

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois
Tinley Park, IL

Annual Financial Report

Year Ended June 30, 2020

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Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois
Year Ended June 30, 2020

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Independent Auditor's Report

**Board of Trustees
Bremen Township School Treasurer
Township 36 North, Range 13 East
Cook County, IL**

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and general fund of the Joseph J. McDonnell, Bremen Township School Treasurer (the "Treasurer"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Treasurer'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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Treasurer'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 Treasurer'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.

Opinion

In our opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and general fund of the Treasurer, as of June 30, 2020, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Treasurer's basic financial statements. The management's discussion and analysis and supplementary information are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The management's discussion and analysis and supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

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

Aurora, Illinois**TBD**

**Joseph J. McDonnell,
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois**

**Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020**

The discussion and analysis of the Bremen Township School Treasurer's (the Treasurer) financial performance provides an overall review of the Treasurer's financial activities for the fiscal year ended June 30, 2020. The intent of this management discussion and analysis is to look at the Treasurer's financial performance as a whole. Readers are encouraged to consider the information presented herein in conjunction with the basic financial statements and notes to the financial statements to enhance their understanding of the Treasurer's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the Management's Discussion and Analysis (MD&A).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Treasurer's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains required supplementary information and other information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Treasurer's finances, in a manner similar to a private sector business.

The statement of net position – modified cash basis presents information on all of the Treasurer's assets plus deferred outflows and liabilities plus deferred inflows, with the difference between them reported as net position.

The statement of activities – modified cash basis presents information showing how the Treasurer's net position changed during the fiscal year. Since these financial statements are prepared on the modified cash basis of accounting, except for assets and liabilities which arise from cash transactions and for the recognition of depreciation, revenue is recognized when received rather than earned, and expenses are recognized when paid rather than when the obligation is incurred.

The government-wide financial statements present the functions of the Treasurer that are principally supported by intergovernmental revenues (governmental activities). The Treasurer has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The Treasurer's governmental activities include providing investing, accounting, and financial reporting services for member school districts.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Treasurer uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Treasurer can be divided into two categories: governmental funds and fiduciary funds (the Treasurer maintains no proprietary funds).

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**Management's Discussion and Analysis (Unaudited)
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Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Treasurer's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Treasurer maintains one governmental fund – the General Fund, which the Treasurer considers to be a major fund.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the School Treasurer. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Treasurer's own programs. The accounting used for Fiduciary Funds is much like that for government-wide financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Treasurer's progress in funding its obligation to provide pension benefits to its non-certified employees. This report also contains certain other information regarding the deposits, investments and financial data of the school districts that participate in the Treasurer's services.

**Joseph J. McDonnell,
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois**
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

Government-Wide Financial Analysis

The financial position of the Treasurer as a whole is reflected in its governmental fund as well. The net position was \$1,619,423 at June 30, 2020, compared to \$2,057,827 at June 30, 2019.

Table 1 Condensed Statement of Net Position		
	2020	2019
Assets		
Current and other assets	\$ 1,597,483	\$ 2,033,692
Capital assets, net of depreciation	21,940	24,183
Total assets	\$ 1,619,423	\$ 2,057,875
Liabilities		
Due to districts	\$ -	\$ 48
Total liabilities	-	48
Net position:		
Net investment in capital assets	21,940	24,183
Unrestricted	1,597,483	2,033,644
Total net position	\$ 1,619,423	\$ 2,057,827

The majority of the Treasurer's net position reflects cash and investments included in current and other assets. For the year ended June 30, 2020, total current and other assets included undistributed interest earnings of \$1,429,571 and billings in excess of actual costs to the School Districts of \$160,971. As of June 30, 2020, the excess billings included contingency funds in the amount of \$160,000 retained for future expenditures. Billings during the year are based on estimated costs that will be incurred in that year; any variance between the estimated and actual costs are billed, or refunded, in the following year. In comparison, total current and other assets at June 30, 2019 included undistributed interest earnings of \$1,914,839 and billings in excess of \$111,867. As of June 30, 2019, the excess billings included contingency funds in the amount of \$110,000 retained for future expenditures. The decrease in undistributed interest earnings reflects lower interest earnings during the current fiscal year, primarily due to lower cash balances.

The total net position of the Treasurer for the fiscal year ended June 30, 2020 decreased by \$438,404. Comparatively, for the fiscal year ended June 30, 2019, total net position increased by \$771,328.

Governmental Activities

The key elements of the change in the Treasurer's net position for the fiscal years ended June 30, 2020 and June 30, 2019 are as follows:

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Township School Treasurer
Township 36 North, Range 13 East,
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Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

Table 2 Condensed Statement of Activities		
	2020	2019
Revenues:		
Program revenues	\$ 824,524	\$ 788,342
Other revenues:		
Earnings on investments	3,638,902	4,196,145
Distribution of investment income	(4,124,170)	(3,481,516)
Total revenues	(485,268)	1,502,971
Expenses:		
Support services	775,417	728,230
Depreciation	2,243	3,413
Total expenditures	777,660	731,643
Increase (decrease) in net position	(438,404)	771,328
Net position - beginning	2,057,827	1,286,499
Net position - ending	\$ 1,619,423	\$ 2,057,827

For the fiscal year ended June 30, 2020, the decrease in net position was primarily attributed to accumulated interest earnings distributed in the amount of \$4,124,170 in excess of current year interest earnings of \$3,638,902.

Financial Review of Fiscal Year 2020

Between December 2015 and December 2018, the Federal Reserve raised short-term interest rates nine (9) times, bringing the Fed Funds rate up to 2.50%. Then, in a dramatic reversal, the Federal Reserve lowered rates in one-quarter of one percent intervals three times: in July, August and October of 2019 down to 1.75% with the stated objective of continuing to strengthen economic growth in the United States. By all accounts, the policy was effective, and several economic indices showed significant improvement. Then came the COVID pandemic, and with it, all economic growth came to a grinding halt. In response to the economic shutdown, the Federal Reserve slashed the Federal Funds rate by 0.50% on March 2, 2020 and an additional 1% on March 15, 2020, bringing the rate back to its historically low level of 0.25%. In all, the Federal Reserve decreased rates five (5) times during the 2020 fiscal year.

