

**STATE OF ILLINOIS
NORTH COOK
INTERMEDIATE SERVICE CENTER #1**

**FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2020**

**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. Kevin Jauch

Assistant Executive Director
(Current and during the audit period)

Dr. April Jordan

Office Manager
(Current and during the audit period)

Ms. Gina Shalzi

Business Manager
(Current and during the audit period)

Ms. Terrie Simmons

Office is located at:

1001 E. Touhy Ave., Suite 200
Des Plaines, IL 60018

NORTH COOK INTERMEDIATE SERVICE CENTER #1

FINANCIAL REPORT SUMMARY

For the Year Ended June 30, 2020

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.

AUDITOR'S REPORT

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

SUMMARY OF AUDIT FINDINGS

Number of	This Audit	Prior Audit
Audit findings	0	1
Repeated audit findings	0	1
Prior recommendations implemented or not repeated	1	0

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

SUMMARY OF FINDINGS AND RESPONSES

Item No.	Page	Description	Finding Type
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
None			
PRIOR FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)			
2019-001	12	Controls Over Financial Statement Preparation	Material Weakness

EXIT CONFERENCE

The North Cook Intermediate Service Center #1 did not request an exit conference to discuss the audit for the year ended June 30, 2020.

NORTH COOK INTERMEDIATE SERVICE CENTER #1

FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2020

The audit of the accompanying basic financial statements of the North Cook Intermediate Service Center #1 was performed by GW & Associates PC.

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



INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

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, 2020, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, 2020, and the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

In addition, accounting principles generally accepted in the United States of America require that the schedule of changes in the net pension liability (asset) and related ratios – Illinois Municipal Retirement Fund, the schedule of employer contributions – Illinois Municipal Retirement Fund, the schedule of the employer's proportionate share of the net pension liability – Teacher's Retirement System of the State of Illinois, the schedule of employer contributions - Teacher's Retirement System of the State of Illinois, the schedule of the employer's proportionate share of the collective net OPEB liability – Teachers' Health Insurance Security Fund, the schedule of employer contributions – Teachers' Health Insurance Security Fund, and the schedule of changes in the total OPEB liability and related ratios on pages 61-65 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 and budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Cook Intermediate Service Center #1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Cook Intermediate Service Center #1's internal control over financial reporting and compliance.

[FIRM SIGNATURE ON FILE]

Hillside, Illinois
January 8, 2021



**INDEPENDENT AUDITOR'S 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

and

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, 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, 2020, and the related notes to the financial statements, which collectively comprise the North Cook Intermediate Service Center #1's basic financial statements, and we have issued our report thereon dated January 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the North Cook Intermediate Service Center #1's internal control over financial reporting (internal controls) as a basis for designing 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.

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

in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

[FIRM SIGNATURE ON FILE]

Hillside, Illinois
January 8, 2021

NORTH COOK INTERMEDIATE SERVICE CENTER #1

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements in Accordance with GAAP

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None reported
• Noncompliance material to financial statements noted?	No

NORTH COOK INTERMEDIATE SERVICE CENTER #1

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2020

Section II - Financial Statement Findings

No findings were noted for the year ended June 30, 2020.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2020

Corrective Action Plan

No findings were noted for the year ended June 30, 2020.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the Year Ended June 30, 2020

2019-001	Controls Over Financial Statement Preparation During the current audit, the ISC retained an external accounting firm to assist with financial statement preparation which resulted in no material audit adjustments.
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**NORTH COOK INTERMEDIATE SERVICE CENTER #1
STATEMENT OF NET POSITION
JUNE 30, 2020**

EXHIBIT A

	Primary Government		
	Government Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,501,825	\$ 666,501	\$ 2,168,326
Investments	2,242,299	-	2,242,299
Due from other governments	56,608	32,350	88,958
Accrued interest receivable	12,260	-	12,260
Prepaid expenses	308	-	308
Security deposits	32,056	-	32,056
Total current assets	<u>3,845,356</u>	<u>698,851</u>	<u>4,544,207</u>
Noncurrent assets:			
Capital assets, net of depreciation	192,277	389	192,666
TOTAL ASSETS	<u>4,037,633</u>	<u>699,240</u>	<u>4,736,873</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	67,116	-	67,116
Deferred outflows related to OPEB	27,467	-	27,467
Total deferred outflows of resources	<u>94,583</u>	<u>-</u>	<u>94,583</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	43,900	11,199	55,099
Due to other governments	17,350	-	17,350
Unearned revenue	-	22,835	22,835
Total current liabilities	<u>61,250</u>	<u>34,034</u>	<u>95,284</u>
Noncurrent liabilities:			
Accrued compensated absences	23,018	-	23,018
Net pension liabilities	133,108	-	133,108
OPEB liability	750,020	-	750,020
Total noncurrent liabilities	<u>906,146</u>	<u>-</u>	<u>906,146</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	160,126	-	160,126
Deferred inflows related to OPEB	105,703	-	105,703
Total deferred inflows of resources	<u>265,829</u>	<u>-</u>	<u>265,829</u>
NET POSITION			
Net investment in capital assets	192,277	389	192,666
Restricted for educational purposes	2,410,304	-	2,410,304
Unrestricted	296,410	664,817	961,227
TOTAL NET POSITION	<u>\$ 2,898,991</u>	<u>\$ 665,206</u>	<u>\$ 3,564,197</u>

The accompanying notes are an integral part of the financial statements.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

EXHIBIT B

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 1,506,645	\$ 267,344	\$ 798,294	\$ (441,007)	\$ -	\$ (441,007)
Pension expense	94,440	57,026	29,087	(8,327)	-	(8,327)
OPEB expense	13,770	-	-	(13,770)	-	(13,770)
Purchased services	523,413	69,857	152,629	(300,927)	-	(300,927)
Supplies and materials	199,895	810	176	(198,909)	-	(198,909)
Other objects	12,020	6,640	-	(5,380)	-	(5,380)
Depreciation	34,606	-	-	(34,606)	-	(34,606)
Administrative:						
On-behalf payments - State	929,122	-	-	(929,122)	-	(929,122)
Total governmental activities	3,313,911	401,677	980,186	(1,932,048)	-	(1,932,048)
Business-type activities:						
Instructional	190,960	343,818	-	-	152,858	152,858
Total business-type activities	190,960	343,818	-	-	152,858	152,858
Total primary government	\$ 3,504,871	\$ 745,495	\$ 980,186	(1,932,048)	152,858	(1,779,190)
General revenues (expenses):						
Local sources				748,941	-	748,941
State sources				407,020	-	407,020
On-behalf payments - State				929,122	-	929,122
Interest				73,268	-	73,268
Donated capital assets				1,983	-	1,983
Loss on disposal of capital assets				(898)	-	(898)
Transfers in (out)				18,106	(18,106)	-
Total general revenues (expenses)				2,177,542	(18,106)	2,159,436
CHANGE IN NET POSITION				245,494	134,752	380,246
NET POSITION, BEGINNING OF YEAR				2,653,497	530,454	3,183,951
NET POSITION, END OF YEAR				\$ 2,898,991	\$ 665,206	\$ 3,564,197

The accompanying notes are an integral part of the financial statements.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

