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**STATE OF ILLINOIS  
NORTH COOK  
INTERMEDIATE SERVICE CENTER #1  
FINANCIAL AUDIT  
For the Year Ended June 30, 2018**

**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  
JUNE 30, 2018**

**OFFICIALS**

Executive Director (July 1, 2019 – Current)	Dr. Kevin Jauch
Executive Director (During the Audit Period July 1, 2017 – June 30, 2019)	Dr. Bruce Brown
Assistant Director (July 1, 2019 – Current)	Dr. April Jordan
Assistant Director (During the Audit Period July 1, 2017 – June 30, 2019)	Dr. Diane Betts
Chief of Staff (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  
JUNE 30, 2018**

**FINANCIAL REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	0

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

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<b><i>Findings (Government Auditing Standards)</i></b>			
2018-001	11a-11b	Controls Over Financial Statement Preparation	Material Weakness

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

None

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
JUNE 30, 2018**

**FINANCIAL REPORT SUMMARY (CONCLUDED)**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with ISC personnel in an informal exit conference on November 29, 2018. Attending were Dr. Bruce Brown, Executive Director, Terrie Simmons, Business Manager and Kimberly Walker, CPA, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Terrie Simmons, Business Manager, on August 5, 2019. The ISC did not request a formal exit conference at this time.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
JUNE 30, 2018**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the North Cook Intermediate Service Center #1 was performed by Kemper CPA Group LLP.

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

## **INDEPENDENT AUDITORS' REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

Board of Directors  
North Cook Intermediate Service Center #1

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Cook Intermediate Service Center #1, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the North Cook Intermediate Service Center #1's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Cook Intermediate Service Center #1, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As disclosed in Note 1 in the notes to the financial statements, the North Cook Intermediate Service Center #1 adopted GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### Required Supplementary Information

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

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

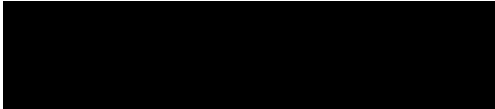
### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Cook Intermediate Service Center #1's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2019 on our consideration of the North Cook Intermediate Service Center #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ISC'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 North Cook Intermediate Service Center #1's internal control over financial reporting and compliance.



KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
August 15, 2019

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

Board of Directors  
North Cook Intermediate Service Center #1

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Cook Intermediate Service Center #1, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the North Cook Intermediate Service Center #1's basic financial statements, and have issued our report thereon dated August 15, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Cook Intermediate Service Center #1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Cook Intermediate Service Center #1's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Cook Intermediate Service Center #1's internal control.

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 controls 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2018-001, that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the North Cook Intermediate Service Center #1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **North Cook Intermediate Service Center #1's Response to Finding**

North Cook Intermediate Service Center #1's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. North Cook Intermediate Service Center #1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Cook Intermediate Service Center #1's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Cook Intermediate Service Center #1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
August 15, 2019

**SCHEDULE OF FINDINGS AND RESPONSES**

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION I – SUMMARY OF AUDITORS' RESULTS  
For the Year Ended June 30, 2018**

**Financial Statements in Accordance with GAAP**

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2018**

**FINDING NO. 2018-001 – Controls Over Financial Statement Preparation (Repeated from Findings 17-001, 16-001, 15-001, and 14-001)**

**Criteria/specific requirement:**

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

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

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

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, require governments to record and present net accrued OPEB liabilities/assets, deferred outflows of resources, deferred inflows of resources, and OPEB expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

**Condition:**

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2018**

**FINDING NO. 2018-001 – Controls Over Financial Statement Preparation (Repeated from Findings 17-001, 16-001, 15-001, and 14-001) (Concluded)**

**Condition (Concluded):**

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

- Several adjustments were necessary to properly record interfund receivables, payables, and transfers.
- Several adjustments were necessary to properly record additional accounts receivable and unearned revenue.
- Several adjustments were necessary to adjust individual fund cash balances and fund balances to actual.

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

**Effect:**

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

**Cause:**

According to ISC management, it did not effectively detect all of the adjustments needed in order to present financial statements in accordance with GAAP. Although significant strides were made during the current fiscal year, additional time is necessary to successfully detect all adjustments necessary to present the Center's financial statements in accordance with GAAP. In addition, the complex requirements of GASB Statements No. 68, No. 71, and No. 75 will require additional time and training before the accounting staff can fully implement the requirements on their own.

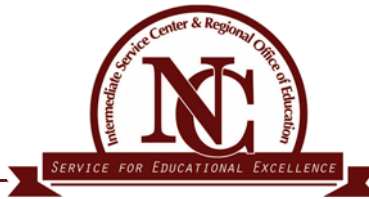
**Recommendation:**

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

**Management's Response:**

The Business Manager, District 62, and Maine Township School Treasurer are working together to put into practice comprehensive preparation procedures to ensure the financial statements are complete and accurate. Progress is being made to achieve this goal and will continue through implementation and conversion to new financial software, which began in FY2018 and continues into FY2019, that North Cook Intermediate Service Center and District 62 jointly have procured. The use of this new financial software and assistance of a CPA in compiling financial statements will facilitate GAAP reporting and improved internal control procedures.





**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2018**

**CORRECTIVE ACTION PLAN**

**FINDING NO. 2018-001 – Controls Over Financial Statement Preparation (Repeated from Findings 17-001, 16-001, 15-001, and 14-001)**

**Condition:**

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

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

- Several adjustments were necessary to properly record interfund receivables, payables, and transfers.
- Several adjustments were necessary to properly record additional accounts receivable and unearned revenue.
- Several adjustments were necessary to adjust individual fund cash balances and fund balances to actual.

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

**Plan:**

The Business Manager, District 62, and Maine Township School Treasurer are working together to put into practice comprehensive preparation procedures to ensure the financial statements are complete and accurate. Progress is being made to achieve this goal and will continue through implementation and conversion to new financial software, which began in FY2018 and continues into FY2019, that North Cook Intermediate Service Center and District 62 jointly have procured. The use of this new financial software and assistance of a CPA in compiling financial statements will facilitate GAAP reporting and improved internal control procedures.

**Anticipated Date of Completion:**

Prior to the FY 2019 audit.

**Name of Contact Person:**

Terrie Simmons, Business Manager  
Dr. Kevin Jauch, Executive Director

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
For the Year Ended June 30, 2018**

Not applicable in the current year.

