:

General Fund		
Local Governments	\$	116,923
Special Revenue Fund – Education Fund		
Illinois State Board of Education		67,945
Special Revenue Fund – Bus Driver		
Illinois State Board of Education		2,000
Proprietary Fund – Workshops		
Local Governments		1,190
Nonmajor Proprietary Fund – Fingerprinting		
Local Governments		3,003
Nonmajor Proprietary Fund – Outside Professional Development Providers		
Local Governments		4,620
Total	<u>\$</u>	<u>195,681</u>

Due to Other Governments:

Special Revenue Fund – Education Fund		
Illinois State Board of Education	\$	43,482
	<u>\$</u>	<u>43,482</u>

NOTE 8: CAPITAL ASSETS

Governmental Activities

Capital asset activity for fiscal year 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Funds	\$ 553,606	\$ 517	\$ 51,892	\$ 502,231
Equipment				
Less: Accumulated Depreciation	<u>500,866</u>	<u>15,461</u>	<u>49,746</u>	<u>466,581</u>
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 52,740</u>	<u>\$ (14,944)</u>	<u>\$ 2,146</u>	<u>\$ 35,650</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8: CAPITAL ASSETS (CONCLUDED)

Business-Type Activities

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Funds Equipment	\$ 990	\$ -	\$ -	\$ 990
Less: Accumulated Depreciation	31	63	-	94
Governmental Funds Investment in Capital Assets, Net	\$ 959	\$ (63)	\$ -	\$ 896

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$15,461 and \$63 was charged to the governmental activities instructional services function and business-type activities instructional services function, respectively, on the government-wide Statement of Activities for the year ended June 30, 2015. Invested in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

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, 2015, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

NOTE 10: ON-BEHALF PAYMENTS

The State of Illinois paid the following contributions on-behalf of the North Cook Intermediate Service Center #1:

State of Illinois	
THIS fund contributions	\$ 10,870
ISC #1's share of TRS pension expense	547,362
Total	\$ 558,232

The North Cook Intermediate Service Center #1 recorded \$547,362 in revenue and expenses as on-behalf payments from the Illinois State Board of Education for the North Cook Intermediate Service Center #1's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the North Cook Intermediate Service Center #1 has not included any on-behalf payments related to the State's TRS pension expense for the Executive Director and Assistant Executive Director.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 11: INTERFUND TRANSFERS

Interfund transfers in/out to other funds at June 30, 2015 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.

	Transfers In	Transfers Out
General Fund		
General State Aid – Safe Schools	\$ -	\$ 415
Special Revenue Fund – Education Fund		
ROE/ISC Operations	3,500	-
Title I School Improvement & Accountability	118	-
Title II Teacher Quality – Leadership	297	-
Special Revenue Fund – Institute Fund	-	3,500
Total	\$ 3,915	\$ 3,915

NOTE 12: OPERATING LEASES

The 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. This lease was amended in 2003 to include an additional 1,610 square feet for classroom Suite 201. The most recent amendment on September 16, 2013 extended the lease until July 31, 2019.

Rental terms are as follows

Suite 414:	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
Suites L14/L15	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 201:	October 1, 2013 to July 31, 2019 at \$250.00 per day (only to be charged on days suite is actually used)

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 12: OPERATING LEASES (CONCLUDED)

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. Rental terms for the storage space were as follows: March 1, 2011 to July 31, 2014 at \$152.25 per month.

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 to extend the lease term until July 31, 2015. Rental terms are as follows:

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, 2015 related to these building leases was \$345,306. 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, 2015 for each of the next five years and in the aggregate are as follows:

Year Ended June 30,		
2016	\$	268,115
2017		265,800
2018		271,115
2019		276,516
2020		69,468
Total	\$	<u>1,151,014</u>

The 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, 2015 was \$14,599. Minimum future rental payments required under this equipment lease is as follows:

Year Ended June 30,		
2016	\$	14,599
2017		14,599
2018		6,083
Total	\$	<u>35,281</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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, 2015:

General Fund – General Operations	\$	584,394
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NOTE 14: RESTATEMENT

The Center implemented GASB 68 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net pension liability in the current year. The net opening balance of deferred outflows of resources, deferred inflows of resources, and net pension liability was \$34,156 and \$0, for Governmental and Business-Type Activities, respectively. Because these pension-related opening balances reflect pension expenses not previously recognized, the opening net position of the governmental activities and business-type activities on the government-wide Statement of Activities has been restated as shown in the following table. In addition, an adjustment was made to the opening net position of business-type activities to correct an overstatement of prior year accounts payable in the Fingerprinting fund.