In an effort to mitigate the effects of a global pandemic on our economy, the Federal Reserve acted swiftly and boldly to the pending crisis. In addition to dramatically lowering interest rates, the Federal Reserve rolled out a variety of programs, throwing lifelines to individuals, corporations, States and other municipalities through its special facilities and programs. As a result of the Fed's steep interest rate cuts and bond buying program, interest rates dropped dramatically to near zero for all fixed asset classes.

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Perhaps the most glaring effect of COVID on the economy is reflected in the unemployment figures. Prior to COVID, unemployment was at historically low levels just below 4%. Then once COVID hit and States mandatorily closed businesses, an additional 10% of the workforce became unemployed almost instantaneously. Since the initial economic shutdown, most States have opened up somewhat and consequently unemployment rates have trended down each month since April 2020. The unemployment rate, however, remains above pre-COVID levels and the Federal Reserve will likely maintain policies that attempt to stimulate the economy until at least the time that unemployment rates get back to pre-COVID levels.

Over the past fiscal year, we have been investing in an interest rate environment that was first characterized by rapidly declining interest rates that brought rate levels down to flat unattractive levels throughout the area of the yield curve, where we normally invest funds. We remain in a rate environment in which there is little current value in extending the duration of the portfolio due to the flat yield curve. Consequently, with the exception of value purchases in the 1 to 3 year maturity range, new money into the portfolio was primarily placed in shorter maturities to meet cash flow needs

Capital Assets

At the end of the fiscal year, the Treasurer had invested \$21,940 in capital assets, net of depreciation. Depreciation expense for the year was \$2,243. During the fiscal year ended June 30, 2020. More information about the capital assets can be obtained from Note 3 of the financial statements.

Table 3 Capital Assets (Net of Depreciation)		
	2020	2019
Equipment & furniture	\$ 21,940	\$ 24,183
Total	\$ 21,940	\$ 24,183
Percentage change vs. prior year	-9.28%	-12.37%

Factors Bearing on the Treasurer's Future

Since a significant percentage of the funds received by this office must be invested to meet short-term cash flow needs, interest rate direction is not the primary factor in investment decisions. It is important, however, to consider current interest rate conditions, yield curves and future interest rate trends in determining the overall desired duration of the portfolio.

As we look into fiscal year 2021, there are events that will certainly change the trajectory of the economy to some degree. Many experts believe that with the likelihood of vaccines for the coronavirus becoming widely available by mid-year, the economy could get a boost if the increased vaccination rates translate into easing of the economic lockdown in the States which remain fairly restricted. We are also expecting a rather large fiscal relief package that may also have a positive impact on economic growth. Finally, various tax policy, infrastructure packages, changes to regulation and trade deals all may have an impact on economic growth perhaps both positively and negatively.

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Township School Treasurer
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**Management's Discussion and Analysis (Unaudited)
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There exists great uncertainty, however, on what the economic recovery will exactly look like due to the extraordinary economic circumstance created by the pandemic. Huge segments of the small business and service sectors have been wiped out and will have to be rebuilt. The future of commercial real estate has been fundamentally changed as businesses have adapted to work-from-home arrangements. Residential real estate is undergoing a massive boom as new home building trends, living preferences and Americans leaving cities have reshaped the industry. Travel, hospitality, energy and retail sectors have all been upended.

Even under an optimistic scenario for the distribution of a vaccine, most economists do not expect any major policy change from the Fed for the next several years. It will take time for the economy to return to pre-pandemic levels. The economy has only recovered about two-thirds of the gross domestic product (GDP) growth that it lost during the downturn and is still growing at a rate well below its potential. Consequently, inflation is not likely to be a risk until economic growth closes the gap by reaching its potential and exceeding it for a period of time. Under the Fed's new guidelines, it will not begin to tighten policy until inflation actually goes above its 2% target for a sustained period of time. Most economists doubt those conditions will be met until sometime in 2022 or later. Currently, the market expects the Fed to keep interest rates on hold until at least the end of 2023.

In projecting interest earnings for the upcoming fiscal year, we expect returns on a cash basis to be significantly lower than those realized in fiscal year 2020 for two primary reasons: (1) Interest rates, and consequently reinvestment rates, are now at historically low levels; and (2) Investments that were purchased during a higher interest rate environment have either been called or matured over the past few years.

While risk in the credit markets seems to have diminished, we still respect the uncertainty that exists in the near future, and are concerned about the possible effects of unforeseen events on our economy and our fixed income markets. We will continue to strongly weigh all investment decisions towards maximum safety and liquidity until we are confident in the overall direction of our Federal, State and local economies.

Requests for Information

This financial report is designed to provide the Treasurer's participating districts with a general overview of the Treasurer's finances and to demonstrate the Treasurer's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Mr. Joseph J. McDonnell at:

Bremen Township School Treasurer
6109 W. 175th Street
Tinley Park, IL 60477

Basic Financial Statements

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Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois

Statement of Net Position - Modified Cash Basis and Statement of
Assets and Liabilities Arising from Cash Transactions
Governmental Funds

<i>June 30, 2020</i>	Statement of Net Position	Adjustments	Governmental Funds General Fund
Assets			
Cash and investments	\$ 1,591,349	\$ -	\$ 1,591,349
Prepaid interest on investment purchases	2,708	-	2,708
Other current assets	3,426	-	3,426
Capital assets, net of depreciation			
Furniture and equipment	<u>21,940</u>	<u>(21,940)</u>	<u>-</u>
Total assets	<u>\$ 1,619,423</u>	<u>\$ (21,940)</u>	<u>\$ 1,597,483</u>
Net Position/Fund Balance:			
Net position:			
Net investment in capital assets	\$ 21,940	\$ (21,940)	
Restricted for employee benefits	160,000	(160,000)	
Unrestricted	<u>1,437,483</u>	<u>(1,437,483)</u>	
Total net position	<u>\$ 1,619,423</u>	<u>(1,619,423)</u>	
Fund balance:			
Committed for employee benefits		160,000	\$ 160,000
Unassigned		<u>1,437,483</u>	<u>1,437,483</u>
Total fund balances		<u>\$ 1,597,483</u>	<u>\$ 1,597,483</u>

See accompanying notes to financial statements.