## **BASIC FINANCIAL STATEMENTS**

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,629,973	\$ 424,753	\$ 2,054,726
Investments	1,621,710	-	1,621,710
Due from other governments	295,652	8,845	304,497
Accrued interest receivable	7,674	-	7,674
Prepaid assets	-	1,580	1,580
Total Current Assets	<u>3,555,009</u>	<u>435,178</u>	<u>3,990,187</u>
<b>NONCURRENT ASSETS</b>			
Capital assets, being depreciated, net	629	581	1,210
Total Noncurrent Assets	<u>629</u>	<u>581</u>	<u>1,210</u>
<b>TOTAL ASSETS</b>	<u>3,555,638</u>	<u>435,759</u>	<u>3,991,397</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	34,471	-	34,471
Deferred outflows related to pensions	289,785	-	289,785
Total Deferred Outflows	<u>324,256</u>	<u>-</u>	<u>324,256</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	25,022	27,473	52,495
Accrued employee benefits	55,996	-	55,996
Due to other governments	15,448	-	15,448
Unearned revenue	85,643	-	85,643
Total Current Liabilities	<u>182,109</u>	<u>27,473</u>	<u>209,582</u>
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences	10,346	-	10,346
OPEB liabilities	871,786	-	871,786
Net pension liability	193,129	-	193,129
Total Noncurrent Liabilities	<u>1,075,261</u>	<u>-</u>	<u>1,075,261</u>
<b>TOTAL LIABILITIES</b>	<u>1,257,370</u>	<u>27,473</u>	<u>1,284,843</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	103,358	-	103,358
Deferred inflows related to pensions	191,472	-	191,472
Total Deferred Inflows	<u>294,830</u>	<u>-</u>	<u>294,830</u>
<b>NET POSITION</b>			
Net investment in capital assets	629	581	1,210
Restricted for educational purposes	1,827,880	-	1,827,880
Unrestricted	499,185	407,705	906,890
<b>TOTAL NET POSITION</b>	<u>\$ 2,327,694</u>	<u>\$ 408,286</u>	<u>\$ 2,735,980</u>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2018**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
<b>FUNCTIONS/PROGRAMS</b>						
<b>PRIMARY GOVERNMENT</b>						
Governmental Activities						
Instructional Services						
Salaries	\$ 1,295,028	\$ 513,223	\$ 576,875	\$ (204,930)	\$ -	\$ (204,930)
Employee benefits	228,671	92,870	27,334	(108,467)	-	(108,467)
Purchased services	630,610	51,559	372,432	(206,619)	-	(206,619)
Supplies and materials	23,463	1,953	6,794	(14,716)	-	(14,716)
Other	12,500	10,652	6,908	5,060	-	5,060
Depreciation	1,698	-	-	(1,698)	-	(1,698)
Loss on disposal of capital assets	332	-	-	(332)	-	(332)
Pension expense	64,433	-	-	(64,433)	-	(64,433)
OPEB expense	68,726	-	-	(68,726)	-	(68,726)
Intergovernmental						
Payments to other governments	14,668	-	14,668	-	-	-
Administrative						
On-behalf payments - State	561,054	-	-	(561,054)	-	(561,054)
Total Governmental Activities	2,901,183	670,257	1,005,011	(1,225,915)	-	(1,225,915)
Business-type Activities						
Instructional	153,271	258,761	-	-	105,490	105,490
Total Business-type Activities	153,271	258,761	-	-	105,490	105,490
Total Primary Government	\$ 3,054,454	\$ 929,018	\$ 1,005,011	(1,225,915)	105,490	(1,120,425)
General Revenues						
Local sources				762,022	-	762,022
State sources				405,038	-	405,038
On-behalf payments - State				561,054	-	561,054
Interest				41,277	-	41,277
Total General Revenues				1,769,391	-	1,769,391
Change in net position				543,476	105,490	648,966
Net Position - beginning, as previously reported				2,650,145	302,796	2,952,941
Prior period adjustment (Note 14)				(865,927)	-	(865,927)
Net position - beginning, as restated				1,784,218	302,796	2,087,014
Net Position - ending				\$ 2,327,694	\$ 408,286	\$ 2,735,980

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018**

	General Fund	Education Fund	Institute Fund	Bus Driver	Eliminations	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 997,862	\$ 94,446	\$ 64,634	\$ 473,031	\$ -	\$ 1,629,973
Investments	358,517	-	1,263,193	-	-	1,621,710
Due from other funds	108,819	-	-	-	(108,819)	-
Due from other governments	134,507	136,241	4,904	20,000	-	295,652
Accrued interest receivable	2,374	-	5,300	-	-	7,674
<b>TOTAL ASSETS</b>	<u>1,602,079</u>	<u>230,687</u>	<u>1,338,031</u>	<u>493,031</u>	<u>(108,819)</u>	<u>3,555,009</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,602,079</u>	<u>\$ 230,687</u>	<u>\$ 1,338,031</u>	<u>\$ 493,031</u>	<u>\$ (108,819)</u>	<u>\$ 3,555,009</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 9,027	\$ 14,850	\$ 245	\$ 900	\$ -	\$ 25,022
Accrued employee benefits	48,032	5,927	1,358	679	-	55,996
Due to other funds	-	108,819	-	-	(108,819)	-
Due to other governments	-	15,448	-	-	-	15,448
Unearned revenue	-	85,643	-	-	-	85,643
<b>Total liabilities</b>	<u>57,059</u>	<u>230,687</u>	<u>1,603</u>	<u>1,579</u>	<u>(108,819)</u>	<u>182,109</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	47,347	-	16,000	-	63,347
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	-	-	1,336,428	475,452	-	1,811,880
Unassigned	1,545,020	(47,347)	-	-	-	1,497,673
<b>Total Fund Balances (Deficits)</b>	<u>1,545,020</u>	<u>(47,347)</u>	<u>1,336,428</u>	<u>475,452</u>	<u>-</u>	<u>3,309,553</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<u>\$ 1,602,079</u>	<u>\$ 230,687</u>	<u>\$ 1,338,031</u>	<u>\$ 493,031</u>	<u>\$ (108,819)</u>	<u>\$ 3,555,009</u>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2018**

Total fund balances - governmental funds	\$	3,309,553
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Some revenues will not be collected for several months after the Intermediate Service Center #1 fiscal year end; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.

Current year unavailable revenue		
State sources		63,347

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$355,429.		629
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Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore are not reported in the governmental funds as follows:

Deferred outflows of resources	\$ 324,256	
Deferred inflows of resources	<u>(294,830)</u>	29,426

Long-term liabilities are not due and payable in the current period and; therefore, are not reported in the governmental funds.

Accrued compensated absences	(10,346)	
Other post-employment benefit obligation - health insurance	(7,880)	
Other post-employment benefit obligation - THIS	(863,906)	
IMRF net pension liability	(71,341)	
TRS net pension liability	<u>(121,788)</u>	<u>(1,075,261)</u>

Net position of governmental activities	\$	<u><u>2,327,694</u></u>
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The notes to the financial statements are an integral part of this statement.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2018**