<u>Governmental Activities Net Position</u>		
Net Position - July 01, 2014	\$	2,350,265
Effect of recognizing deferred outflows of resources, deferred inflows of resources, and net pension liability		(34,156)
Net Position, restated - July 01, 2014	\$	<u>2,316,109</u>
 <u>Business-Type Activities Net Position</u>		
Net Position - July 01, 2014	\$	113,412
Effect of recognizing deferred outflows of resources, deferred inflows of resources, and net pension liability		-
Fingerprinting correction of an error		2,676
Net Position, restated - July 01, 2014	\$	<u>116,088</u>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar Year Ended December 31,	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 42,175
Interest on the Total Pension Liability	84,708
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	8,271
Changes of Assumptions	57,581
Benefit Payments, including Refunds of Employee Contributions	(43,443)
Net Change in Total Pension Liability	<u>149,292</u>
 Total Pension Liability – Beginning	 <u>1,129,539</u>
 Total Pension Liability – Ending (A)	 <u>\$ 1,278,831</u>
 Plan Fiduciary Net Position	
Contributions – Employer	\$ 34,962
Contributions - Employees	16,236
Net Investment Income	67,804
Benefit Payments, including Refunds of Employee Contributions	(43,443)
Other (Net Transfer)	(895)
Net Change in Plan Fiduciary Net Position	<u>74,664</u>
 Plan Fiduciary Net Position – Beginning	 <u>1,260,214</u>
 Plan Fiduciary Net Position – Ending (B)	 <u>\$ 1,334,878</u>
 Net Pension Liability (Asset) – Ending (A) – (B)	 <u>\$ (56,047)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 104.38%
 Covered Valuation Payroll	 360,807
 Net Pension Liability (Asset) as a Percentage of Covered Valuation Payroll	 (15.53%)

Notes to Schedule:

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 32,725 *	\$ 34,962	\$ (2,237)	\$ 360,807	9.69%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

Actuarial Cost Method: Aggregate entry age = normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 29-year closed period
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 4%
Price Inflation: 3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 4.40% to 16%, including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015***

Employer's proportion of the net pension liability	0.0002612755%
Employer's proportionate share of the net pension liability	\$ 159,008
State's proportionate share of the net pension liability associated with the employer	6,798,628
Total	\$ 6,957,636
Employer's covered-employee payroll	\$ 1,100,532
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.45%
Plan fiduciary net position as a percentage of the total pension liability	43.00%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015 †**

Fiscal Year Ended June 30,	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 6,181	\$ 6,181	\$ -	\$ 1,065,655	0.58%
2014	\$ 6,383	\$ 6,383	\$ -	\$ 1,100,532	0.58%

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

Notes to this Required Supplementary Information

Changes of Assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
SCHEDULE OF FUNDING PROGRESS
UNAUDITED
June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
7/1/2012	\$ -	\$ 16,884	\$ 16,884	0%
7/1/2009	\$ -	\$ 21,023	\$ 21,023	0%

The actuarial valuation of the Plan was performed as of July 1, 2012. This valuation was completed based upon the use of the unit credit cost method with a 30-year amortization of the unfunded actuarial accrued liability. The results were also based on 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.