EXHIBIT C

	General Fund	Education Fund	Institute	Bus Driver	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 373,792	\$ 17,401	\$ 550,978	\$ 559,654	\$ -	\$ 1,501,825
Investments	961,310	-	1,280,989	-	-	2,242,299
Due from other funds	18,678	-	-	-	(18,678)	-
Due from other governments	23,450	18,678	10,480	4,000	-	56,608
Accrued interest receivable	4,516	-	7,744	-	-	12,260
Prepaid expenses	308	-	-	-	-	308
Security deposits	32,056	-	-	-	-	32,056
TOTAL ASSETS	1,414,110	36,079	1,850,191	563,654	(18,678)	3,845,356
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	40,308	51	2,565	976	-	43,900
Due to other funds	-	18,678	-	-	(18,678)	-
Due to other governments	-	17,350	-	-	-	17,350
Total liabilities	40,308	36,079	2,565	976	(18,678)	61,250
FUND BALANCES						
Nonspendable	32,364	-	-	-	-	32,364
Restricted	-	-	1,847,626	562,678	-	2,410,304
Unassigned	1,341,438	-	-	-	-	1,341,438
Total fund balances	1,373,802	-	1,847,626	562,678	-	3,784,106
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,414,110	\$ 36,079	\$ 1,850,191	\$ 563,654	\$ (18,678)	\$ 3,845,356

The accompanying notes are an integral part of the financial statements.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

EXHIBIT D

Total fund balances - governmental funds \$ 3,784,106

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the governmental funds. 192,277

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:

Deferred outflows of resources related to pensions	\$ 67,116	
Deferred inflows of resources related to pensions	(160,126)	
Deferred outflows of resources related to OPEB	27,467	
Deferred inflows of resources related to OPEB	<u>(105,703)</u>	(171,246)

Noncurrent liabilities are not due and payable in the current period
and, therefore, are not reported as liabilities in the governmental funds.

Compensated absences	(23,018)	
IMRF net pension liability	(53,345)	
TRS net pension liability	(79,763)	
OPEB liability	<u>(750,020)</u>	<u>(906,146)</u>

Net position of governmental activities \$ 2,898,991

The accompanying notes are an integral part of the financial statements.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

EXHIBIT E

	General Fund	Education Fund	Institute	Bus Driver	Total Governmental Funds
REVENUES					
Local sources	\$ 748,941	\$ -	\$ 353,677	\$ 58,420	\$ 1,161,038
State sources	407,020	952,516	-	56,393	1,415,929
Federal sources	-	8,949	-	-	8,949
On-behalf payments - State	260,523	-	-	-	260,523
Interest	21,772	-	51,496	-	73,268
Total revenues	<u>1,438,256</u>	<u>961,465</u>	<u>405,173</u>	<u>114,813</u>	<u>2,919,707</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	640,785	713,043	91,311	53,049	1,498,188
Pension expense	39,151	-	7,600	5,034	51,785
OPEB expense	6,981	-	-	-	6,981
Purchased services	349,951	137,934	8,970	26,558	523,413
Supplies and materials	199,324	159	391	21	199,895
Other objects	8,593	-	50	3,377	12,020
Administrative:					
On-behalf payments - State	260,523	-	-	-	260,523
Capital outlay	154,663	70,237	-	-	224,900
Total expenditures	<u>1,659,971</u>	<u>921,373</u>	<u>108,322</u>	<u>88,039</u>	<u>2,777,705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(221,715)	40,092	296,851	26,774	142,002
OTHER FINANCING SOURCE					
Transfers in	18,106	-	-	-	18,106
NET CHANGE IN FUND BALANCES	(203,609)	40,092	296,851	26,774	160,108
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>1,577,411</u>	<u>(40,092)</u>	<u>1,550,775</u>	<u>535,904</u>	<u>3,623,998</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,373,802</u>	<u>\$ -</u>	<u>\$ 1,847,626</u>	<u>\$ 562,678</u>	<u>\$ 3,784,106</u>

The accompanying notes are an integral part of the financial statements.

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

EXHIBIT F

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net change in fund balance \$ 160,108

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$ 224,900	
Depreciation	(34,606)	
Loss on disposal of capital assets	(898)	189,396
	<u> </u>	

The receipt of donated capital assets is not reported on the fund statements, but is reported as general revenue in the Statement of Activities.

Donated capital assets		1,983
------------------------	--	-------

Some receivables will not be collected for several months after fiscal year end, so they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred inflows of resources. They are however, recorded as revenues in the Statement of Activities.

Prior year unavailable revenue	(48,092)	(48,092)
	<u> </u>	

Governmental funds report pension/OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned, net of employer contributions is reported as pension/OPEB expense (benefit).

Pension:

Employer contributions	51,785	
Cost of benefits, earned	(94,440)	(42,655)
	<u> </u>	

OPEB:

Employer contributions	6,981	
Cost of benefits, earned	(13,770)	(6,789)
	<u> </u>	

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

Compensated absences		(8,457)
		<u> </u>

Change in net position of governmental activities	\$ 245,494	
	<u> </u>	

The accompanying notes are an integral part of the financial statements.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

EXHIBIT G

	Business-Type Activities - Enterprise Fund		Total
	Workshops	Nonmajor Proprietary Funds	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 505,911	\$ 160,590	\$ 666,501
Due from other governments	28,998	3,352	32,350
Total current assets	<u>534,909</u>	<u>163,942</u>	<u>698,851</u>
Noncurrent assets:			
Capital assets, net	-	389	389
TOTAL ASSETS	<u>534,909</u>	<u>164,331</u>	<u>699,240</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	11,192	7	11,199
Unearned revenue	22,835	-	22,835
TOTAL LIABILITIES	<u>34,027</u>	<u>7</u>	<u>34,034</u>
NET POSITION			
Net investment in capital assets	-	389	389
Unrestricted	500,882	163,935	664,817
TOTAL NET POSITION	<u>\$ 500,882</u>	<u>\$ 164,324</u>	<u>\$ 665,206</u>

The accompanying notes are an integral part of the financial statements.

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

EXHIBIT H

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities - Enterprise Fund		Total
	Workshops	Nonmajor Proprietary Funds	
OPERATING REVENUES			
Charges for services	\$ 276,134	\$ 67,684	\$ 343,818
OPERATING EXPENSES			
Purchased services	125,413	51,801	177,214
Supplies and materials	6,958	426	7,384
Depreciation	-	66	66
Other	6,177	119	6,296
Total operating expenses	138,548	52,412	190,960
OPERATING INCOME	137,586	15,272	152,858
OTHER FINANCING SOURCE (USE)			
Transfers in	-	3,184	3,184
Transfers out	(21,290)	-	(21,290)
Total other financing source (use)	(21,290)	3,184	(18,106)
CHANGE IN NET POSITION	116,296	18,456	134,752
NET POSITION, BEGINNING OF YEAR	384,586	145,868	530,454
NET POSITION, END OF YEAR	\$ 500,882	\$ 164,324	\$ 665,206

The accompanying notes are an integral part of the financial statements.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020**

EXHIBIT I

	Business-Type Activities - Enterprise Fund		
	Workshops	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for workshops and services	\$ 262,456	\$ 73,157	\$ 335,613
Payments to suppliers and providers of goods and services	(136,357)	(53,720)	(190,077)
Net cash provided by operating activities	<u>126,099</u>	<u>19,437</u>	<u>145,536</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund loans	3,184	(3,184)	-
Transfers from (to) other funds	(21,290)	3,184	(18,106)
Net cash used in noncapital financing activities	<u>(18,106)</u>	<u>-</u>	<u>(18,106)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	107,993	19,437	127,430
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>397,918</u>	<u>141,153</u>	<u>539,071</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 505,911</u>	<u>\$ 160,590</u>	<u>\$ 666,501</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 137,586	\$ 15,272	\$ 152,858
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	66	66
Effects of changes in assets and liabilities:			
Due from other governments	(9,663)	5,473	(4,190)
Accounts payable and accrued expenses	2,191	(1,374)	817
Unearned revenue	(4,015)	-	(4,015)
Net cash provided by operating activities	<u>\$ 126,099</u>	<u>\$ 19,437</u>	<u>\$ 145,536</u>

The accompanying notes are an integral part of the financial statements.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. 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	New Trier Township H.S. District 203
Maine Township H.S. District 207	Township H.S. District 211
Township H.S. District 214	Niles H.S. District 219
Northfield Township H.S. District 225	

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.