	General Fund	Education Fund	Institute Fund	Bus Driver	Eliminations	Total Governmental Funds
<b>REVENUES</b>						
Local sources	\$ 796,920	\$ -	\$ 520,509	\$ 93,270	\$ -	\$ 1,410,699
State sources	405,038	1,084,380	-	77,726	-	1,567,144
State sources - on-behalf payments	40,426	-	-	-	-	40,426
Federal sources	-	176,061	-	-	-	176,061
Interest	17,758	-	23,519	-	-	41,277
Total revenues	<u>1,260,142</u>	<u>1,260,441</u>	<u>544,028</u>	<u>170,996</u>	<u>-</u>	<u>3,235,607</u>
<b>EXPENDITURES</b>						
Instructional services						
Salaries	503,064	649,908	103,541	34,905	-	1,291,418
Employee benefits	172,733	30,794	18,623	6,521	-	228,671
Pension expense	22,888	5,904	9,386	3,171	-	41,349
OPEB expense	5,842	-	-	-	-	5,842
Purchased services	190,055	419,582	1,664	19,309	-	630,610
Supplies and materials	15,335	7,654	459	15	-	23,463
Other	106	7,783	-	4,611	-	12,500
On-behalf payments	40,426	-	-	-	-	40,426
Intergovernmental						
Payments to other governmental units	-	14,668	-	-	-	14,668
Total expenditures	<u>950,449</u>	<u>1,136,293</u>	<u>133,673</u>	<u>68,532</u>	<u>-</u>	<u>2,288,947</u>
Excess (deficiency) of revenues over (under) expenditures	<u>309,693</u>	<u>124,148</u>	<u>410,355</u>	<u>102,464</u>	<u>-</u>	<u>946,660</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	66,461	131,282	-	-	(197,743)	-
Transfers out	(197,743)	-	-	-	197,743	-
Total other financing sources (uses)	<u>(131,282)</u>	<u>131,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	178,411	255,430	410,355	102,464	-	946,660
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	<u>1,366,609</u>	<u>(302,777)</u>	<u>926,073</u>	<u>372,988</u>	<u>-</u>	<u>2,362,893</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 1,545,020</u>	<u>\$ (47,347)</u>	<u>\$ 1,336,428</u>	<u>\$ 475,452</u>	<u>\$ -</u>	<u>\$ 3,309,553</u>

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



**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018**

Net change in fund balances \$ 946,660

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

Some revenues will not be collected for several months after the Center's fiscal year ends. They are not considered "available" revenues and are deferred inflows of resources in the governmental funds.

Prior year unavailable revenue - State sources	\$ (374,923)	
Current year unavailable revenue - State sources	<u>63,347</u>	(311,576)

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

Loss on disposal of capital assets	\$ (332)	
Depreciation expense	<u>(1,698)</u>	(2,030)

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	(3,610)	
Pension expense	(23,084)	
OPEB expense	<u>(62,884)</u>	<u>(89,578)</u>

Change in net position of governmental activities	\$	<u><u>543,476</u></u>
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The notes to the financial statements are an integral part of this statement.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2018**

	Business-Type Activities Enterprise Funds				Total
	Nonmajor Funds				
	Workshops	Fingerprinting	Non-Public School Inspections	Local Mentoring	
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 305,096	\$ 90,628	\$ 3,000	\$ 26,029	\$ 424,753
Due from other governments	5,845	-	3,000	-	8,845
Prepaid expenses	-	1,580	-	-	1,580
<b>Total current assets</b>	<b>310,941</b>	<b>92,208</b>	<b>6,000</b>	<b>26,029</b>	<b>435,178</b>
<b>Noncurrent Assets</b>					
Capital assets, net of accumulated depreciation	-	581	-	-	581
<b>Total noncurrent assets</b>	<b>-</b>	<b>581</b>	<b>-</b>	<b>-</b>	<b>581</b>
<b>Total assets</b>	<b>310,941</b>	<b>92,789</b>	<b>6,000</b>	<b>26,029</b>	<b>435,759</b>
<b>Deferred Outflows of Resources</b>	-	-	-	-	-
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	17,948	-	1,500	8,025	27,473
Accrued employee benefits	-	-	-	-	-
<b>Total current liabilities</b>	<b>17,948</b>	<b>-</b>	<b>1,500</b>	<b>8,025</b>	<b>27,473</b>
<b>Deferred Inflows of Resources</b>	-	-	-	-	-
<b>Net Position</b>					
Net investment in capital assets	-	581	-	-	581
Unrestricted	292,993	92,208	4,500	18,004	407,705
<b>Total net position</b>	<b>\$ 292,993</b>	<b>\$ 92,789</b>	<b>\$ 4,500</b>	<b>\$ 18,004</b>	<b>\$ 408,286</b>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2018**

	Business-Type Activities Enterprise Funds				Total
	Nonmajor Funds				
	Workshops	Fingerprinting	Non-Public	Local Mentoring	
			School Inspections		
Operating Revenues					
Charge for services	\$ 183,149	\$ 47,912	\$ 5,500	\$ 22,200	\$ 258,761
Operating Expenses					
Salaries	11,979	-	-	-	11,979
Employee benefits	198	-	-	-	198
Purchased services	84,844	25,144	5,000	17,425	132,413
Supplies and materials	5,153	83	-	-	5,236
Depreciation	-	126	-	-	126
Other	3,319	-	-	-	3,319
Total operating expenses	105,493	25,353	5,000	17,425	153,271
Operating Income	77,656	22,559	500	4,775	105,490
Net Position, Beginning of Year	215,337	70,230	4,000	13,229	302,796
Net Position, End of Year	\$ 292,993	\$ 92,789	\$ 4,500	\$ 18,004	\$ 408,286

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2018**

	Business-type Activities				
	Enterprise Funds				
	Nonmajor Funds				Total
Workshops	Fingerprinting	Non-Public School Inspections	Local Mentoring		
Cash Flows from Operating Activities:					
Receipts from customers	\$ 178,004	\$ 49,862	\$ 2,500	\$ 22,200	\$ 252,566
Payments to suppliers and providers for goods and services	(75,857)	(24,014)	(3,500)	(9,400)	(112,771)
Payments to employees	(13,847)	-	-	-	(13,847)
Net cash provided by (used for) operating activities	<u>88,300</u>	<u>25,848</u>	<u>(1,000)</u>	<u>12,800</u>	<u>125,948</u>
Cash and cash equivalents - Beginning of year	<u>216,796</u>	<u>64,780</u>	<u>4,000</u>	<u>13,229</u>	<u>298,805</u>
Cash and cash equivalents - End of year	<u>\$ 305,096</u>	<u>\$ 90,628</u>	<u>\$ 3,000</u>	<u>\$ 26,029</u>	<u>\$ 424,753</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income	\$ 77,656	\$ 22,559	\$ 500	\$ 4,775	\$ 105,490
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation	-	126	-	-	126
Change in assets and liabilities:					
(Increase)/decrease in due from other governments	(5,145)	1,950	(3,000)	-	(6,195)
(Increase) in prepaid expenses	-	1,213	-	-	1,213
Increase/(decrease) in accounts payable	17,459	-	1,500	8,025	26,984
Increase/(decrease) in accrued employee benefits	(1,670)	-	-	-	(1,670)
Net cash provided by (used for) operating activities	<u>\$ 88,300</u>	<u>\$ 25,848</u>	<u>\$ (1,000)</u>	<u>\$ 12,800</u>	<u>\$ 125,948</u>

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

In 2018, the North Cook Intermediate Service Center #1 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 85, *Omnibus 2017*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The implementation of GASB Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The implementation of GASB Statement No. 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 had no significant impact on the financial statements of the North Cook Intermediate Service Center #1.

A. Date of Management’s Review

Management has evaluated subsequent events through August 15, 2019 the date when the financial statements were available to be issued.

B. Financial Reporting Entity

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

The purpose of 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.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

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

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

**C. Scope of Reporting Entity**

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

The North Cook Intermediate Service Center #1 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the North Cook Intermediate Service Center #1 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the 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.