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois

Statement of Activities - Modified Cash Basis and Statement of Revenues
Received, Expenditures Disbursed and Changes in Fund Balances
Governmental Funds

<i>Year Ended June 30, 2020</i>	Statement of Activities	Adjustments	Governmental Funds
Expenditures Disbursed/Expenses:			
Services to Districts/Joint Agreements			
Depreciation expense	\$ 2,243	\$ (2,243)	\$ -
Direct deposits and other bank service charges	12,834	-	12,834
Dues, fees and subscriptions	3,694	-	3,694
Employee training	6,985	-	6,985
Educational assistance	2,743	-	2,743
Insurance	30,227	-	30,227
Maintenance and repairs	5,154	-	5,154
Office rent	22,740	-	22,740
Office supplies and postage	22,784	-	22,784
Pension contributions and other benefits	176,753	-	176,753
Professional fees	53,990	-	53,990
Publication expenses	7,814	-	7,814
Salaries	417,920	-	417,920
Telephone and communications	8,961	-	8,961
Travel expenses	<u>2,818</u>	<u>-</u>	<u>2,818</u>
Total expenditures disbursed/expenses	<u>777,660</u>	<u>(2,243)</u>	<u>775,417</u>
Revenues Received/Program Revenues:			
Charges for Services/Reimbursements Received from:			
Bremen Township School Districts/Joint Agreements	800,974	-	800,974
Midlothian Park District	<u>23,550</u>	<u>-</u>	<u>23,550</u>
Total revenues received/program revenues	<u>824,524</u>	<u>-</u>	<u>824,524</u>
Net program revenue	<u>46,864</u>	<u>2,243</u>	<u>49,107</u>
Investment Earnings/Distributions:			
Earnings on investments	3,638,902	-	3,638,902
Distribution of investment income	<u>(4,124,170)</u>	<u>-</u>	<u>(4,124,170)</u>
Total net revenues received/expenditures disbursed from investment income on pooled funds	<u>(485,268)</u>	<u>-</u>	<u>(485,268)</u>
Change in net position/fund balance	(438,404)	2,243	(436,161)
Net Position/Fund Balance			
Balance at July 1, 2019	<u>2,057,827</u>	<u>(24,183)</u>	<u>2,033,644</u>
Balance at June 30, 2020	<u>\$ 1,619,423</u>	<u>\$ (21,940)</u>	<u>\$ 1,597,483</u>

See accompanying notes to financial statements.

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
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Statement of Fiduciary Net Position and Liabilities
Arising from Cash Transactions

<i>June 30, 2020</i>	Agency Funds
Assets	
Cash in bank	\$ 153,866,989
Prepaid items	(2,341,890)
Other current assets	<u>594,723</u>
Total assets	<u>\$ 152,119,822</u>
Liabilities	
Other current liabilities	\$ <u>222,190</u>
Due to districts	
District Number 142	16,623,332
District Number 143	17,964,095
District Number 143 1/2	16,127,451
District Number 144	27,768,395
District Number 145	13,468,051
District Number 160	6,819,714
District Number 228	49,842,987
Southwest Cook County Cooperative Association for Special Education	7,647,880
Career Development System	209,509
Unallocated	<u>4,640</u>
Total due to districts	<u>156,476,054</u>
Total liabilities	<u>\$ 156,698,244</u>

See accompanying notes to financial statements.

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The office of Joseph J. McDonnell, Township School Treasurer (the "Treasurer") is located in Bremen Township, in southern Cook County, Illinois. The Treasurer's office processes financial transactions and manages the cash and investments of the public school districts and joint agreements located in Bremen Township. Governance is provided by a representative from the school board of each public school district serviced by the Treasurer.

The accompanying financial statements of the Treasurer have been prepared in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements is described below.

The Treasurer includes all funds of its governmental operations that are controlled by or dependent upon the Treasurer as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will and fiscal dependency. The accompanying financial statements include only those funds of the Treasurer as there are no other organizations for which it has financial accountability.

As prescribed by Chapter 105, Section 5, Article 8 of the Illinois Compiled Statutes, the Township School Treasurer is the official custodian of funds for, and maintains the accounting records for the following entities:

- School District Number 142, Cook County, Illinois
- School District Number 143, Cook County, Illinois
- School District Number 143 1/2, Cook County, Illinois
- School District Number 144, Cook County, Illinois
- School District Number 145, Cook County, Illinois
- School District Number 160, Cook County, Illinois
- School District Number 228, Cook County, Illinois
- Southwest Cook County Cooperative Association for Special Education
Career Development Systems

The financial statements reflect only the Treasurer's accountability for the assets and liabilities of those entities under his stewardship as defined by the Illinois Compiled Statutes. These financial statements do not reflect certain assets and liabilities of those entities arising from cash transactions and the revenues received and expenditures disbursed during the year which may not have been turned over to the Treasurer.

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Treasurer's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provides a more detailed level of financial statements.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the Treasurer, except for the fiduciary funds.

The statement of net position presents financial condition of the governmental activities of the Treasurer at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Treasurer's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Property taxes and other revenues which are not classified as program revenues are presented as general revenues of the Treasurer. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Treasurer.

Fund Financial Statements

The accounts of the Treasurer are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Treasurer reports the following major governmental fund:

General Fund – The General Fund (Township Distributive Fund) is the Treasurer's primary operating fund. It accounts for all financial resources of the Treasurer.