SUPPLEMENTAL INFORMATION

NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2015

	General Operations	General State Aid - Safe Schools	Total
Assets			
Cash and cash equivalents	\$ 20,750	\$ 515,856	\$ 536,606
Investments	-	1,006,451	1,006,451
Due from other funds	-	612,021	612,021
Due from other governments	795	116,128	116,923
Accrued interest receivable	-	5,650	5,650
Total Assets	<u>21,545</u>	<u>2,256,106</u>	<u>2,277,651</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 21,545</u>	<u>\$ 2,256,106</u>	<u>\$ 2,277,651</u>
Liabilities			
Accounts payable	\$ 3,638	\$ -	\$ 3,638
Accrued employee benefits	-	3,845	3,845
Due to other funds	602,301	-	602,301
Total Liabilities	<u>605,939</u>	<u>3,845</u>	<u>609,784</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance			
Unassigned	<u>(584,394)</u>	<u>2,252,261</u>	<u>1,667,867</u>
Total Fund Balances (Deficits)	<u>(584,394)</u>	<u>2,252,261</u>	<u>1,667,867</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 21,545</u>	<u>\$ 2,256,106</u>	<u>\$ 2,277,651</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 For the Year Ended June 30, 2015**

	General Operations	General State Aid - Safe Schools	Total
Revenues			
Local sources	\$ 18,052	\$ 1,248,755	\$ 1,266,807
State sources	-	466,778	466,778
State sources - On Behalf Payments	10,870	-	10,870
Total Revenue	<u>28,922</u>	<u>1,715,533</u>	<u>1,744,455</u>
Expenditures			
Salaries	53,521	1,074,259	1,127,780
Employee benefits	18,824	236,433	255,257
Pension expense	8,186	19,203	27,389
Purchased services	46,290	442,608	488,898
Supplies and materials	4,567	40,353	44,920
Capital outlay	517	-	517
Other	5,462	-	5,462
Payments made on behalf of region	10,870	-	10,870
Total Expenditures	<u>148,237</u>	<u>1,812,856</u>	<u>1,961,093</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(119,315)</u>	<u>(97,323)</u>	<u>(216,638)</u>
Other Financing Sources (Uses)			
Transfers out	-	(415)	(415)
Interest	-	13,535	13,535
Total Other Financing Sources (Uses)	<u>-</u>	<u>13,120</u>	<u>13,120</u>
Net Change in Fund Balance (Deficit)	(119,315)	(84,203)	(203,518)
Fund Balance (Deficit), Beginning of year	<u>(465,079)</u>	<u>2,336,464</u>	<u>1,871,385</u>
Fund Balance (Deficit), End of year	<u>\$ (584,394)</u>	<u>\$ 2,252,261</u>	<u>\$ 1,667,867</u>

NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015

	Regional Safe Schools	ROE/ISC Operations (00)	ROE/ISC Operations (01)	Title I School Improvement & Accountability	Title II Teacher Quality - Leadership	Total
Assets						
Cash and cash equivalents	\$ -	\$ 200	\$ 6,606	\$ -	\$ -	\$ 6,806
Due from other governments	-	-	3,000	49,475	15,470	67,945
Total Assets	<u>-</u>	<u>200</u>	<u>9,606</u>	<u>49,475</u>	<u>15,470</u>	<u>74,751</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 9,606</u>	<u>\$ 49,475</u>	<u>\$ 15,470</u>	<u>\$ 74,751</u>
Liabilities						
Accounts payable	\$ -	\$ 200	\$ 9,606	\$ 2,543	\$ 9,200	\$ 21,549
Due to other funds	-	-	-	3,450	6,270	9,720
Due to other governments	-	-	-	43,482	-	43,482
Total Liabilities	<u>-</u>	<u>200</u>	<u>9,606</u>	<u>49,475</u>	<u>15,470</u>	<u>74,751</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance						
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 9,606</u>	<u>\$ 49,475</u>	<u>\$ 15,470</u>	<u>\$ 74,751</u>

NORTH COOK INTERMEDIATE SERVICE CENTER NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015