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

The North Cook Intermediate Service Center #1's government-wide financial statements include a Statement of Net Position and a Statement of Activities and report information on all of the non-fiduciary activities of the North Cook Intermediate Service Center #1. These statements present a summary of governmental and business-type activities for the North Cook Intermediate Service Center #1 accompanied by a total column and are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The North Cook Intermediate Service Center #1 also has business-type activities that rely on fees and charges for support.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

All of the North Cook Intermediate Service Center #1's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other sources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, if applicable. In the Statement of Activities those transactions between governmental and business-type activities, if applicable, have not been eliminated.

E. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under 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, 2018**

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

F. Proprietary Fund Financial Statements

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

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

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

G. Measurement Focus and Basis of Accounting

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the North Cook Intermediate Service Center #1; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, North Cook Intermediate Service Center #1 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is North Cook Intermediate Service Center #1's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.



**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

H. Fund Accounting

The North Cook Intermediate Service Center #1 uses funds to maintain its financial records during the year. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The North Cook Intermediate Service Center #1 uses governmental and proprietary funds.

*Governmental Funds*

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

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

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

General Fund - The General Fund is the general operating fund of the North Cook Intermediate Service Center #1 and is used to account for all financial resources within the territorial boundaries of the Center except those required to be accounted for and reported in another fund. General funds include the following:

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

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

H. Fund Accounting (Continued)

*Governmental Funds (Continued)*

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.

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

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

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

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

H. Fund Accounting (Concluded)

*Governmental Funds (Concluded)*

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, 2018.

*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:

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.

I. Governmental Fund Balances

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

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

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

I. Governmental Fund Balances (Concluded)

Committed Fund Balance – The portion of a governmental fund’s net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. 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. The following Education fund accounts have an unassigned fund deficit: Regional Safe Schools and Regional Safe Schools Cooperative.

J. Net Position

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

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

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

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

K. Cash and Cash Equivalents

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

L. Investments

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

M. 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.

N. Interfund Receivables and Payables

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

O. Unearned Revenue

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

P. 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.

Q. 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.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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

R. Compensated Absences

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

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

North Cook Intermediate Service Center #1’s full-time staff members working in a certified position receive 12 days of vacation per year with one additional day per year after each subsequent year of service, up to a maximum of 20 total days. Vacation time for noncertified and certified employees is earned throughout the year on a prorated basis. Vacation days in one fiscal year must be used by the end of that fiscal year.

With the prior approval of the Executive Director, up to 10 days may be carried over from year to year, but in no instance may accrued days of vacation from the prior year exceed ten. The liability balance at June 30, 2018 and 2017 was \$10,346 and \$6,736, respectively.

S. 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.

T. Budget Information

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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.

**NOTE 2: DEPOSITS AND INVESTMENTS**

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

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

A. Bank Deposits

At June 30, 2018, the carrying amount of the North Cook Intermediate Service Center #1's government-wide deposits were \$2,054,726, including \$2,051,526 held on deposit with District #207, 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 (District #207).

*Custodial Credit Risk*

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the ISC's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the North Cook Intermediate Service Center #1 requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of its township treasurer.

B. Investments

North Cook Intermediate Service Center #1's investments are held by District #207. The carrying and fair value of investments was \$1,621,710.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

B. Investments (Concluded)

*Credit Risk*

District #207's investment policies are established by an Advisory Board made up of representatives of the member districts as prescribed by the Illinois School Code and the Illinois Compiled Statutes. District #207 is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposits issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations). As of June 30, 2018, District #207's investment in the external pool was rated within the three highest classifications by at least two standard rating services.

*Interest Rate Risk*

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

**NOTE 3: DEFINED BENEFIT PENSION PLAN**

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



**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Benefits Provided (Concluded)**

credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

**Employees Covered by Benefit Terms**

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

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

**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 2017 was 8.76%. For the fiscal year ended June 30, 2018, the North Cook Intermediate Service Center #1 contributed \$37,533 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 of \$71,341 was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**Actuarial Assumptions**

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **Non-disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (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 future rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**Single Discount Rate**

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

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

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

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2016</b>	\$ 1,429,351	\$ 1,372,320	\$ 57,031
<b>Changes for the year:</b>			
Service Cost	47,315	-	47,315
Interest on the Total Pension Liability	106,670	-	106,670
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	194,652	-	194,652
Changes of Assumptions	(45,168)	-	(45,168)
Contributions - Employer	-	36,875	(36,875)
Contributions - Employees	-	18,942	(18,942)
Net Investment Income	-	234,618	(234,618)
Benefit Payments, including Refunds of Employee Contributions	(63,601)	(63,601)	-
Other (Net Transfer)	-	(1,276)	1,276
Net Changes	239,868	225,558	14,310
<b>Balances at December 31, 2017</b>	<b>\$ 1,669,219</b>	<b>\$ 1,597,878</b>	<b>\$ 71,341</b>

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

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

	<b>1% Lower 6.50%</b>	<b>Current Discount 7.50%</b>	<b>1% Higher 8.50%</b>
<b>Net Pension Liability (Asset)</b>	\$ 269,254	\$ 71,341	\$ (92,719)

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

For the year ended June 30, 2018, the North Cook Intermediate Service Center #1 recognized pension expense of \$78,443. At June 30, 2018, the North Cook Intermediate Service Center #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 98,518	\$ 18,423
Changes of assumptions	-	(29,768)
Net difference between projected and actual earnings on pension plan investments	<u>93,116</u>	<u>(105,411)</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>191,634</u>	<u>(116,756)</u>
<i>Pension Contributions made Subsequent to the Measurement Date</i>		
	<u>18,404</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 210,038</u></b>	<b><u>\$ (116,756)</u></b>

\$18,404 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2018	\$ 56,281
2019	58,859
2020	(13,909)
2021	(26,353)
2022	-
Thereafter	-
<b>Total</b>	<b><u>\$ 74,878</u></b>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

The North Cook Intermediate Service Center #1 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

**Benefits Provided**

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

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

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

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

**Contributions**

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the North Cook Intermediate Service Center #1.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**Contributions (Concluded)**

**On-behalf Contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the North Cook Intermediate Service Center #1. For the year ended June 30, 2018, 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 \$440,123 in pension contributions from the State of Illinois.

**2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$3,850, and are deferred because they were paid after the June 30, 2017, measurement date.

**Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by 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, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. These contributions are deferred because they were paid after the June 30, 2017, measurement date.

**Employer Retirement Cost Contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The North Cook Intermediate Service Center #1 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the North Cook Intermediate Service Center #1 paid no employer ERO contributions to TRS for retirements that occurred before July 1, 2016.