Additionally, the Treasurer reports the following fund types (not included in the government-wide financial statements):

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fiduciary Fund Type

The School Districts and Joint Agreement Agency Funds (a fiduciary fund) accounts for assets held on behalf of the public school districts and joint agreements located in the Treasurer's township

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus, within the limitation of the modified cash basis of accounting. The governmental fund financial statements are reported using the current financial resources measurement focus, within the limitations for the modified cash basis of accounting. Fiduciary fund reporting focuses on net position and changes in net position. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

The financial statements are presented using the modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. The basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balances sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payable, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received by not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment or fair value.

Investments

Investments held by the Treasurer which are short-term highly liquid investments have remaining maturity of one year or less at the time of purchase are reported by the Treasurer at amortized cost. All other investments are reported at fair value. Gains or losses on the sale of investments are recognized upon realization. Unrealized gains and losses are realized for those investments valued at fair value.

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include furniture and computer equipment, are reported in the government-wide financial statements. The Treasurer defines capital assets as assets with an initial cost of more than \$500 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Furniture	20
Computer equipment and other	5

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Treasurer’s Board – the Treasurer’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Treasurer Board removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Assigned fund balance: This classification reflects the amounts constrained by the Treasurer's "intent" to be used for specific purposes, but the amounts are neither restricted nor committed. The Treasurer Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Treasurer's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2: Cash and Investments

The Treasurer has adopted a formal written investment and cash management policy. The policy provides that available funds be invested to the maximum extent possible at the highest possible rates obtainable at the time of investment in conformance with applicable state statutes and written administrative guidelines. Although current statutes do not require collateralization of deposits and investments in amounts which exceed insurance coverage, the investment policy of the Treasurer does provide for the Treasurer to request collateralization in certain situations. The Township Trustees of Schools approve the financial institutions in which investments are made. Due to the nature of the pooled system, specific investments and related collateralization detail for each individual district is not available.

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Notes to Financial Statements

Note 2: Cash and Investments (Continued)

Investments and Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level Two - Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the level two inputs must be observable for substantially the full term of the asset or liability.

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

Net Asset Value (NAV) - Certain investments measured at NAV would be excluded from the fair value hierarchy.

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

A summary of cash and investments of the Township School Treasurer at June 30, 2020 is as follows:

Joseph J. McDonnell
Township School Treasurer
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Notes to Financial Statements

Note 2: Cash and Investments (Continued)

	Fair Value
Deposits	\$ 81,738,056
Cash on hand	100
Investments:	
U.S. Government Agency Securities:	
Federal Home Loan Bank Notes	4,451,505
Federal Home Loan Mortgage Corp. Notes	5,824,217
Federal Farm Credit Banks Funding Corp. Notes	3,029,500
Government National Mortgage Assoc. Notes	132,844
Municipal Securities	13,960,000
Investments in External Investment Pools	<u>46,322,116</u>
 Total investments	 <u>73,720,182</u>
 Total cash and investments	 <u>\$ 155,458,338</u>

The Treasurer is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Section 235/2 and 235/6 (the Public Funds Investment Act); Chapter 50, Section 340 (the Investment of Municipal Funds Act); and Chapter 105, Section 5/8-7 (the School Code).

As of June 30, 2020 the Township School Treasurer held the following deposits in his cash and investment pool:

	Carrying Amount	Bank Balance
Checking and money market accounts	\$ 32,551,379	\$ 32,478,457
Certificates of deposits	<u>49,186,677</u>	<u>49,186,677</u>
 Total	 <u>\$ 81,738,056</u>	 <u>\$ 81,665,134</u>

Custodial Credit Risk - Deposits, Custodial credit risk is the risk that in the event of a bank failure, the Township School Treasurer's deposits may not be recovered. As of June 30, 2020, all of the bank balance was covered by either FDIC insurance, or by collateral held at a third part financial institution, pledged to the Township School Treasurer.

Joseph J. McDonnell
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Township 36 North, Range 13 East,
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Notes to Financial Statements

Note 2: Cash and Investments (Continued)

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Govt. Agency Securities:		
Federal Home Loan Bank Notes	\$ 4,451,505	0.16
Federal Home Loan Mortgage Corp. Notes	5,824,217	0.64
Federal Farm Credit Banks Funding Corp. Notes	3,029,500	0.15
Government National Mortgage Assoc. Notes	<u>132,844</u>	0.03
Total level one	<u>13,438,066</u>	
Municipal Bonds		
Arbor Park S.D. 145 G.O. Bonds	2,135,000	0.32
Forest Ridge S.D. 142 G.O Bonds	775,000	0.04
Harvey S.D. 152 G.O. Bonds	800,000	0.02
Midlothian Park District G.O. Bonds	170,000	0.01
Midlothian S.D. 143 G.O Bonds	2,375,000	0.22
Morris S.D. 54 G.O. Bonds	240,000	0.01
Oswego CUSD 308 Tax Anticipation Warrants	5,000,000	0.12
Summit S.D. 104 G.O. Bonds	1,465,000	0.24
Thornton S.D. 205 G.O. Bonds	<u>1,000,000</u>	0.03
Total level two	<u>13,960,000</u>	
External Pools:		
Illinois School District Liquid Asset Fund	19,704,097	under 6 months
Illinois Institutional Investors Trust	17,115,641	under 6 months
The Illinois Funds Money Market Funds	<u>9,502,378</u>	under 6 months
Total measured at Net Asset Value	<u>46,322,116</u>	
Total investments	<u>\$ 73,720,182</u>	

U.S. Agency securities classified in level one of the fair value hierarchy are valued using prices quoted in active markets for these securities.

Municipal bond securities classified in level two of the fair value hierarchy are valued using prices quoted in inactive markets for these securities.