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.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

C. 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 column and are presented on an "economic resources" measurement focus as prescribed by Government Accounting Standards Board (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.

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.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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 regard to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and 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.

D. 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 the 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, 2020

E. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

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.

F. 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

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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.

G. 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.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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. The General Fund includes the following accounts:

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.

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.

Regional Safe Schools Cooperative - This program provides activities for disruptive students who are eligible for suspension or expulsion. The activities provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.

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.

Tech for Success - Accounts for monies and expenditures incurred to create and support ongoing learning teams focused on alignment of classroom level assessment and instruction.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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.

Elementary and Secondary School Emergency Relief - The purpose of this grant is to provide local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact that the Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools across the nation.

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.

Nonmajor Special Revenue Funds - The North Cook Intermediate Service Center #1 does not have any nonmajor special revenue funds for the year ended June 30, 2020.

Proprietary Funds

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

Major Proprietary Funds - The North Cook Intermediate Service Center #1 reports the following proprietary fund as a major fund:

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

Nonmajor Proprietary Funds - The North Cook Intermediate Service Center #1 reports the following nonmajor proprietary funds:

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Fingerprinting - Accounts for the administration of the Fingerprinting Program.

Non-Public School Inspections - The purpose of this fund is to perform inspections for the Illinois State Board of Education, in accordance with the School Code, in order to provide for the voluntary registration and recognition of nonpublic elementary and secondary schools.

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

Homeless/At-Risk Youth - Accounts for programs that stabilize homeless families and at-risk youth with assistance for emergency needs.

H. 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 nonspendable fund balance in the General Fund's General Operations account.

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: Institute and Bus Driver.

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.

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.

I. Net Position

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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.

J. 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.

K. 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.

L. Capital Assets

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

M. 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.

N. Unearned Revenue

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

The North Cook Intermediate Service Center #1 reports unearned revenue in the Statement of Net Position and the Governmental Funds Balance Sheet or Proprietary Fund's Statement of Net Position. Unearned revenue arises when grant funds received are unexpended or obligated at year end.

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 or OPEB 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 and OPEB.

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

NORTH COOK INTERMEDIATE SERVICE CENTER #1
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7	18
8	19
9 or more	20

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 August 15th of the next fiscal year. With the approval of the North Cook Intermediate Service Center #1 Executive Director, up to ten (10) vacation days may be carried over from year to year, but in no instance may accrued days of vacation from the prior fiscal year exceed ten (10) days. The liability balance at June 30, 2020 was \$23,018.

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. North Cook Intermediate Service Center #1’s Board of Directors review and approved the annual budget. Comparisons of budgeted and actual results are presented as supplementary information.

Budgetary comparison schedules have been provided in supplementary schedules for the following programs: Regional Safe Schools, Regional Safe Schools Cooperative, ROE/ISC Operations, Title II Teacher Quality- Leadership, and Elementary and Secondary School Emergency Relief.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

T. Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement System (IMRF) and Teachers' Retirement System of the State of Illinois (TRS) and additions to/deductions from IMRF's and TRS' fiduciary net position have been determined on the same basis as they are reported by IMRF and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

U. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the North Cook Intermediate Service Center #1's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Cook Intermediate Service Center #1's OPEB Plan and additions to/deductions from the North Cook Intermediate Service Center #1's fiduciary net position have been determined on the same basis as they are reported by the North Cook Intermediate Service Center #1's Plan. For this purpose, the North Cook Intermediate Service Center #1's Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

V. New Accounting Pronouncement

In 2020, the North Cook Intermediate Service Center #1 implemented GASB Statement No. 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 extends the effective dates of certain accounting and financial reporting provisions that were first effective for reporting periods beginning after June 15, 2018. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

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 School Treasurer for Des Plaines School District #62 and a number of other districts. At June 30, 2000, all investments were transferred to Maine Township School Treasurer.

The Maine Township School Treasurer invests excess funds at its discretion, subject to legal restrictions discussed below. For these purposes, the Maine Township School Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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. The Maine Township School Treasurer 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.

Bank Deposits

At June 30, 2020, the carrying amount of the North Cook Intermediate Service Center #1's government-wide deposits were \$2,168,326 including \$2,165,126 held on deposit with the Maine Township School Treasurer, one imprest account in the amount of \$3,000 and \$200 cash on hand. The bank balance for the imprest account was \$3,075 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 (Maine Township Schools Treasurer).

Custodial Credit Risk

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the Center'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. As of June 30, 2020, the bank balance of the North Cook Intermediate Service Center #1 deposits were fully collateralized and insured.

Investments

North Cook Intermediate Service Center #1's investments are held by the Maine Township School Treasurer. The carrying and fair value of investments was \$2,242,299.

GASB Statement No. 72, Fair Value Measurement and Application, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active market for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Treasurer has the ability to access.

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Level 2 Inputs to valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted market prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other mean.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use unobservable inputs.

North Cook Intermediate Service Center #1's investments, amounting to \$2,242,299 is based on an observable unadjusted quoted market price in an active market therefore this investment has been categorized as Level 1 in the fair value hierarchy.

Credit Risk

The Maine Township School Treasurer'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. The Treasurer 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, 2020, the Treasurer'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. The Maine Township School Treasurer 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.

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NOTE 3 - DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

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 "Benefits Provided" section of this note. 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

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of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

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

Employees Covered by Benefit Terms

As of December 31, 2019, 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	14
Active Plan Members	7
Total	30

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 2019 was 11.27%. For the fiscal year ended June 30, 2020, the North Cook Intermediate Service Center #1 contributed \$47,582 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, 2019. 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, 2019:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.35% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.

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- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **non-disabled retirees**, an IMRF specific Mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Projected Ten-Year Return</u>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	
Private Equity	N/A	7.60%
Hedge Funds	N/A	N/A
Commodities	N/A	3.60%
Cash Equivalents	1%	1.85%
Total	100%	

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Single Discount Rate

A Single Discount Rate of 7.25% 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. tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.75%; and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) – (B)
Balances as of December 31, 2018	\$ 1,753,811	\$ 1,510,036	\$ 243,775
Changes for the year:			
Service Cost	42,320	–	42,320
Interest on the Total Pension Liability	125,730	–	125,730
Changes of Benefit Terms	–	–	–
Differences Between Expected and Actual Experience of the Total Pension Liability	6,698	–	6,698
Changes of Assumptions	–	–	–
Contributions - Employer	–	43,691	(43,691)
Contributions - Employees	–	23,407	(23,407)
Net Investment Income	–	299,598	(299,598)
Benefit Payments, including Refunds of Employee Contributions	(83,647)	(83,647)	–
Other (Net Transfer)	–	(1,518)	1,518
Net Changes	91,101	281,531	(190,430)
Balances as of December 31, 2019	<u>\$ 1,844,912</u>	<u>\$ 1,791,567</u>	<u>\$ 53,345</u>

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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 7.25%, as well as what the plan's net pension (asset) liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability (Asset)	\$ 265,070	\$ 53,345	\$ (121,059)

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

For the year ended June 30, 2020, the North Cook Intermediate Service Center #1 recognized pension expense of \$96,938. At June 30, 2020, the North Cook Intermediate Service Center #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred amounts to be recognized in Pension Expense in Future Periods</i>		
Difference between expected and actual experience	\$ 2,953	\$ 2,163
Changes in assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	81,231
Total deferred amounts to be recognized in pension expense in future periods	2,953	83,394
Pension contributions made subsequent to the measurement date	25,689	—
Total deferred amounts related to pension	\$ 28,642	\$ 83,394

\$25,689 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, 2021. 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:

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Year Ending December 31	Net Deferred Inflows of Resources
2020	\$ 14,042
2021	27,274
2022	922
2023	38,203
Thereafter	—
Total	\$ 80,441

Teachers’ Retirement System of the State of Illinois

Plan description

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://trsil.org/financial/cafrs/fy2019>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 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.