The North Cook Intermediate Service Center #1 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the North Cook Intermediate Service Center #1 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

At June 30, 2018, 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	\$ 121,788
State's proportionate share of the net pension liability associated with the employer	<u>4,472,105</u>
<b>Total</b>	<b><u>\$ 4,593,893</u></b>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. 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, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the North Cook Intermediate Service Center #1's proportion was 0.00015941234 percent, which was an increase of 0.00004899699 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the North Cook Intermediate Service Center #1 recognized pension expense of \$440,123 and revenue of \$440,123 for support provided by the State. For the year ended June 30, 2018, the North Cook Intermediate Service Center #1 recognized pension income of \$14,010. At June 30, 2018, the North Cook Intermediate Service Center #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,323	\$ (56)
Net difference between projected and actual earnings on pension plan investments	84	-
Change of assumptions	8,128	(3,500)
Changes in proportion and differences between employer contributions and proportionate share of contributions	66,362	(71,160)
Employer contributions subsequent to the measurement date	3,850	-
<b>Total</b>	<b>\$ 79,747</b>	<b>\$ (74,716)</b>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

\$3,850 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>		
2019	\$	1,017
2020		4,732
2021		(9,513)
2022		3,773
2023		1,172
Thereafter		-
<b>Total</b>	<b>\$</b>	<b>1,181</b>

**Actuarial Assumptions**

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

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

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

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



**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Actuarial Assumptions (Concluded)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
<b>Total</b>	<b>100%</b>	

**Discount Rate**

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**Sensitivity of the 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	\$ 149,633	\$ 121,788	\$ 98,981

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**TRS Fiduciary Net Position**

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

**NOTE 5: OTHER POSTEMPLOYMENT BENEFITS**

A. Teachers' Health Insurance Security (THIS) Fund

**THIS Plan Description**

The 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 post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

**Benefits Provided**

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 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, 2018, 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 \$80,505 in OPEB contributions from the State of Illinois.

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

A. Teachers' Health Insurance Security (THIS) Fund (Continued)

**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 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the North Cook Intermediate Service Center #1 paid \$5,842 to the THIS fund, which was 100% of the required contribution. For the years ended June 30, 2017 and 2016, the North Cook Intermediate Service Center #1 paid \$6,422 and \$8,477, respectively, which was 100% of the required contribution.

**Further Information on the THIS Fund**

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

**Actuarial Assumptions**

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

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

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

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

A. Teachers' Health Insurance Security (THIS) Fund (Continued)

**Single Discount Rate**

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

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

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

The following presents the 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 (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	<b>1% Decrease (2.56%)</b>	<b>Current Discount Rate (3.56%)</b>	<b>1% Increase (4.56%)</b>
Employer's proportionate share of the collective net OPEB liability	\$ 1,036,683	\$ 863,906	\$ 725,657

**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 net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	<b>1% Decrease (a)</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase (b)</b>
Employer's proportionate share of the collective net OPEB liability	\$ 697,261	\$ 863,906	\$ 1,103,097

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

A. Teachers' Health Insurance Security (THIS) Fund (Continued)

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

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

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

At June 30, 2018, the 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:

Employers proportionate share of the net OPEB liability	\$ 863,906
State's proportionate share of the net OPEB liability associated with the employer	<u>1,134,523</u>
<b>Total</b>	<b><u>\$ 1,998,429</u></b>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and was rolled forward to the June 30, 2017 measurement date. The 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, 2017, the North Cook Intermediate Service Center #1's proportion was 0.003329 percent, which was an increase of 0.000123 from its proportion measured as of June 30, 2016 (0.003206 percent). The State's support and total are for disclosure purposes only.

For the year ended June 30, 2018, the North Cook Intermediate Service Center #1 recognized OPEB expense of \$80,505 and revenue of \$80,505 for support provided by the State. For the year ended June 30, 2018, the North Cook Intermediate Service Center #1 recognized OPEB expense of \$68,613. At June 30, 2018, the North Cook Intermediate Service Center #1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

A. Teachers' Health Insurance Security (THIS) Fund (Concluded)

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (489)
Change in assumptions		(102,859)
Net difference between projected and actual earnings on OPEB plan investments	-	(10)
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,629	-
Employer contributions subsequent to the measurement date	5,842	-
 Total Deferred Amounts Related to OPEB	 \$ 34,471	 \$ (103,358)

\$5,842 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, 2019. 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:

<b>Year Ending June 30,</b>	<b>Net Deferred Outflows of Resources</b>
2019	\$ (11,480)
2020	(11,480)
2021	(11,480)
2022	(11,480)
2023	(11,478)
Thereafter	(17,331)
<b>Total</b>	<b>\$ (74,729)</b>

**THIS Fiduciary Net Position**

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

B. Other Post-Employment Benefits – Health Insurance

**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.

**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.

**Membership**

At June 30, 2017 membership consisted of:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	0	
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0	
Active Plan Members	5	
TOTAL	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">5</td> </tr> </table>	5
5		

**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  
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**NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

B. Other Post-Employment Benefits – Health Insurance (Continued)

**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, 2017 actuarial valuation date and adjusted to the June 30, 2018 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, 2017 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, 2017 and June 30, 2018 was developed using a high-quality municipal bond rate based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rates of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA. As of June 30, 2017 a rate of 2.85% was used. As of June 30, 2018 a rate of 3.58% 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 8.50% in fiscal year 2018, grading down to the ultimate trend rate of 4.00% in fiscal year 2073.
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  
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**NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

B. Other Post-Employment Benefits – Health Insurance (Continued)

**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, 2017) to the end of the fiscal year (June 30, 2018). The TOL as of June 30, 2018 is \$7,880.

	<b>Total OPEB Liability (A)</b>
<b>Balances at June 30, 2017</b>	\$ 7,767
<b>Changes for the period:</b>	
Service Cost	725
Interest	235
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	(358)
Contributions – Employer	-
Net Investment Income	-
Benefit Payments	(489)
Administrative Expense	-
	113
<b>Net Changes</b>	<b>113</b>
<b>Balance at June 30, 2018</b>	<b>\$ 7,880</b>

**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 3.58%, 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 (4.58%) or 1-percentage-point lower (2.58%) than the current discount rate:

	<b>1% Decrease (2.58%)</b>	<b>Current Discount Rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
Total OPEB Liability	\$ 8,379	\$ 7,880	\$ 7,435

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONCLUDED)**

B. Other Post-Employment Benefits – Health Insurance (Concluded)

**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 8.50% in 2018 decreasing to an ultimate trend rate of 4.00% in 2073.

	<u>1% Decrease (3.00%-7.50%)</u>	<u>Healthcare Cost Trend Rates (4.00%-8.50%)</u>	<u>1% Increase (5.00%-9.50%)</u>
Total OPEB Liability	\$ 7,459	\$ 7,880	\$ 8,351

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

For the year ending June 30, 2018, the North Cook Intermediate Service Center #1 recognized OPEB expense of \$2,802.

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	\$	725
Interest		235
Recognition of Changes in Total OPEB Liability		(358)
Administrative Expenses		2,200
Total OPEB Expense	<u>\$</u>	<u>2,802</u>

**NOTE 6: INTERFUND ACTIVITY**

Interfund due to / from other fund balances at June 30, 2018 consist of the following individual due to / from other funds in the governmental funds Balance Sheet. Balances of the same fund type were eliminated in the government-wide Statement of Net Position. The purpose of interfund borrowing was to cover temporary shortfalls in cash flow within grant programs and funds.