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Notes to Financial Statements

Note 2: Cash and Investments (Continued)

The Treasurer has funds invested in the amount of \$46,322,116 (valued at \$1.00 per share) in the Illinois School District Liquid Asset Fund, Illinois Institutional Investors Trust, and The Illinois Funds Money Market Fund as of June 30, 2020. The fair value of the positions in these investment pools is the same as the value of the pooled shares. All investments are SEC registered. The Treasurer's proportionate share of investment in these investment pools are collateralized in the same proportion that the total assets of the Funds are collateralized. Although information regarding the level of collateralization of total assets of these Funds was not available, the external investments pools represent that all assets are fully collateralized.

The weighted average maturity of the Township School Treasurer's cash and investment portfolio as of June 30, 2020 was 0.36 years.

Interest Rate Risk - Investments. The formal investment policy of the Township School Treasurer does not limit the investment portfolio to specific maturities. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments are for longer periods are subject to increased risk of adverse interest rate changes. Investments are diversified to minimize the risk of loss resulting from overconcentration of assets in a specific maturity period, a single issuer, or an individual class of securities.

The U.S. Government Agency securities include investments in various mortgage-backed securities, such as collateralized mortgage obligations. These securities are based on cash flows from payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. Certain other U.S. Government Agency securities are subject to call features. Accordingly, the timing of future cash flows from such investments and the effective maturities of such investments are based on independent market assumptions.

Credit Risk - Investments. State statutes and the formal investment policy of the Township School Treasurer authorize the investment in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, and short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000. The Township School Treasurer is also authorized to invest in the Illinois School District Liquid Asset Fund, the Illinois Institutional Investors Trust, the Illinois Funds Money Market, and Tax Anticipation Warrants and Municipal Bonds.

Concentration of Credit Risk - Investments. The formal investment policy of the Township School Treasurer does not limit the amount which may be invested in any one issuer. The Township School Treasurer held investments greater than 5% of total investments on the following: Federal Home Loan Bank Notes of 6.0%, Tax Anticipation Warrants of 6.8%, Federal Home Loan Mortgage Corp. Notes of 7.9%, Illinois Funds of 12.9%, Illinois Institutional Investors Trust of 23.2%, and the Illinois School District Liquid Asset Fund of 26.7%.

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Notes to Financial Statements

Note 2: Cash and Investments (Continued)

The Treasurer has no investment policy that would further limit its invest choices. As of June 30, 2020, the Treasurer's investments were rated as follows:

Description	Standards & Poors	Moody's Investor Service	Fitch
Federal Home Loan Bank Note	AA+	Aaa	N/A
Federal Home Loan Mortgage Corp	AA+	Aaa	AAA
Federal Farm Credit Banks Funding Corp.	AA+	Aaa	AAA
Government National Mortgage Notes	N/A	Aaa	N/A
Arbor Park S.D. 145 G.O. Bonds	A	A2	N/A
Forest Ridge S.D. 142 G.O. Bonds	A+	A1	N/A
Harvey S.D. 152 G.O. Bonds	N/A	N/A	N/A
Midlothian Park District G.O. Bonds	N/A	N/A	N/A
Midlothian S.D. 143 G.O. Bonds	N/A	N/A	N/A
Morris S.D. 54 G.O. Bonds	N/A	A2	N/A
Oswego CUSD 308 Tax Anticipation Warrants	N/A	A2	N/A
Summit S.D. 104 G.O. Bonds	A+	N/A	N/A
Thornton S.D. 205 G.O. Bonds	A+	A1	N/A
Illinois School District Liquid Asset Fund	AAAm	N/A	N/A
Illinois Institutional Investors Trust	AAAm	N/A	N/A
The Illinois Funds Money Market Fund	AAAm	N/A	N/A

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Notes to Financial Statements

Note 3: Capital Assets

Governmental activities capital asset balances and activity for the year ended June 30, 2020, were as follows:

Governmental Activities	Balance 7/1/2019	Additions	Deletions	Balance 06/30/2020
Capital assets, being depreciated:				
Computer equipment	\$ 28,801	\$ -	\$ -	\$ 28,801
	<u>62,134</u>	<u>-</u>	<u>-</u>	<u>62,134</u>
Total capital assets, being depreciated	<u>90,935</u>	<u>-</u>	<u>-</u>	<u>90,935</u>
Accumulated depreciation:				
Computer equipment	37,951	2,243	-	40,194
	<u>28,801</u>	<u>-</u>	<u>-</u>	<u>28,801</u>
Total accumulated depreciation	<u>\$ 66,752</u>	<u>\$ 2,243</u>	<u>\$ -</u>	<u>\$ 68,995</u>
Governmental activities capital assets, net	<u>\$ 24,183</u>	<u>\$ 2,243</u>	<u>\$ -</u>	<u>\$ 21,940</u>

Depreciation expenses is reported on the Statement of Activities - Modified Cash Basis as an expense related to providing services to districts and joint agreement.

Note 4: Employee Retirement Systems

Illinois Municipal Retirement Fund (IMRF)

Plan Description and Benefits

The Treasurer'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 Treasurer's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

All employees (other than those covered by TRS) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service.

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Notes to Financial Statements

Note 4: Employee Retirement Systems (Continued)

Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Plan Membership

As of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>5</u>
Total	<u><u>12</u></u>

Contributions

As set by statute, Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Treasurer's actual contribution rate for calendar year 2018 and 2019 was 2.08% and 0.94% of covered payroll. The Treasurer contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Treasurer's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Joseph J. McDonnell
Township School Treasurer
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 Notes to Financial Statements

Note 4: Employee Retirement Systems (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
Amortization method	Level Percent of Payroll
Price inflation	2.50%
Salary increases	3.39% to 14.25%, including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	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.
Other information: Notes	There were no benefit changes during the year.