Tier 2 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 highest four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

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Essentially all Tier 1 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 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023 enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and Tier 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the State of Illinois.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2019, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the 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, 2020, 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 \$616,342 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, 2020, were \$4,401, and are deferred because they were paid after the June 30, 2019, measurement date.

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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 Public Act 100 -0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2020, the employer pension contribution was 10.66 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2020, no contributions were required for salaries made from federal and special trust funds.

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 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, 2020, the North Cook Intermediate Service Center #1 did not make any employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2020, 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:

Employer’s proportionate share of the net pension liability	\$	79,763
State’s proportionate share of the net pension liability associated with the employer		5,676,640
Total	\$	5,756,403

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The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019. 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, 2019, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2019, the North Cook Intermediate Service Center #1's proportion was 0.0000983414 percent, which was a decrease of 0.0000879529 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the North Cook Intermediate Service Center #1 recognized pension expense of \$616,342 and revenue of \$616,342 for support provided by the State. For the year ended June 30, 2020, the North Cook Intermediate Service Center #1 recognized pension income of \$2,498. At June 30, 2020, the North Cook Intermediate Service Center #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,308	\$ —
Net difference between projected and actual earnings on pension plan investments	126	
Changes of assumptions	1,787	1,531
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,852	75,201
Employer contributions subsequent to the measurement date	4,401	—
Total	<u>\$ 38,474</u>	<u>\$ 76,732</u>

\$4,401 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2021	\$ 17,787
2022	3,783
2023	6,605
2024	9,577
2025	4,907
Total	<u>\$ 42,659</u>

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Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

In the June 30, 2019 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2018 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	15.0%	6.3%
U.S. equities small/mid cap	2.0	7.7
International equities developed	13.6	7.0
Emerging market equities	3.4	9.5
U.S. bonds core	8.0	2.2
U.S. bonds high yield	4.2	4.0
International debt developed	2.2	1.1
Emerging international debt	2.6	4.4
Real estate	16.0	5.2
Real return	4.0	1.8
Absolute return	14.0	4.1
Private equity	15.0	9.7
Total	<u>100.0%</u>	

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Discount Rate

At June 30, 2019, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2018 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS’s fiduciary net position at June 30, 2019 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1’s liability is partially-funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so 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.

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Employer’s proportionate share of the net pension liability	\$ 97,423	\$ 79,763	\$ 65,242

TRS Fiduciary Net Position

Detailed information about the TRS’s fiduciary net position as of June 30, 2019 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

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NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS

Teachers' Health Insurance Security Fund

Plan Description

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

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by 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 North Cook Intermediate Service Center #1. For the year ended June 30, 2020, 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 OPEB liability associated with the North Cook Intermediate Service Center #1, and recognized revenue and expenditures of \$52,257 in OPEB contributions from the State of Illinois.

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Employer Contributions to the THIS Fund

The North Cook Intermediate Service Center #1 also makes contributions to the THIS Fund. The employer THIS fund contribution was 0.92 percent during the year ended June 30, 2020, and 0.92, 0.88, 0.84, and 0.80 percent during the years ended June 30, 2019, June 30, 2018, June 30, 2017, and June 30, 2016, respectively. For the year ended June 30, 2020, the North Cook Intermediate Service Center #1 paid \$6,981 to the THIS fund, which was 100 percent of the required contribution. For the years ended June 30, 2019, June 30, 2018, June 30, 2017 and June 30, 2016, the North Cook Intermediate Service Center #1 paid \$6,074, \$5,842, \$6,422, and \$9,013 respectively, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation, for all plan years
Healthcare cost trend rates	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants, mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2017.

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The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

Single Discount Rate

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

Since the THIS fund is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity’s index’s “20-year Municipal GO AA Index” has been selected. The discount rates are 3.62 percent as of June 30, 2018, and 3.13 percent as of June 30, 2019.

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

The following presents the North Cook Intermediate Service Center #1’s proportionate share of the collective net OPEB liability, as well as what the ISC #1’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Employer’s proportionate share of the collective net OPEB liability	\$ 896,281	\$ 743,199	\$ 624,419

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

The following table shows the North Cook Intermediate Service Center #1’s collective net OPEB liability as of June 30, 2019, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027, for non-Medicare coverage, and 9.00% in 2020 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
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	1% Decrease^a	Healthcare Cost Trend Rates	1% Increase^b
Employer's proportionate share of the collective net OPEB liability	\$ 600,444	\$ 743,199	\$ 936,008

^a One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.81% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

^b One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.81% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

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

At June 30, 2020, the North Cook Intermediate Service Center #1 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the North Cook Intermediate Service Center #1.

The amount recognized by the North Cook Intermediate Service Center #1 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the North Cook Intermediate Service Center #1 were as follows:

Employer's proportionate share of the net OPEB liability	\$ 743,199
State's proportionate share of the net OPEB liability associated with the employer	1,006,387
Total	\$ 1,749,586

The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and was rolled forward to the June 30, 2019 measurement date. The North Cook Intermediate Service Center #1's proportion of the collective net OPEB liability was based on a projection of the North Cook Intermediate Service Center #1's long-term share of contributions to the OPEB plan relative to the projected contributions of the North Cook Intermediate Service Center #1, actuarially determined. At June 30, 2019, the North Cook Intermediate Service Center #1's proportion was 0.002685 percent, which was a decrease of 0.000103 percent from its proportion measured as of June 30, 2018 (0.002788 percent). The State's support and total are for disclosure purposes only.

For the year ended June 30, 2020, the North Cook Intermediate Service Center #1 recognized OPEB expense of \$52,257 and revenue of \$52,257 for support provided by the State. For the

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

year ended June 30, 2020, the North Cook Intermediate Service Center #1 recognized an OPEB expense of \$13,579.

At June 30, 2020, the North Cook Intermediate Service Center #1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 12,333
Changes of assumptions	282	85,195
Net difference between projected and actual earnings on OPEB plan investments	—	24
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,205	8,151
Employer contributions subsequent to the measurement date	6,981	—
Total	\$ 27,468	\$ 105,703

\$6,981 reported as deferred outflows of resources related to OPEB resulting from North Cook Intermediate Service Center #1 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the North Cook Intermediate Service Center #1's OPEB expense as follows:

Year Ending June 30,	Net Deferred Inflows of Resources
2021	\$ 17,248
2022	17,250
2023	17,247
2024	17,242
2025	11,622
Thereafter	4,607
Total	\$ 85,216

THIS Fiduciary Net Position

Detailed information about the THIS Fund fiduciary net position as of June 30, 2019, is available in the separately issued THIS Financial Report.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
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Health Insurance Plan

Plan Description

North Cook Intermediate Service Center #1's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the ISC. The Plan, which is administered by the North Cook Intermediate Service Center #1, allows employees who retire and meet retirement eligibility requirements under one of the ISC's retirement plans to continue medical insurance coverage as a participant in the ISC's plan. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75.

Benefits Provided and Eligibility

North Cook Intermediate Service Center #1 provides continued health insurance coverage at the blended employer rate to all eligible North Cook Intermediate Service Center #1 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. North Cook Intermediate Service Center #1 offers the Plan to full-time IMRF employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. Retirees pay the full cost of coverage. Coverage continues until Medicare eligibility is reached. Dependent coverage ends at the same time as that for the retiree. If the retiree attains age 65 (eligible for Medicare) prior to their spouse, the spouse may continue to elect coverage through the ISC until the spouse attains age 65.