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Funds		
General State Aid – Safe Schools	\$ 108,819	\$ -
Major Special Revenue Fund – Education Funds		
Regional Safe Schools	-	80,188
Regional Safe Schools Cooperative	-	13,726
Title I School Improvement & Accountability	-	9,380
Title II Teacher Quality – Leadership	-	5,525
	<u>\$ 108,819</u>	<u>\$ 108,819</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6: INTERFUND ACTIVITY (CONCLUDED)**

Interfund transfers in/out to other funds at June 30, 2018 consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. These transfers were made in order to meet operating costs in the receiving funds. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, any transfers between the governmental funds and the business-type funds were not eliminated. These transfers were made in order to meet operating cost needs in the receiving fund.

	Transfers In	Transfers Out
General Fund		
General Operations	\$ 66,461	\$ -
General State Aid – Safe Schools	-	197,743
Special Revenue Fund – Education Fund		
ROE/ISC Operations	131,282	-
Total	\$ 197,743	\$ 197,743

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

The North Cook Intermediate Service Center #1’s General Fund, Education Fund, Institute Fund, Bus Driver Fund, Nonmajor Proprietary Fund – Non-Public School Inspections, and Major Proprietary Fund – Workshops have funds due to and due from various other governmental units which consist of the following:

Due from Other Governments:

General Fund		
Local Governments	\$	134,507
Education Fund		
Local Governments		14,506
Illinois State Board of Education		121,735
Institute Fund		
Local Governments		4,904
Bus Driver		
Illinois State Board of Education		20,000
Nonmajor Proprietary Fund – Non-Public School Inspections		
Local Governments		3,000
Major Proprietary Fund – Workshops		
Local Governments		5,845
Total	\$	304,497

Due to Other Governments:

Education Fund		
Local Governments	\$	15,448
Total	\$	15,448

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8: 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, 2018, 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 9: CAPITAL ASSETS**

Governmental Activities

Capital asset activity for fiscal year 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets Being Depreciated Equipment	\$ 365,150	\$ -	\$ (9,092)	\$ 356,058
Less: Accumulated Depreciation	(362,491)	(1,698)	8,760	(355,429)
Governmental Activities Investment in Capital Assets, Net	<u>\$ 2,659</u>	<u>\$ (1,698)</u>	<u>\$ (332)</u>	<u>\$ 629</u>

Business-Type Activities

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets Being Depreciated Equipment	\$ 990	\$ -	\$ -	\$ 990
Less: Accumulated Depreciation	(283)	(126)	-	(409)
Business-Type Activities Investment in Capital Assets, Net	<u>\$ 707</u>	<u>\$ (126)</u>	<u>\$ -</u>	<u>\$ 581</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$1,698 and \$126 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, 2018. 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, 2018**

**NOTE 10: 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:

State of Illinois	
Executive Director Salary	\$ 21,182
Executive Director Fringe Benefits	307
Assistant Executive Director Salary	18,666
Assistant Executive Director Fringe Benefits	271
	40,426
ISC #1's share of THIS OPEB expense	80,505
ISC #1's share of TRS pension expense	440,123
Total	\$ 561,054

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.

North Cook Intermediate Service Center #1 also recorded \$440,123 in revenue and expenses as on-behalf payments from the Illinois State Board of Education for the ISC's share of the State's Teachers' Retirement System (TRS) pension expense and \$80,505 in revenue and expenses as on-behalf payments from the THIS fund for the ISC's share of the OPEB expense in the Statement of Activities. In addition, 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 11: LONG-TERM LIABILITIES**

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

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Accrued compensated absences	\$ 6,736	\$ 3,610	\$ -	\$ 10,346
OPEB liability - THIS	876,456	-	12,550	863,906
OPEB liability - IMRF	7,767	113	-	7,880
Total OPEB liability	884,223	113	12,550	871,786
Net pension liability - TRS	87,158	34,630	-	121,788
Net pension liability - IMRF	57,031	14,310	-	71,341
Total net pension liability	144,189	48,940	-	193,129
Total noncurrent liabilities	\$ 1,035,148	\$ 52,663	\$ 12,550	\$ 1,075,261

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 12: OPERATING LEASES**

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

Lease 1: On December 10, 1999, a lease agreement was entered into for office and classroom suites (Suites 414/L14/L15) in Des Plaines, IL. This lease was amended in 2003 to include an additional 1,610 square feet for classroom Suite 201. The most recent amendment on September 16, 2013 extended the lease until July 31, 2019. The lease is payable in monthly payments that are adjusted annually for inflation. During the fiscal year 2018, the North Cook Intermediate Service Center #1 made monthly payments of \$22,258 from July through September and payments of \$22,704 from October through June. Lease expense for the year ended June 30, 2018 was \$271,110.

Minimum future rental payments under the above non-cancellable leases having remaining terms in excess of 1 year as of June 30, 2018 for each of the next three years and in the aggregate are as follows:

Year Ended June 30,		
2019	\$	276,516
2020		23,156
Total	\$	<u>299,672</u>

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. Rental expense for the year ended June 30, 2018 was \$11,040. Minimum future rental payments required under this equipment lease is as follows:

Year Ended June 30,		
2019	\$	11,040
2020		11,040
2021		9,200
Total	\$	<u>31,280</u>

**NOTE 13: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

The following funds had deficit fund balances at June 30, 2018:

Education Fund		
Regional Safe Schools	\$	40,094
Regional Safe Schools Cooperative	\$	7,253

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 14: PRIOR PERIOD ADJUSTMENT**

The North Cook Intermediate Service Center #1 implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaced the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of State and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

As a result of the implementation of GASB Statement No. 75, the North Cook Intermediate Service Center #1 restated its net position balance in Fiscal Year 2018 from \$2,952,941 to \$2,087,014 to reflect the impact of the beginning OPEB liability as of the beginning of Fiscal Year 2018. This adjustment decreased net position (unrestricted) by \$865,927.

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

Net Position, beginning of year, as previously reported	\$ 2,952,941
Cumulative effect of change in accounting principle	<u>(865,927)</u>
Net Position, beginning of year, as restated	<u>\$ 2,087,014</u>

**REQUIRED SUPPLEMENTARY INFORMATION**



**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
LAST FOUR CALENDAR YEARS - UNAUDITED**

Calendar Year Ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 47,315	\$ 45,684	\$ 46,088	\$ 42,175
Interest on the Total Pension Liability	106,670	103,379	96,328	84,708
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	194,652	(52,674)	(8,118)	8,271
Changes of Assumptions	(45,168)	-	-	57,581
Benefit Payments, including Refunds of Employee Contributions	(63,601)	(43,030)	(37,137)	(43,443)
<b>Net Change in Total Pension Liability</b>	<u>239,868</u>	<u>53,359</u>	<u>97,161</u>	<u>149,292</u>
<b>Total Pension Liability - Beginning</b>	<u>1,429,351</u>	<u>1,375,992</u>	<u>1,278,831</u>	<u>1,129,539</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 1,669,219</u>	<u>\$ 1,429,351</u>	<u>\$ 1,375,992</u>	<u>\$ 1,278,831</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 36,875	\$ 36,309	\$ 33,305	\$ 34,962
Contributions - Employees	18,942	18,546	17,863	16,236
Net Investment Income	234,618	35,211	(26,560)	67,804
Benefit Payments, including Refunds of Employee Contributions	(63,601)	(43,030)	(37,137)	(43,443)
Other (Net Transfer)	(1,276)	(803)	3,738	(895)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>225,558</u>	<u>46,233</u>	<u>(8,791)</u>	<u>74,664</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>1,372,320</u>	<u>1,326,087</u>	<u>1,334,878</u>	<u>1,260,214</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 1,597,878</u>	<u>\$ 1,372,320</u>	<u>\$ 1,326,087</u>	<u>\$ 1,334,878</u>
<b>Net Pension Liability - Ending (A) - (B)</b>	<u>\$ 71,341</u>	<u>\$ 57,031</u>	<u>\$ 49,905</u>	<u>\$ (56,047)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	95.73%	96.01%	96.37%	104.38%
<b>Covered Payroll</b>	\$ 420,946	\$ 412,135	\$ 396,964	\$ 360,807
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	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  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - *UNAUDITED*  
LAST FOUR CALENDAR YEARS**