	Regional Safe Schools	ROE/ISC Operations (00)	ROE/ISC Operations (01)	Title I School Improvement & Accountability	Title II Teacher Quality - Leadership	Total
Revenues						
Local sources	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ 3,000
State sources	364,639	230,755	112,492	-	-	707,886
Federal sources	-	-	-	288,152	50,380	338,532
Total Revenues	<u>364,639</u>	<u>230,755</u>	<u>115,492</u>	<u>288,152</u>	<u>50,380</u>	<u>1,049,418</u>
Expenditures						
Salaries	364,639	99,266	7,275	50,814	-	521,994
Employee benefits	-	-	256	4,980	-	5,236
Pension expense	-	-	-	2,127	-	2,127
Purchased services	-	131,489	110,443	229,013	50,677	521,622
Supplies and materials	-	-	1,018	1,336	-	2,354
Total Expenditures	<u>364,639</u>	<u>230,755</u>	<u>118,992</u>	<u>288,270</u>	<u>50,677</u>	<u>1,053,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>(118)</u>	<u>(297)</u>	<u>(3,915)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	3,500	118	297	3,915
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>118</u>	<u>297</u>	<u>3,915</u>
Net Change in Fund Balance	-	-	-	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 373,032	\$ 364,639	\$ 364,639
Total Revenues	<u>373,032</u>	<u>364,639</u>	<u>364,639</u>
Expenditures:			
Salaries	373,032	364,639	364,639
Total Expenditures	<u>373,032</u>	<u>364,639</u>	<u>364,639</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS (2015-3730-00)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 230,755	\$ 230,755	\$ 230,755
Total Revenues	<u>230,755</u>	<u>230,755</u>	<u>230,755</u>
Expenditures			
Salaries	99,266	99,266	99,266
Purchased services	131,489	131,489	131,489
Total Expenditures	<u>230,755</u>	<u>230,755</u>	<u>230,755</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 8, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS (2015-3730-01)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Local sources	\$ -	\$ -	\$ 3,000
State sources	112,492	112,492	112,492
Total Revenues	<u>112,492</u>	<u>112,492</u>	<u>115,492</u>
Expenditures			
Salaries	7,125	7,125	7,275
Employee benefits	545	545	256
Purchased services	103,807	103,807	110,443
Supplies and materials	1,015	1,015	1,018
Total Expenditures	<u>112,492</u>	<u>112,492</u>	<u>118,992</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(3,500)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	3,500
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,500</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 2, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
TITLE I SCHOOL IMPROVEMENT & ACCOUNTABILITY SYSTEM OF SUPPORT
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 275,000	\$ 354,577	\$ 278,164
Total Revenues	<u>275,000</u>	<u>354,577</u>	<u>278,164</u>
Expenditures			
Salaries	39,394	72,174	50,814
Employee benefits	7,301	16,213	4,980
Pension expense	-	-	2,122
Purchased services	227,211	264,190	218,993
Supplies and materials	1,094	2,000	1,255
Payments to other governmental units	-	-	-
Total Expenditures	<u>275,000</u>	<u>354,577</u>	<u>278,164</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
TITLE I SCHOOL IMPROVEMENT & ACCOUNTABILITY SYSTEM OF SUPPORT
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 108,420	\$ 333,333	\$ 9,988
Total Revenues	<u>108,420</u>	<u>333,333</u>	<u>9,988</u>
Expenditures			
Salaries	77,801	91,704	-
Employee benefits	7,896	4,883	-
Pension expense	-	-	5
Purchased services	15,040	228,507	10,020
Supplies and materials	4,500	4,500	81
Capital outlay	2,200	2,754	-
Non-capitalized equipment	983	985	-
Total Expenditures	<u>108,420</u>	<u>333,333</u>	<u>10,106</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(118)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	118
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>118</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 16, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY LEADERSHIP GRANT
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 63,606	\$ 63,606	\$ 11,700
Total Revenues	<u>63,606</u>	<u>63,606</u>	<u>11,700</u>
Expenditures			
Purchased services	63,606	63,606	11,700
Total Expenditures	<u>63,606</u>	<u>63,606</u>	<u>11,700</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of September 26, 2013 to August 31, 2014)
 EDUCATION FUND ACCOUNTS
 TITLE II TEACHER QUALITY LEADERSHIP GRANT
 For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 71,731	\$ 71,731	\$ 38,680
Total Revenues	<u>71,731</u>	<u>71,731</u>	<u>38,680</u>
Expenditures			
Purchased services	71,731	71,731	38,977
Total Expenditures	<u>71,731</u>	<u>71,731</u>	<u>38,977</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(297)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	297
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>297</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>