Plan Membership

As of June 30, 2019, the measurement date, the following employees were covered by the benefit terms:

	Participants
Inactive plan members or beneficiaries currently receiving benefits	–
Inactive plan members entitled to but not yet receiving benefit payments	–
Active plan members	7
Total	7

Funding Policy and Contributions

There is no funding policy that exists for the postretirement plan at this time, as the total OPEB liabilities are currently an unfunded obligation. Any contributions made to the Plan are assumed to be the benefits paid to retirees and administrative expenses.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Total OPEB Liability

The North Cook Intermediate Service Center #1's total OPEB liability for the current fiscal year has been developed based on the June 30, 2019 actuarial valuation date and adjusted to the June 30, 2019 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified.

Actuarial Cost Method	Entry Age Cost Method (Level % of Pay)
Mortality Rate	RP-2000 Combined Health Mortality Table projected to the valuation date using Scale AA.
Discount Rate	Given the ISC's decision not to fund the Plan, the discount rate as of June 30, 2019 was developed using a high-quality municipal bond rate based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used. As of June 30, 2019, a rate of 2.79 % was used.
Retirement Rates	For IMRF Tier 1 employees, 100% at first eligibility (Age 55, 8 years of service). For IMRF Tier 2 employees, 100% at first eligibility (Age 62, 10 years of service).
Inflation	2.50% per year
Salary Increase Rate	2.50% per year
Marital Status	100% assumed married, with male spouses 3 years older than female spouses.
Health Care Participation	20% participation assumed, with 50% electing spouse coverage
Health Care Inflation	Initial rate of 7.50% in fiscal year 2020, grading down to the ultimate trend rate of 4.00% in fiscal year 2075.
Termination Rates	% remaining employed until assumed retirement age for various ages is as follows: 20 – 29.60%, 30 – 59.30%, 40 – 84.10%, and 50 – 100.00%.
Disability Rates	None Assumed

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Changes in the Total OPEB Liability

The following represents the reconciliation of the Total OPEB Liability (TOL) from the beginning of the fiscal year (June 30, 2019) to the end of the fiscal year (June 30, 2020). The TOL as of June 30, 2019 is \$6,821.

	Total OPEB Liability
Balance as of June 30, 2019	\$ 8,200
Changes for the year:	
Service cost	683
Interest	332
Changes of benefit terms	—
Differences between expected and actual experience	467
Changes of assumptions	(2,291)
Benefit payments	(570)
Net Changes	(1,379)
Balance as of June 30, 2020	\$ 6,821

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

The following presents the North Cook Intermediate Service Center #1's total OPEB liability calculated using a discount rate of 2.79%, as well as what the ISC's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (3.79%) or 1-percentage-point lower (1.79%) than the current discount rate:

	1% Decrease (1.79%)	Current Discount Rate (2.79%)	1% Increase (3.79%)
Total OPEB Liability	\$ 7,293	\$ 6,821	\$ 6,415

Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rates

The following presents the North Cook Intermediate Service Center #1's total OPEB liability, calculated using the healthcare cost trend rates as well as what the ISC's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 7.50% in 2020 decreasing to an ultimate trend rate of 4.00% in 2075.

	Current	
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NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

	1% Decrease (3.00%- 6.50%)	Discount Rate (4.00%- 7.50%)	1% Increase (5.00%- 8.50%)
Total OPEB Liability	\$ 6,448	\$ 6,821	\$ 7,256

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

For the year ending June 30, 2020, the North Cook Intermediate Service Center #1 recognized OPEB expense of \$191.

Under GASB Statement No. 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense as follows:

Service Cost	\$ 683
Interest	332
Recognition of Changes in Total OPEB Liability	(1,824)
Administrative Expenses	1,000
Total	\$ 191

NOTE 5 - INTERFUND ACTIVITIES

Due from/to Other Funds

Interfund receivables and payables, primarily made to cover temporary shortfalls in cash flow within grant programs and funds, as of June 30, 2020 were:

	Due From	Due To
General Fund	\$ 18,678	\$ -
Education Fund:		
Regional Safe Schools	-	3,379
Regional Safe Schools Cooperative	-	7,000
Title II Teacher Quality - Leadership	-	8,140
Elementary and Secondary School Emergency Relief	-	159
Total	\$ 18,678	\$ 18,678

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Transfers in/out

Transfers were made in order to meet operating costs in the receiving funds. For the year ended June 30, 2020, interfund transfers were made in the following funds:

	Transfers In	Transfers Out
General Fund:		
General Operations	\$ 18,106	\$ —
Proprietary Fund:		
Workshops	—	21,290
Non-Public School Inspections	3,184	—
Total	\$ 21,290	\$ 21,290

NOTE 6 - DUE TO/DUE FROM OTHER GOVERNMENTS

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

Due from other governments:		
General Fund:		
Local governments	\$	23,450
Education Fund:		
Illinois State Board of Education		18,678
Institute:		
Local governments		10,480
Bus Driver:		
Local governments		4,000
Proprietary Fund:		
Local governments		32,350
Total	\$	88,958

Due to other governments:		
Education Fund:		
Illinois State Board of Education	\$	17,350

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - 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, 2020, 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 8 - CAPITAL ASSETS

Capital asset activity for fiscal year 2020 was as follows:

	Balance July 1, 2019	Additions	Disposals	Balance June 30, 2020
Governmental activities:				
Capital Assets Being Depreciated				
Equipment	\$ 356,058	\$ 226,883	\$ (350,158)	\$ 232,783
Less: Accumulated depreciation	(355,160)	(34,606)	349,260	(40,506)
Capital assets, net	<u>898</u>	<u>192,277</u>	<u>(898)</u>	<u>192,277</u>
Business-type activities:				
Capital Assets Being Depreciated				
Equipment	990	-	-	990
Less: Accumulated depreciation	(535)	(66)	-	(601)
Capital assets, net	<u>\$ 455</u>	<u>\$ (66)</u>	<u>\$ -</u>	<u>\$ 389</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$34,606 and \$66 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, 2020. Net investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 - ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries of the executive director and assistant executive director and contributions on-behalf of the North Cook Intermediate Service Center #1:

Executive Director Salary	\$	119,832
Executive Director Fringe Benefits		6,459
Assistant Executive Director Salary		107,844
Assistant Executive Director Fringe Benefits		26,388
Total	\$	<u>260,523</u>

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

State of Illinois on-behalf payments	\$	260,523
Employer's share of TRS pension expense		616,342
THIS fund OPEB expense		52,257
Total	\$	<u>929,122</u>

North Cook Intermediate Service Center #1 also recorded \$616,342 in revenue and expenses as on-behalf payments from the Illinois State Board of Education for the ISC #1's share of the State's Teachers' Retirement System (TRS) pension expense and \$52,257 in revenue and expenses as on-behalf payments from the THIS fund for the ISC #1's share of the OPEB 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.