<b>Calendar Year Ended December 31</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a Percentage of Covered Payroll</b>
2017	\$ 36,875	\$ 36,875	\$ -	\$ 420,946	8.76%
2016	36,309	36,309	-	412,135	8.81%
2015	33,305	33,305	-	396,964	8.39%
2014	32,725	34,962	(2,237)	360,807	9.69%

**Notes to Schedule:**

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

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

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2017 Contribution Rates:**

*Actuarial Cost Method:* Aggregate entry age = normal  
*Amortization Method:* Level percentage of payroll, closed  
*Remaining Amortization Period:* 26-year closed period  
*Asset Valuation Method:* 5-year smoothed market; 20% corridor  
*Wage Growth:* 3.50%  
*Price Inflation:* 2.75%, approximate; No explicit price inflation assumption is used in this valuation.  
*Salary Increases:* 3.75% to 14.50%, including inflation  
*Investment Rate of Return:* 7.50%  
*Retirement Age:* Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.  
*Mortality:* For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale of MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale of MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

***Other Information:***

*Notes:* There were no benefit changes during the year.

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2018†**

	<u>FY2017*</u>	<u>FY2016*</u>	<u>FY2015*</u>	<u>FY2014*</u>
Employer's proportion of the net pension liability	0.0001594123%	0.0001104154%	0.0004508853%	0.0002612755%
Employer's proportionate share of the net pension liability	\$ 121,788	\$ 87,158	\$ 295,375	\$ 159,008
State's proportionate share of the net pension liability associated with the Employer	4,472,105	2,693,071	14,642,103	6,798,628
Total	<u>\$ 4,593,893</u>	<u>\$ 2,780,229</u>	<u>\$ 14,937,478</u>	<u>\$ 6,957,636</u>
Employer's covered payroll	\$ 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	15.9%	7.7%	27.7%	14.4%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

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

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>
Statutorily-required contribution	\$ 3,850	\$ 4,434	\$ 6,534	\$ 6,181	\$ 6,383
Contributions in relation to the statutorily-required contribution	3,850	4,434	6,534	6,181	6,383
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 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%

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

**Notes to Supplementary Information**

**Changes of assumptions**

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

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

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY**  
**TEACHERS' HEALTH INSURANCE SECURITY FUND - UNAUDITED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>FY2017*</u>	<u>FY2016*</u>
Employer's proportion of the collective net OPEB liability (asset)	0.003329%	0.003206%
Employer's proportionate share of the collective net OPEB liability (asset)	\$ 863,906	\$ 876,456
State's proportionate share of the net OPEB liability associated with the Employer	1,134,523	1,678,136
Total	<u>\$ 1,998,429</u>	<u>\$ 2,554,592</u>
Employer's covered payroll	\$ 764,469	\$ 1,126,577
Employer's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered payroll	113.0%	77.8%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.22%

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

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

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

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>
Statutorily-required contribution	\$ 5,842	\$ 6,422	\$ 9,013
Contributions in relation to the statutorily-required contribution	5,842	6,422	9,013
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 663,855	\$ 764,469	\$ 1,126,577
Contributions as a percentage of covered payroll	0.88%	0.84%	0.80%

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

**Notes to Required Supplementary Information**

***Changes of Benefit Terms***

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

***Changes of assumptions***

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

**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
OTHER POST-EMPLOYMENT BENEFITS  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST FISCAL YEAR - *UNAUDITED***

	<b>2018</b>
Fiscal Year Ended June 30,	
<b>Total OPEB Liability</b>	
Service Cost	\$ 725
Interest Cost	235
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(358)
Changes of Benefit Terms	-
Contributions - Employer	-
Benefit Payments	(489)
<b>Net Change in Total OPEB Liability</b>	<b>113</b>
<b>Total OPEB Liability - Beginning</b>	<b>7,767</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 7,880</b>
 <b>Covered Payroll</b>	 \$ 247,591
 <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	  3.18%

**Note to Schedule**

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

***Changes in Assumptions Since the Prior Valuation:***

The discount rate as of the beginning of the fiscal year changed from 5.00% to 2.85% to reflect the adoption of GASB 75.

The discount rate as of the end of the fiscal year changed from 2.85% to 3.58% based on the change in 20 year municipal bond yields.

The actuarial cost method changed to the Entry Age Cost method to reflect the adoption of GASB 75.

The healthcare cost trend was updated to a graded scale beginning with 8.50% in the 2017/2018 fiscal year grading down to an ultimate rate of 4.00%

**SUPPLEMENTARY INFORMATION**

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**GENERAL FUND**  
**June 30, 2018**

	General Operations	General State Aid - Safe Schools	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 3,200	\$ 994,662	\$ 997,862
Investments	-	358,517	358,517
Due from other funds	-	108,819	108,819
Due from other governments	2,737	131,770	134,507
Accrued interest receivable	-	2,374	2,374
Total Assets	5,937	1,596,142	1,602,079
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 5,937	\$ 1,596,142	\$ 1,602,079
<b>Liabilities</b>			
Accounts payable	\$ 2,522	\$ 6,505	\$ 9,027
Accrued employee benefits	2,485	45,547	48,032
Total Liabilities	5,007	52,052	57,059
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	-	-	-
<b>Fund Balance</b>			
Unassigned	930	1,544,090	1,545,020
Total Fund Balances	930	1,544,090	1,545,020
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,937	\$ 1,596,142	\$ 1,602,079

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2018**

	General Operations	General State Aid - Safe Schools	Total
<b>Revenues</b>			
Local sources	\$ 70,513	\$ 726,407	\$ 796,920
State sources	-	405,038	405,038
State sources - on behalf payments	40,426	-	40,426
Interest	3,713	14,045	17,758
Total Revenue	<u>114,652</u>	<u>1,145,490</u>	<u>1,260,142</u>
<b>Expenditures</b>			
Instructional services			
Salaries	97,739	405,325	503,064
Employee benefits	25,625	147,108	172,733
Pension expense	9,681	13,207	22,888
OPEB expense	-	5,842	5,842
Purchased services	7,199	182,856	190,055
Supplies and materials	1,088	14,247	15,335
Other	106	-	106
On-behalf payments	40,426	-	40,426
Total Expenditures	<u>181,864</u>	<u>768,585</u>	<u>950,449</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(67,212)</u>	<u>376,905</u>	<u>309,693</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	66,461	-	66,461
Transfers out	-	(197,743)	(197,743)
Total Other Financing Sources (Uses)	<u>66,461</u>	<u>(197,743)</u>	<u>(131,282)</u>
Net Change in Fund Balance (Deficit)	(751)	179,162	178,411
Fund Balance (Deficit), Beginning of year	<u>1,681</u>	<u>1,364,928</u>	<u>1,366,609</u>
Fund Balance, End of year	<u>\$ 930</u>	<u>\$ 1,544,090</u>	<u>\$ 1,545,020</u>