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Notes to Financial Statements

Note 4: Employee Retirement Systems (Continued)

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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	37.0 %	5.75 %
International equities	18.0 %	6.50 %
Fixed income	28.0 %	3.25 %
Real estate	7.0 %	5.20 %
Alternatives	9.0 %	3.20-8.50 %
Cash	<u>1.0 %</u>	1.85 %
Total	<u><u>100.0 %</u></u>	

Discount Rate

The single discount rate used to measure the total pension liability for IMRF was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee 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 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

Joseph J. McDonnell
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Notes to Financial Statements

Note 4: Employee Retirement Systems (Continued)

Changes in Net Pension Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at December 31, 2018	\$ 2,723,075	\$ 2,954,879	\$ (231,804)
Changes for the year:			
Service cost	44,034	-	44,034
Interest on the total OPEB liability	194,156	-	194,156
Differences between expected and actual experience of the total OPEB liability	56,909	-	56,909
Contributions - employer	-	4,164	(4,164)
Contributions - employees	-	19,936	(19,936)
Net investment income	-	569,338	(569,338)
Benefit payments, including refunds of employee contributions	(134,167)	(134,167)	-
Other (net transfer)	-	22,948	(22,948)
Net changes	<u>160,932</u>	<u>482,219</u>	<u>(321,287)</u>
Balances at December 31, 2019	<u>\$ 2,884,007</u>	<u>\$ 3,437,098</u>	<u>\$ (553,091)</u>

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

The following presents the net pension liabilities of the Treasurer, calculated using the discount rate, as well as what the Treasurer's net pension liabilities would be if they were calculated using discount rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Treasurer's proportionate share of the net OPEB liability	<u>\$ (221,150)</u>	<u>\$ (553,091)</u>	<u>\$ (832,211)</u>

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois
Notes to Financial Statements

Note 4: Employee Retirement Systems (Continued)

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

For the year ended June 30, 2020, the Treasurer recognized pension expense of \$14,778. At June 30, 2020, the Treasurer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 60,649	\$ -
Changes in assumptions	30,012	8,875
Net difference between projected and actual earnings in OPEB plan investments	<u>241,791</u>	<u>394,819</u>
Total deferred amounts to be recognized in OPEB expense in future periods	332,452	403,694
Treasurer's contributions subsequent to the measurement date	<u>1,742</u>	<u>-</u>
Total	<u>\$ 334,194</u>	<u>\$ 403,694</u>

\$1,742 reported as deferred outflows of resources related to pensions resulting from Treasurer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ 4,859
2021	(16,137)
2022	11,691
2023	<u>(71,655)</u>
Total	<u>\$ (71,242)</u>

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 Notes to Financial Statements

Note 5: Other Postemployment Benefits

Retiree Health Benefit Plan

The Bremen Township School Treasurer's Office provides limited health care insurance coverage for its eligible retired employees until Medicare eligibility is attained at age 65. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2020, the Township School Treasurer's Office has accumulated \$160,000 for future contributions.

Note 6: Commitments/Operating Lease

Under the terms of the intergovernmental agreement between the Bremen Community High School District #228, the Treasurer leases a total of 2,062 square feet of space in the Tinley Park High School building. The current lease expires on June 30, 2021.

<i>Year Ended June 30</i>	<i>Amount</i>
2021	\$ <u>23,100</u>

Note 7: Intergovernmental Agreement

In accordance with an intergovernmental agreement dated October 19, 2017 between the Midlothian Park District and the Bremen Township Trustees of Schools, the Township School Treasurer serves as Treasurer for the Park District and performs all financial functions of the Park District. The term of the agreement is through July 15, 2020. A Fee is due in two equal installments on January 15 and July 15. For the year ended June 30, 2020, total fees received were \$23,550. The future minimum payments in accordance with the agreement are as follows:

<i>Year Ended June 30</i>	<i>Amount</i>
2021	\$ <u>12,150</u>

Note 8: Fund Balance

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of how these balances are reported.

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Notes to Financial Statements

Note 8: Fund Balance (continued)

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The Treasurer has no nonspendable balances at year end.

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Treasurer has no restricted balances at year end.

Committed Fund Balance

The Treasurer commits fund balance by making motions or passing resolution to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The Treasurer has \$160,000 committed balances at year end for employee benefits.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the Treasurer's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board to assign amounts to be used for specific purposes. The Treasurer has no assigned balances at year end.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund and for funds with negative fund balances. As of June 30, 2020, all of the Treasurer's fund balances were unassigned.

Note 9: Risk Management

The Treasurer has purchased insurance from private insurance companies. Risks covered include general liability, workers compensation and others. Premiums have been displayed as expenditures in appropriate funds. No material decreases in insurance coverages have occurred nor have any insurance claims in excess of insurance coverages been paid or reported during the last three years.

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Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios

Illinois Municipal Retirement Fund

Last Six Calendar Years

	2019	2018	2017	2016
Total Pension Liability				
Service cost	\$ 44,034	\$ 49,183	\$ 45,604	\$ 44,013
Interest	194,156	186,588	173,976	162,982
Differences between expected and actual experience	56,909	17,943	132,775	11,226
Changes of assumption	-	70,852	(84,607)	-
Benefit payments, including refunds of member contributions	<u>(134,167)</u>	<u>(129,474)</u>	<u>(73,285)</u>	<u>(71,583)</u>
Net change in total pension liability	160,932	195,092	194,463	146,638
Total pension liability, beginning	<u>2,723,075</u>	<u>2,527,983</u>	<u>2,333,520</u>	<u>2,186,882</u>
Total pension liability - ending	<u>\$ 2,884,007</u>	<u>\$ 2,723,075</u>	<u>\$ 2,527,983</u>	<u>\$ 2,333,520</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 4,164	\$ 39,513	\$ 9,317	\$ 8,010
Contributions - member	19,936	18,697	21,392	18,773
Net investment income	569,338	(165,552)	470,593	178,247
Benefit payments, including refunds of member contributions	(134,167)	(129,474)	(73,285)	(71,583)
Administrative expense	<u>22,948</u>	<u>86,004</u>	<u>(22,743)</u>	<u>19,536</u>
Net change in plan fiduciary net position	482,219	(150,812)	405,274	152,983
Plan net position, beginning	<u>2,954,879</u>	<u>3,105,691</u>	<u>2,700,417</u>	<u>2,547,434</u>
Plan net position, ending	<u>\$ 3,437,098</u>	<u>\$ 2,954,879</u>	<u>\$ 3,105,691</u>	<u>\$ 2,700,417</u>
Employer's net pension liability (asset)	<u>\$ (553,091)</u>	<u>\$ (231,804)</u>	<u>\$ (577,708)</u>	<u>\$ (366,897)</u>
Plan fiduciary net position as a percentage of the total pension liability	119.18 %	108.51 %	122.85 %	115.72 %
Covered payroll	\$ 443,010	\$ 415,478	\$ 475,387	\$ 417,182
Employer's net pension liability as a percentage of covered payroll	(124.85)%	(55.79)%	(121.52)%	(87.95)%