NOTE 10 - NONCURRENT LIABILITIES

Changes in noncurrent liabilities during the fiscal year were as follows:

Type of Debt	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Governmental activities:				
Compensated absences	\$ 14,561	\$ 8,457	\$ -	\$ 23,018
Net pension (asset) liability - IMRF	243,775	-	(190,430)	53,345
Net pension liability - TRS	145,207	-	(65,444)	79,763
Net OPEB liability - THIS	734,566	8,633	-	743,199
Total OPEB liability - Health insurance plan	<u>8,200</u>	<u>-</u>	<u>(1,379)</u>	<u>6,821</u>
Total	<u>\$ 1,146,309</u>	<u>\$ 17,090</u>	<u>\$ (257,253)</u>	<u>\$ 906,146</u>

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 - OPERATING LEASES

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

Lease 1: On October 9, 2018, a lease agreement was entered into for office and classroom suites on Touhy Avenue in Des Plaines, IL. The lease is for a period of eleven (11) years commencing on August 1, 2019 and ending on July 31, 2030. The lease is payable in monthly payments that are adjusted annually for inflation. Lease expense for the year ended June 30, 2020 was \$169,765. Minimum future rental payments under this non-cancellable lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 190,504
2022	196,291
2023	202,078
2024	207,866
2025	213,653
2026-2030	1,155,079
2031-2035	20,256
Total	\$ 2,185,727

Lease 2: The North Cook Intermediate Service Center #1 also leases certain copy equipment under a non-cancellable rental agreement. The lease term was for five years commencing May 12, 2016, with monthly payments of \$920. The lease was amended on June 25, 2019 to reduce the monthly payments to \$838 beginning July 15, 2019 and to extend the lease term to June 15, 2024. The rental expense for the year ended June 30, 2020 was \$10,056. Minimum future rental payments required under this equipment lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 10,056
2022	10,056
2023	10,056
2024	10,056
Total	\$ 40,224

NORTH COOK INTERMEDIATE SERVICE CENTER #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which over expend appropriations during the year are required to be disclosed. The General Fund - General Operations fund has a deficit fund balance of \$154,333 as of June 30, 2020.

NOTE 13 - IMPACT OF COVID-19 PANDEMIC

As a result of the spread of the COVID-19 coronavirus pandemic, economic uncertainties have arisen, which may negatively impact North Cook Intermediate Service Center #1 operations and financial condition. The potential impact and duration of the pandemic is unknown as of the date the financial statements were available to be issued, but North Cook Intermediate Service Center #1 offers the following comments.

North Cook Intermediate Service Center #1 and North Cook Young Adult Academy (NCYAA), the Center's Regional Safe School Program, have taken aggressive steps to ensure that the Center can continue to function efficiently whether the staff and students work on-site or virtually. The Center's programs continued virtually for more than three months this spring and now have returned to in-person work and blended learning environments. The fall 2020 semester started with a hybrid of in-person and virtual learning, but the Center's students and staff are prepared to switch back to distance learning if the pandemic demands it.

North Cook Intermediate Service Center #1 has incurred additional expenses for deep cleaning and disinfecting the Center's facilities; modifying daily janitorial services to COVID standards; screening and protecting students, staff and visitors; training staff and presenters on virtual platforms; building on-line courses; and moving all the Center's professional development offerings to other delivery methods along with related licenses and equipment to facilitate these changes.

Enrollment at NCYAA is down by almost 50% from the highest number of students last year. With students working virtually in most of the sender districts, the Center could be down that level of enrollment all school year, which means less tuition revenue to cover the cost of offering the RSS program.

Licensure, bus driver license renewals, fingerprinting, mentoring, administrator academies and other PD revenues should recover to pre-COVID levels, but bus driver initial training is lower than typical because many school districts have not returned to on-site learning at this point. The Center's investments are FDIC insured certificates of deposit, but if there is a delay in grant funding, the Center's cash flow may suffer.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

**Illinois Municipal Retirement Fund
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Last Six Calendar Years**

Calendar year ended December 31,	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 42,320	\$ 48,836	\$ 47,315	\$ 45,684	\$ 46,088	\$ 42,175
Interest on the total pension liability	125,730	124,047	106,670	103,379	96,328	84,708
Differences between expected and actual experience of the total pension (asset) liability	6,698	(52,695)	194,652	(52,674)	(8,118)	8,271
Changes of assumptions	-	45,896	(45,168)	-	-	57,581
Benefit payments, including refunds of employee contributions	(83,647)	(81,492)	(63,601)	(43,030)	(37,137)	(43,443)
Net change in total pension liability	91,101	84,592	239,868	53,359	97,161	149,292
Total pension liability - beginning	1,753,811	1,669,219	1,429,351	1,375,992	1,278,831	1,129,539
Total pension liability - ending (A)	\$ 1,844,912	\$ 1,753,811	\$ 1,669,219	\$ 1,429,351	\$ 1,375,992	\$ 1,278,831
Plan fiduciary net position						
Contributions - employer	\$ 43,691	\$ 37,534	\$ 36,875	\$ 36,309	\$ 33,305	\$ 34,962
Contributions - employees	23,407	23,891	18,942	18,546	17,863	16,236
Net investment income	299,598	(66,517)	234,618	35,211	(26,560)	67,804
Benefit payments, including refunds of employee contributions	(83,647)	(81,492)	(63,601)	(43,030)	(37,137)	(43,443)
Other (net transfer)	(1,518)	(1,258)	(1,276)	(803)	3,738	(895)
Net change in plan fiduciary net position	281,531	(87,842)	225,558	46,233	(8,791)	74,664
Plan fiduciary net position - beginning	1,510,036	1,597,878	1,372,320	1,326,087	1,334,878	1,260,214
Plan fiduciary net position - ending (B)	\$ 1,791,567	\$ 1,510,036	\$ 1,597,878	\$ 1,372,320	\$ 1,326,087	\$ 1,334,878
Net pension (asset) liability - ending (A) - (B)	\$ 53,345	\$ 243,775	\$ 71,341	\$ 57,031	\$ 49,905	\$ (56,047)
Plan fiduciary net position as a percentage of the total pension liability	97.11%	86.10%	95.73%	96.01%	96.37%	104.38%
Covered payroll	\$ 387,679	\$ 426,520	\$ 420,946	\$ 412,135	\$ 396,964	\$ 360,807
Net pension (asset) liability as a percentage of covered payroll	13.76%	57.15%	16.95%	13.84%	12.57%	-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
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
Last Six Fiscal Years**

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2020	\$ 47,582	\$ 47,582	-	\$ 396,378	12.00%
2019	38,650	38,650	-	384,910	10.04%
2018	37,721	37,721	-	429,523	8.78%
2017	36,801	36,801	-	418,934	8.78%
2016	34,902	34,902	-	405,583	8.61%
2015	35,241	35,241	-	390,429	9.03%

Notes to Schedule:

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate**

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2019 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	24-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation.

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
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

**Teachers' Retirement System of the State of Illinois
Schedule of the Employer's Proportionate Share of the Net Pension Liability**

	FY2019*	FY2018*	FY2017*	FY2016*	FY2015*	FY2014*
Employer's proportion of the net pension liability	0.0000983414%	0.0001862943%	0.0001594123%	0.0001104154%	0.0004508853%	0.0002612755%
Employer's proportionate share of the net pension liability	\$ 79,763	\$ 145,207	\$ 121,788	\$ 87,158	\$ 295,375	\$ 159,008
State's proportionate share of the net pension liability associated with the employer	5,676,640	9,947,276	4,472,105	2,693,071	14,642,103	6,798,628
Total	\$ 5,756,403	\$ 10,092,483	\$ 4,593,893	\$ 2,780,229	\$ 14,937,478	\$ 6,957,636
Employer's covered payroll	\$ 660,246	\$ 663,855	\$ 764,469	\$ 1,126,577	\$ 1,065,655	\$ 1,100,532
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	12.1%	21.9%	15.9%	7.7%	27.7%	14.4%
Plan fiduciary net position as a percentage of the total pension liability	39.6%	40.0%	39.3%	36.4%	41.5%	43.0%

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

**Teachers' Retirement System of the State of Illinois
Schedule of Employer Contributions**

	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Statutorily-required contribution	\$ 4,401	\$ 3,829	\$ 3,850	\$ 4,434	\$ 6,534	\$ 6,181	\$ 6,383
Contributions in relation to the statutorily-required contribution	4,401	3,829	3,850	4,434	6,534	6,181	6,383
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 758,765	\$ 660,246	\$ 663,855	\$ 764,469	\$ 1,126,577	\$ 1,065,655	\$ 1,100,532
Contributions as a percentage of covered payroll	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%