**NORTH COOK INTERMEDIATE SERVICE CENTER #1  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2018**

	Regional Safe Schools	Regional Safe Schools Cooperative	ROE/ISC Operations	Tech for Success	Title I School Improvement & Accountability	Title II Teacher Quality - Leadership	Total
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 8,803	\$ 85,643	\$ -	\$ -	\$ 94,446
Due from other governments	80,188	14,506	-	-	33,622	7,925	136,241
Total Assets	<u>80,188</u>	<u>14,506</u>	<u>8,803</u>	<u>85,643</u>	<u>33,622</u>	<u>7,925</u>	<u>230,687</u>
Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 80,188</u>	<u>\$ 14,506</u>	<u>\$ 8,803</u>	<u>\$ 85,643</u>	<u>\$ 33,622</u>	<u>\$ 7,925</u>	<u>\$ 230,687</u>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ 3,971	\$ -	\$ 8,479	\$ 2,400	\$ 14,850
Accrued employee benefits	-	-	4,832	-	1,095	-	5,927
Due to other funds	80,188	13,726	-	-	9,380	5,525	108,819
Due to other governments	-	780	-	-	14,668	-	15,448
Unearned revenue	-	-	-	85,643	-	-	85,643
Total Liabilities	<u>80,188</u>	<u>14,506</u>	<u>8,803</u>	<u>85,643</u>	<u>33,622</u>	<u>7,925</u>	<u>230,687</u>
Deferred Inflows of Resources							
Unavailable revenue	<u>40,094</u>	<u>7,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,347</u>
Fund Balances (Deficits)							
Unassigned	<u>(40,094)</u>	<u>(7,253)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,347)</u>
Total Fund Balances (Deficits)	<u>(40,094)</u>	<u>(7,253)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,347)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 80,188</u>	<u>\$ 14,506</u>	<u>\$ 8,803</u>	<u>\$ 85,643</u>	<u>\$ 33,622</u>	<u>\$ 7,925</u>	<u>\$ 230,687</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2018**

	Regional Safe Schools	Regional Safe Schools Cooperative	ROE/ISC Operations	Tech for Success	Title I School Improvement & Accountability	Title II Teacher Quality - Leadership	Total
<b>Revenues</b>							
State sources	\$ 601,485	\$ 126,647	\$ 346,051	\$ 10,197	\$ -	\$ -	\$ 1,084,380
Federal sources	-	-	-	-	156,361	19,700	176,061
Total Revenues	<u>601,485</u>	<u>126,647</u>	<u>346,051</u>	<u>10,197</u>	<u>156,361</u>	<u>19,700</u>	<u>1,260,441</u>
<b>Expenditures</b>							
Instructional services							
Salaries	400,947	55,080	141,232	-	51,249	1,400	649,908
Employee benefits	-	15,871	12,068	-	2,855	-	30,794
Pension expense	-	804	5,100	-	-	-	5,904
Purchased services	-	-	304,942	10,197	86,143	18,300	419,582
Supplies and materials	-	-	6,208	-	1,446	-	7,654
Other	-	-	7,783	-	-	-	7,783
Intergovernmental							
Payments to other governmental units	-	-	-	-	14,668	-	14,668
Total Expenditures	<u>400,947</u>	<u>71,755</u>	<u>477,333</u>	<u>10,197</u>	<u>156,361</u>	<u>19,700</u>	<u>1,136,293</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>200,538</u>	<u>54,892</u>	<u>(131,282)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,148</u>
Other Financing Sources (Uses)							
Transfers in	-	-	131,282	-	-	-	131,282
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>131,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,282</u>
Net Change in Fund Balance (Deficit)	200,538	54,892	-	-	-	-	255,430
Fund Balance (Deficit), Beginning of year	<u>(240,632)</u>	<u>(62,145)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(302,777)</u>
Fund Balance (Deficit), End of year	<u>\$ (40,094)</u>	<u>\$ (7,253)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,347)</u>

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 400,947	\$ 400,947	\$ 601,485
Total Revenues	<u>400,947</u>	<u>400,947</u>	<u>601,485</u>
Expenditures			
Salaries	400,947	400,947	400,947
Total Expenditures	<u>400,947</u>	<u>400,947</u>	<u>400,947</u>
Net Change in Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	200,538
Fund Balance (Deficit) - Beginning of Year			<u>(240,632)</u>
Fund Balance (Deficit) - End of Year			<u>\$ (40,094)</u>

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 72,535	\$ 72,535	\$ 126,647
Total Revenues	<u>72,535</u>	<u>72,535</u>	<u>126,647</u>
Expenditures			
Salaries	55,080	55,080	55,080
Employee benefits	16,875	16,875	15,871
Pension expense	-	-	804
Purchased services	-	-	-
Supplies and materials	580	580	-
Total Expenditures	<u>72,535</u>	<u>72,535</u>	<u>71,755</u>
Net Change in Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	54,892
Fund Balance (Deficit) - Beginning of Year			<u>(62,145)</u>
Fund Balance (Deficit) - End of Year			<u>\$ (7,253)</u>

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 346,051	\$ 346,051	\$ 346,051
Total Revenues	<u>346,051</u>	<u>346,051</u>	<u>346,051</u>
Expenditures			
Salaries	135,371	135,371	141,232
Employee benefits	17,169	17,169	12,068
Pension expense	-	-	5,100
Purchased services	191,300	191,300	304,942
Supplies and materials	2,211	2,211	6,208
Other			7,783
Total Expenditures	<u>346,051</u>	<u>346,051</u>	<u>477,333</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(131,282)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	131,282
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>131,282</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 189,875	\$ 187,630	\$ 156,361
Total Revenues	<u>189,875</u>	<u>187,630</u>	<u>156,361</u>
Expenditures			
Salaries	55,509	48,669	51,249
Employee benefits	4,246	3,723	2,855
Purchased services	125,120	115,570	86,143
Supplies and materials	5,000	5,000	1,446
Payments to other governmental units	-	14,668	14,668
Total Expenditures	<u>189,875</u>	<u>187,630</u>	<u>156,361</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

**NORTH COOK INTERMEDIATE SERVICE CENTER #1**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of August 14, 2017 - August 31, 2018)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE II TEACHER QUALITY LEADERSHIP GRANT**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 27,987	\$ 27,987	\$ 19,700
Total Revenues	<u>27,987</u>	<u>27,987</u>	<u>19,700</u>
Expenditures			
Salaries	1,400	1,400	1,400
Purchased services	<u>26,587</u>	<u>26,587</u>	<u>18,300</u>
Total Expenditures	<u>27,987</u>	<u>27,987</u>	<u>19,700</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>