2015	2014
\$ 49,398	\$ 47,705
152,202	148,791
14,066	(171,375)
-	84,329
<u>(66,890)</u>	<u>(62,736)</u>
148,776	46,714
<u>2,038,106</u>	<u>1,991,392</u>
<u>\$ 2,186,882</u>	<u>\$ 2,038,106</u>
\$ 23,671	\$ 14,703
19,931	19,124
13,414	163,229
(66,890)	(62,736)
<u>(137,085)</u>	<u>(130,274)</u>
(146,959)	4,046
<u>2,694,393</u>	<u>2,690,347</u>
<u>\$ 2,547,434</u>	<u>\$ 2,694,393</u>
<u>\$ (360,552)</u>	<u>\$ (656,287)</u>
116.49 %	132.20 %
\$ 442,912	\$ 424,982
(81.40)%	(154.43)%

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois

Schedule of Employer Contributions
Illinois Municipal Retirement Fund

Last Six Calendar Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 4,164	\$ 4,164	\$ -	\$ 443,010	0.94 %
2018	8,642	39,513	(30,871)	415,478	9.51 %
2017	9,318	9,317	1	475,387	1.96 %
2016	8,010	8,010	-	417,182	1.92 %
2015	10,851	23,671	(12,820)	442,912	5.34 %
2014	14,705	14,703	2	424,982	3.46 %

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of December 31 of 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 contribution rate

Actuarial cost method Aggregate entry age normal
Amortization method Level percent of pay, closed
Remaining amortization period 25-year closed period
Asset valuation method 5-year smoothed market; 20% corridor
Wage growth 3.50%
Inflation 2.75%
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 - 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 MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois

Combining Schedule of Assets and Liabilities
Arising from Cash Transactions - Agency Funds

<i>June 30, 2020</i>	Forest Ridge #142	Midlothian #143	Posen-Robbins #143 1/2	Prairie-Hills #144
Assets				
Cash and investments:				
Held by township treasurer	\$ 16,623,332	\$ 17,857,860	\$ 15,543,584	\$ 27,768,395
Held by district	<u>3,000</u>	<u>16,300</u>	<u>11,000</u>	<u>(5,039)</u>
Total cash and investments	16,626,332	17,874,160	15,554,584	27,763,356
Receivables	-	-	-	-
Prepaid insurance and other	-	-	137,634	-
Other current assets	<u>-</u>	<u>106,235</u>	<u>455,304</u>	<u>-</u>
Total assets	<u>\$ 16,626,332</u>	<u>\$ 17,980,395</u>	<u>\$ 16,147,522</u>	<u>\$ 27,763,356</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and related expenditures	-	-	-	-
Other current liabilities	-	-	9,071	-
Held by districts	3,000	16,300	11,000	(5,039)
Due to districts	<u>16,623,332</u>	<u>17,964,095</u>	<u>16,127,451</u>	<u>27,768,395</u>
Total liabilities	<u>\$ 16,626,332</u>	<u>\$ 17,980,395</u>	<u>\$ 16,147,522</u>	<u>\$ 27,763,356</u>

See Independent Accountant's Audit Report on Supplementary Information.

Arbor Park #145	Country Club Hills #160	Bremen High School #228	Southwest Cook County Cooperative	Career Development System	Unallocated	Total
\$ 13,490,506	\$ 6,819,714	\$ 49,831,656	\$ 5,717,564	\$ 209,738	\$ 4,640	\$ 153,866,989
<u>8,000</u>	<u>10,499</u>	<u>6,885,295</u>	<u>5,280</u>	<u>-</u>	<u>-</u>	<u>6,934,335</u>
13,498,506	6,830,213	56,716,951	5,722,844	209,738	4,640	160,801,324
-	-	-	4,578,422	-	-	4,578,422
-	-	-	21,853	-	-	159,487
<u>-</u>	<u>-</u>	<u>11,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572,870</u>
<u>\$ 13,498,506</u>	<u>\$ 6,830,213</u>	<u>\$ 56,728,282</u>	<u>\$ 10,323,119</u>	<u>\$ 209,738</u>	<u>\$ 4,640</u>	<u>\$ 166,112,103</u>
\$ -	\$ -	\$ -	\$ 213,119	\$ -	\$ -	\$ 213,119
22,455	-	-	2,456,840	229	-	2,479,524
-	-	-	-	-	-	9,071
8,000	10,499	6,885,295	5,280	-	-	6,934,335
<u>13,468,051</u>	<u>6,819,714</u>	<u>49,842,987</u>	<u>7,647,880</u>	<u>209,509</u>	<u>4,640</u>	<u>156,476,054</u>
<u>\$ 13,498,506</u>	<u>\$ 6,830,213</u>	<u>\$ 56,728,282</u>	<u>\$ 10,323,119</u>	<u>\$ 209,738</u>	<u>\$ 4,640</u>	<u>\$ 166,112,103</u>

Joseph J. McDonnell
Township School Treasurer
Township 36 North, Range 13 East,
Cook County, Illinois

Combining Schedule of Changes in Assets and Liabilities
Arising from Cash Transactions - Agency Fund