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

Notes to Required Supplementary Information

Changes of assumptions

For the 2019, 2018, 2017 and 2016 measurement years, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

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

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

**Teachers' Health Insurance Security Fund
Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability
Last Four Fiscal Years***

	2019	2018	2017	2016
Employer's proportion of the collective net OPEB liability	0.002685%	0.002788%	0.003329%	0.003206%
Employer's proportionate share of the collective net OPEB liability	\$ 743,199	\$ 734,566	\$ 863,906	\$ 876,456
State's proportionate share of the collective net OPEB liability associated with the employer	1,006,387	986,363	1,134,523	1,678,136
Total	<u>\$ 1,749,586</u>	<u>\$ 1,720,929</u>	<u>\$ 1,998,429</u>	<u>\$ 2,554,592</u>
Employer's covered payroll	660,246	663,855	764,469	1,126,577
Employer's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered payroll	112.6%	110.7%	113.0%	77.8%
Plan fiduciary net position as a percentage of the total OPEB liability	0.25%	-0.07%	-0.17%	-0.22%

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

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

**Teachers' Health Insurance Security Fund
Schedule of the Employer Contributions
Last Five Fiscal Years**

	2020	2019	2018	2017	2016
Statutorily-required contribution	\$ 6,981	\$ 6,074	\$ 5,842	\$ 6,422	\$ 9,013
Contributions in relation to the statutorily-required contribution	6,981	6,074	5,842	6,422	9,013
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 758,765	\$ 660,246	\$ 663,855	\$ 764,469	\$ 1,126,577
Contributions as a percentage of covered payroll	0.92%	0.92%	0.88%	0.84%	0.80%

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

Notes to This Required Supplementary Information

Changes of assumptions

For the 2019 measurement year, the assumed investment rate of return was of 0 percent, including an inflation rate of 2.50 percent. For the 2018 and 2017 measurement years, the assumed investment rate of return was of 0 percent, including an inflation rate of 2.75 percent. Salary increases were assumed to vary by service credit and were the same for the 2019, 2018 and 2017 measurement years. For the 2019 measurement period, the actual trend was used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for the Excise Tax. For the 2018 measurement period, the actual trend was used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 to account for the Excise Tax. For the 2017 measurement period, actual trend was used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

**Schedule of Changes in the Total OPEB Liability and Related Ratios
Health Insurance Plan**

Measurement Date June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 683	\$ 687	\$ 725
Interest	332	298	235
Differences between expected and actual experience of the total pension liability	467	-	-
Changes of assumptions	(2,291)	(137)	(358)
Benefit payments	(570)	(528)	(489)
Net change in total OPEB liability	<u>(1,379)</u>	<u>320</u>	<u>113</u>
Total OPEB liability - beginning	8,200	7,880	7,767
Total OPEB liability - ending (A)	<u>\$ 6,821</u>	<u>\$ 8,200</u>	<u>\$ 7,880</u>
Covered payroll	\$ 376,193	\$ 253,781	\$ 247,591
Total OPEB liability as a percentage of covered payroll	1.81%	3.23%	3.18%

Notes to Schedule:

Changes of Benefit Term

There have been no changes of benefit terms for the prior period.

Differences between expected and actual experience of the total pension liability

Differences between expected and actual experience reflects the impact of changes in the covered population during the 24-month period since the previous full actuarial valuation.

Changes of assumptions

Changes of assumptions reflects a change in the discount rate from 3.87% for the fiscal year ending June 30, 2019 to 2.79% for the fiscal year ending June 30, 2020. Also reflected is updated assumed retiree health care claims costs and premiums, and updated health care trend rates. Note that the expected premiums, as well as claims costs, are lower than they had been projected to be in the previous actuarial valuation, resulting in a liability gain.

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
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2020**

SCHEDULE 1

	<u>General Operations</u>	<u>General State Aid - Safe Schools</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,200	\$ 370,592	\$ 373,792
Investments	-	961,310	961,310
Due from other funds	-	204,116	204,116
Due from other governments	-	23,450	23,450
Accrued interest receivable	-	4,516	4,516
Prepaid expenses	308	-	308
Security deposits	32,056	-	32,056
TOTAL ASSETS	<u>35,564</u>	<u>1,563,984</u>	<u>1,599,548</u>
LIABILITIES AND FUND BALANCES (DEFICIT)			
LIABILITIES			
Accounts payable and accrued expenses	4,459	35,849	40,308
Due to other funds	185,438	-	185,438
Total liabilities	<u>189,897</u>	<u>35,849</u>	<u>225,746</u>
FUND BALANCES (DEFICIT)			
Nonspendable	32,364	-	32,364
Unassigned	(186,697)	1,528,135	1,341,438
Total fund balances (deficit)	<u>(154,333)</u>	<u>1,528,135</u>	<u>1,373,802</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 35,564</u>	<u>\$ 1,563,984</u>	<u>\$ 1,599,548</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

SCHEDULE 2

	General Operations	General State Aid - Safe Schools	Total
REVENUES			
Local sources	\$ 82,895	\$ 666,046	\$ 748,941
State sources	-	407,020	407,020
On-behalf payments - State	260,523	-	260,523
Interest	-	21,772	21,772
Total revenues	<u>343,418</u>	<u>1,094,838</u>	<u>1,438,256</u>
EXPENDITURES			
Instructional services:			
Salaries and benefits	127,448	513,337	640,785
Pension expense	20,289	18,862	39,151
OPEB expense	-	6,981	6,981
Purchased services	86,870	263,081	349,951
Supplies and materials	150,521	48,803	199,324
Other objects	8,359	234	8,593
Administrative:			
On-behalf payments - State	260,523	-	260,523
Capital outlay	132,599	22,064	154,663
Total expenditures	<u>786,609</u>	<u>873,362</u>	<u>1,659,971</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(443,191)</u>	<u>221,476</u>	<u>(221,715)</u>
OTHER FINANCING SOURCE			
Transfers in	<u>18,106</u>	<u>-</u>	<u>18,106</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	(425,085)	221,476	(203,609)
FUND BALANCES, BEGINNING OF YEAR	<u>270,752</u>	<u>1,306,659</u>	<u>1,577,411</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (154,333)</u>	<u>\$ 1,528,135</u>	<u>\$ 1,373,802</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2020**

SCHEDULE 3

	Regional Safe Schools	Regional Safe Schools Cooperative	ROE/ISC Operations	Tech for Success	Title I School Improvement & Accountability	Title II Teacher Quality - Leadership	Elementary and Secondary School Emergency Relief	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ 51	\$ -	\$ -	\$ 17,350	\$ -	\$ -	\$ 17,401
Due from other governments	3,379	7,000	-	-	-	8,140	159	18,678
TOTAL ASSETS	3,379	7,051	-	-	17,350	8,140	159	36,079
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and accrued expenses	-	51	-	-	-	-	-	51
Due to other funds	3,379	7,000	-	-	-	8,140	159	18,678
Due to other governments	-	-	-	-	17,350	-	-	17,350
Total liabilities	3,379	7,051	-	-	17,350	8,140	159	36,079
FUND BALANCES								
Unassigned	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,379	\$ 7,051	\$ -	\$ -	\$ 17,350	\$ 8,140	\$ 159	\$ 36,079

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
EDUCATION FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

SCHEDULE 4

	Regional Safe Schools	Regional Safe Schools Cooperative	ROE/ISC Operations	Tech for Success	Title I School Improvement & Accountability	Title II Teacher Quality - Leadership	Elementary and Secondary School Emergency Relief	Total
REVENUES								
State sources	\$ 453,471	\$ 73,973	\$ 348,793	\$ 76,279	\$ -	\$ -	\$ -	\$ 952,516
Federal sources	-	-	-	-	-	8,790	159	8,949
Total revenues	<u>453,471</u>	<u>73,973</u>	<u>348,793</u>	<u>76,279</u>	<u>-</u>	<u>8,790</u>	<u>159</u>	<u>961,465</u>
EXPENDITURES								
Instructional services:								
Salaries and benefits	413,379	73,973	222,901	-	-	2,790	-	713,043
Purchased services	-	-	125,892	6,042	-	6,000	-	137,934
Supplies and materials	-	-	-	-	-	-	159	159
Capital outlay	-	-	-	70,237	-	-	-	70,237
Total expenditures	<u>413,379</u>	<u>73,973</u>	<u>348,793</u>	<u>76,279</u>	<u>-</u>	<u>8,790</u>	<u>159</u>	<u>921,373</u>
NET CHANGE IN FUND BALANCES	40,092	-	-	-	-	-	-	40,092
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(40,092)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,092)</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2020**

SCHEDULE 5

	Regional Safe Schools				Regional Safe Schools Cooperative			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
State sources	\$ 413,379	\$ 413,379	\$ 453,471	\$ 40,092	\$ 73,973	\$ 73,973	\$ 73,973	\$ -
Federal sources	-	-	-	-	-	-	-	-
Total revenues	413,379	413,379	453,471	40,092	73,973	73,973	73,973	-
EXPENDITURES								
Instructional services:								
Salaries and benefits	413,379	413,379	413,379	-	73,973	73,973	73,973	-
Pension expense	-	-	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-	-	-
Total expenditures	413,379	413,379	413,379	-	73,973	73,973	73,973	-
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	40,092	<u>\$ 40,092</u>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR			(40,092)				-	
FUND BALANCES, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
EDUCATION FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

**SCHEDULE 5
(CONTINUED)**

	ROE/ISC Operations				Title II Teacher Quality Leadership			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
State sources	\$ 348,793	\$ 348,793	\$ 348,793	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	22,390	22,390	8,790	(13,600)
Total revenues	348,793	348,793	348,793	-	22,390	22,390	8,790	(13,600)
EXPENDITURES								
Instructional services:								
Salaries and benefits	222,901	222,901	222,901	-	2,790	2,790	2,790	-
Pension expense	-	-	-	-	-	-	-	-
Purchased services	125,892	125,892	125,892	-	19,600	19,600	6,000	13,600
Supplies and materials	-	-	-	-	-	-	-	-
Total expenditures	348,793	348,793	348,793	-	22,390	22,390	8,790	13,600
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCES, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2020**

**SCHEDULE 5
 (CONTINUED)**

	Elementary and Secondary School Emergency Relief				TOTAL			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
State sources	\$ -	\$ -	\$ -	\$ -	\$ 836,145	\$ 836,145	\$ 876,237	\$ 40,092
Federal sources	819	819	159	(660)	23,209	23,209	8,949	(14,260)
Total revenues	<u>819</u>	<u>819</u>	<u>159</u>	<u>(660)</u>	<u>859,354</u>	<u>859,354</u>	<u>885,186</u>	<u>25,832</u>
EXPENDITURES								
Instructional services:								
Salaries and benefits	-	-	-	-	713,043	713,043	713,043	-
Pension expense	-	-	-	-	-	-	-	-
Purchased services	660	660	-	660	146,152	146,152	131,892	14,260
Supplies and materials	159	159	159	-	159	159	159	-
Total expenditures	<u>819</u>	<u>819</u>	<u>159</u>	<u>660</u>	<u>859,354</u>	<u>859,354</u>	<u>845,094</u>	<u>14,260</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>40,092</u>	<u>\$ 40,092</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR			<u>-</u>				<u>(40,092)</u>	
FUND BALANCES, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020**

SCHEDULE 6

	Fingerprinting	Non-Public School Inspections	Local Mentoring	Homeless/ At-Risk Youth	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 117,915	\$ 6,500	\$ 31,295	\$ 4,880	\$ 160,590
Due from other governments	3,352	-	-	-	3,352
Total current assets	<u>121,267</u>	<u>6,500</u>	<u>31,295</u>	<u>4,880</u>	<u>163,942</u>
Noncurrent assets:					
Capital assets, net	389	-	-	-	389
TOTAL ASSETS	<u>121,656</u>	<u>6,500</u>	<u>31,295</u>	<u>4,880</u>	<u>164,331</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	7	-	-	-	7
Unearned revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>
NET POSITION					
Net investment in capital assets	389	-	-	-	389
Unrestricted	121,260	6,500	31,295	4,880	163,935
TOTAL NET POSITION	<u>\$ 121,649</u>	<u>\$ 6,500</u>	<u>\$ 31,295</u>	<u>\$ 4,880</u>	<u>\$ 164,324</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

SCHEDULE 7

	Fingerprinting	Non-Public School Inspections	Local Mentoring	Homeless/ At-Risk Youth	Total
OPERATING REVENUES					
Charges for services	\$ 38,627	\$ -	\$ 23,200	\$ 5,857	\$ 67,684
OPERATING EXPENSES					
Purchased services	28,512	-	22,829	460	51,801
Supplies and materials	28	-	-	398	426
Depreciation	66	-	-	-	66
Other	-	-	-	119	119
Total operating expenses	28,606	-	22,829	977	52,412
OPERATING INCOME	10,021	-	371	4,880	15,272
OTHER FINANCING SOURCE (USE)					
Transfers in	-	3,184	-	-	3,184
Transfers out	-	-	-	-	-
Total other financing source (use)	-	3,184	-	-	3,184
CHANGE IN NET POSITION	10,021	3,184	371	4,880	18,456
NET POSITION, BEGINNING OF YEAR	111,628	3,316	30,924	-	145,868
NET POSITION, END OF YEAR	\$ 121,649	\$ 6,500	\$ 31,295	\$ 4,880	\$ 164,324

**NORTH COOK INTERMEDIATE SERVICE CENTER #1
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

SCHEDULE 8

	<u>Fingerprinting</u>	<u>Non-Public School Inspections</u>	<u>Local Mentoring</u>	<u>Homeless/ At-Risk Youth</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts for workshops and services	\$ 37,600	\$ 6,500	\$ 23,200	\$ 5,857	\$ 73,157
Payments to suppliers and providers of goods and services	(29,914)	-	(22,829)	(977)	(53,720)
Net cash provided by operating activities	<u>7,686</u>	<u>6,500</u>	<u>371</u>	<u>4,880</u>	<u>19,437</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund loans	-	(3,184)	-	-	(3,184)
Transfers from (to) other funds	-	3,184	-	-	3,184
Net cash used in noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,686	6,500	371	4,880	19,437
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>110,229</u>	<u>-</u>	<u>30,924</u>	<u>-</u>	<u>141,153</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 117,915</u>	<u>\$ 6,500</u>	<u>\$ 31,295</u>	<u>\$ 4,880</u>	<u>\$ 160,590</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 10,021	\$ -	\$ 371	\$ 4,880	\$ 15,272
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	66	-	-	-	66
Effects of changes in assets and liabilities:					
Due from other governments	(1,027)	6,500	-	-	5,473
Accounts payable and accrued expenses	(1,374)	-	-	-	(1,374)
Unearned revenue	-	-	-	-	-
Net cash provided by operating activities	<u>\$ 7,686</u>	<u>\$ 6,500</u>	<u>\$ 371</u>	<u>\$ 4,880</u>	<u>\$ 19,437</u>