<i>Year Ended June 30, 2020</i>	Forest Ridge #142	Midlothian #143	Posen-Robbins #143 1/2	Prairie-Hills #144
Revenues received				
Local sources	\$ 11,093,648	\$ 9,064,497	\$ 4,115,391	\$ 17,258,562
Flow-through sources	-	-	-	-
State sources	7,253,815	12,673,290	16,541,251	22,940,502
Federal sources	<u>1,137,421</u>	<u>2,060,312</u>	<u>2,957,924</u>	<u>4,138,134</u>
Total direct revenues received	19,484,884	23,798,099	23,614,566	44,337,198
State on-behalf TRS pension contributions	<u>5,803,265</u>	-	<u>4,408,320</u>	<u>5,981,992</u>
Total revenues received	<u>25,288,149</u>	<u>23,798,099</u>	<u>28,022,886</u>	<u>50,319,190</u>
Expenditures disbursed				
Instruction	7,780,113	10,456,047	10,623,796	14,816,458
Support Services	6,426,249	9,851,331	12,673,533	19,419,863
Community services	266,328	280,682	319,619	163,372
Payments to other governments	1,184,798	1,576,902	866,826	1,398,957
Debt service	<u>1,904,171</u>	<u>973,726</u>	<u>885,664</u>	<u>5,424,434</u>
Total direct expenditures disbursed	17,561,659	23,138,688	25,369,438	41,223,084
State on-behalf TRS pension expenditures	<u>5,803,265</u>	-	<u>4,408,320</u>	<u>5,981,992</u>
Total expenditures disbursed	<u>23,364,924</u>	<u>23,138,688</u>	<u>29,777,758</u>	<u>47,205,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,923,225</u>	<u>659,411</u>	<u>(1,754,872)</u>	<u>3,114,114</u>
Other financing sources (uses)				
Principal on bonds sold	-	-	-	-
Premium on bonds sold	-	-	-	-
Transfers in	1,000,000	4,574	1,561,788	1,181,820
Transfers out	(1,000,000)	(4,574)	(1,561,788)	(699,053)
Payment to escrow agent	-	-	-	-
Sale of fixed assets	<u>13,250</u>	-	-	-
Total other financing sources (uses)	<u>13,250</u>	-	-	<u>482,767</u>
Net change in district activity	1,936,475	659,411	(1,754,872)	3,596,881
District activity not under Treasurer's activity	-	1,023	(217)	1,534
Due to districts at beginning of year	<u>14,686,857</u>	<u>17,303,661</u>	<u>17,882,540</u>	<u>24,169,980</u>
Due to districts at end of year	<u>\$ 16,623,332</u>	<u>\$ 17,964,095</u>	<u>\$ 16,127,451</u>	<u>\$ 27,768,395</u>

Arbor Park #145	Country Club Hills #160	Bremen High School #228	Southwest Cook County Cooperative	Career Development System	Unallocated	Total
\$ 11,233,388	\$ 8,559,158	\$ 56,048,812	\$ 23,839,154	\$ 89,495	\$ -	\$ 141,302,105
-	-	-	-	1,182,950	-	1,182,950
7,343,062	9,449,620	39,026,488	1,971,111	-	-	117,199,139
<u>1,181,475</u>	<u>2,199,448</u>	<u>4,387,858</u>	<u>2,120,172</u>	-	-	<u>20,182,744</u>
19,757,925	20,208,226	99,463,158	27,930,437	1,272,445	-	279,866,938
<u>3,489,843</u>	<u>2,621,152</u>	<u>19,982,888</u>	<u>5,033,610</u>	<u>57,386</u>	-	<u>47,378,456</u>
<u>23,247,768</u>	<u>22,829,378</u>	<u>119,446,046</u>	<u>32,964,047</u>	<u>1,329,831</u>	-	<u>327,245,394</u>
8,322,141	8,094,634	46,432,793	15,225,402	-	-	121,751,384
7,888,512	7,955,299	50,797,134	11,810,889	221,250	-	127,044,060
147,467	-	18,983	991	-	-	1,197,442
369,072	798,315	7,438,689	10,836	981,034	-	14,625,429
<u>13,115,580</u>	<u>2,519,004</u>	<u>5,058,696</u>	-	-	-	<u>29,881,275</u>
29,842,772	19,367,252	109,746,295	27,048,118	1,202,284	-	294,499,590
<u>3,489,843</u>	<u>2,621,152</u>	<u>19,982,888</u>	<u>5,033,610</u>	<u>57,386</u>	-	<u>47,378,456</u>
<u>33,332,615</u>	<u>21,988,404</u>	<u>129,729,183</u>	<u>32,081,728</u>	<u>1,259,670</u>	-	<u>341,878,046</u>
<u>(10,084,847)</u>	<u>840,974</u>	<u>(10,283,137)</u>	<u>882,319</u>	<u>70,161</u>	-	<u>(14,632,652)</u>
9,850,388	6,162,200	-	-	-	-	16,012,588
799,782	762,918	-	-	-	-	1,562,700
56,713	38,828	1,725,000	-	-	-	5,568,723
(56,713)	(38,828)	(1,725,000)	-	-	-	(5,085,956)
-	(6,427,005)	-	-	-	-	(6,427,005)
-	-	-	-	-	-	13,250
<u>10,650,170</u>	<u>498,113</u>	-	-	-	-	<u>11,644,300</u>
565,323	1,339,087	(10,283,137)	882,319	70,161	-	(2,988,352)
-	(521)	(2,351,592)	(699)	-	-	(2,350,472)
<u>12,902,728</u>	<u>5,481,148</u>	<u>62,477,716</u>	<u>6,766,260</u>	<u>139,348</u>	<u>4,640</u>	<u>161,814,878</u>
<u>\$ 13,468,051</u>	<u>\$ 6,819,714</u>	<u>\$ 49,842,987</u>	<u>\$ 7,647,880</u>	<u>\$ 209,509</u>	<u>\$ 4,640</u>	<u>\$ 156,476,054</u>