

JOSEPH J. MCDONNELL, BREMEN TOWNSHIP SCHOOL TREASURER  
TOWNSHIP 36 NORTH, RANGE 13 EAST,  
COOK COUNTY, ILLINOIS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2018

DISTRICT NUMBER 142  
DISTRICT NUMBER 143  
DISTRICT NUMBER 143½  
DISTRICT NUMBER 144  
DISTRICT NUMBER 145  
DISTRICT NUMBER 160  
DISTRICT NUMBER 228  
SOUTHWEST COOK COUNTY  
COOPERATIVE ASSOCIATION  
FOR SPECIAL EDUCATION  
CAREER DEVELOPMENT SYSTEM

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## Accountants and Advisors

211 South Wheaton Avenue • Suite 400  
Wheaton, Illinois 60187

### **Independent Auditors' Report**

Board of Education  
Bremen Township School Treasurer  
Township 36 North, Range 13 East  
Cook County, Illinois

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, and General Fund of Joseph J. McDonnell, Bremen Township School Treasurer (the Treasurer) as of and for the year ended June 30, 2018, 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 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.

#### ***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 from material misstatement.

Members

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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.

### ***Opinions***

In our opinion, the 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, 2018, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting 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 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, other supplementary information, and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Management's discussion and analysis, other supplementary information, and other 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Treasurer's internal control over financial reporting and compliance.

*Matheson, Mozpki, Austin & Co. LLP*

Wheaton, Illinois  
February 25, 2019

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### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Education  
Bremen Township School Treasurer  
Township 36 North, Range 13 East  
Cook County, Illinois

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, and General Fund of Joseph J. McDonnell, Bremen Township School Treasurer (the Treasurer), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Treasurer's basic financial statements, and have issued our report thereon dated February 25, 2019. The report on the basic financial statements was modified because the Treasurer prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Treasurer'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 Treasurer's internal control. Accordingly, we do not express an opinion on the effectiveness of the Treasurer's internal control.

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

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Treasurer'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*.

### ***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 Treasurer'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 Treasurer's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Matheson, Mozpki, Austin & Co. LLP*

Wheaton, Illinois  
February 25, 2019

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

JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER  
TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018

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The discussion and analysis of the Bremen Township School Treasurer's financial performance provides an overall review of the School Treasurer's financial activities for the fiscal year ended June 30, 2018. The intent of this management discussion and analysis is to look at the School 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 School 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 (the "MD&A").

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Bremen Township School 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.

In order to simplify the presentation of the basic financial statements, the Government-wide financial statements and the Fund financial statements are presented on the same pages, but in separate columns, with a single column between them which bears the heading "Adjustments". The columns on the left which bear the headings "Statement of Net Position" and "Statement of Activities", on pages 13 thru 15, represent the Government-wide financial statements. The columns on the right, which bear the headings "Governmental Fund – General Fund", on pages 13 thru 15, represent the Fund financial statements.

This report also contains other supplementary 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 School 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 School Treasurer's assets, deferred outflows, liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School Treasurer is improving or deteriorating.

JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER  
TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018

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The Statement of Activities – Modified Cash Basis presents information showing how the net position of the School Treasurer changed during the fiscal year being reported. 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 when earned, and expenses are recognized when paid rather than when the obligation is incurred.

The government-wide financial statements present the functions of the School Treasurer that are principally supported by intergovernmental revenues (governmental activities). The School 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 School 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 that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Treasurer uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School Treasurer can be divided into categories: governmental funds and fiduciary funds. The School Treasurer has no proprietary funds.

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 provide a detailed view of the School Treasurer's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School Treasurer's programs.

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. The relationship (or differences) between governmental activities, reported in the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis, and governmental funds is reconciled in the financial statements.

The School Treasurer maintains one individual governmental fund – General Fund, which generally accepted accounting principles requires to be a major fund.

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

JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER  
TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018

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*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. The notes to the financial statements begin on page 17 of this report.

*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information – the fiduciary fund activity and financial information for all School Districts within the jurisdiction of the Bremen Township School Treasurer, and other information related to the Illinois Municipal Retirement Fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School Treasurer, total assets exceeded total liabilities by \$1,286,499 at June 30, 2018. In comparison, total assets at June 30, 2017 exceeded total liabilities by \$857,916.

TABLE 1  
Condensed Statement of Net Position

	2018	2017
Assets:		
Current and other assets	\$ 1,265,128	\$ 826,565
Capital assets	27,596	31,351
Total assets	1,292,724	857,916
Liabilities:		
Due to districts	6,225	-
Net Position:		
Net investment in capital assets	27,596	31,351
Unrestricted	1,258,903	826,565
Total net position	\$ 1,286,499	\$ 857,916

The majority of the School Treasurer's net position reflects cash and investments included in current and other assets. For the year ended June 30, 2018, total current and other assets included undistributed interest earnings of \$1,200,210 and billings in excess of actual costs to the School Districts of \$51,755. 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, 2017 included undistributed interest earnings of \$763,841 and billings in excess of actual costs to the School Districts of \$55,783. The increase in undistributed interest earnings reflects higher interest earnings during the last half of the current fiscal year, primarily due to the Federal Reserve rate increases in December 2017, March 2018 and June 2018.

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The total net position of the School Treasurer for the fiscal year ended June 30, 2018 increased by \$428,583. Comparatively, for the fiscal year ended June 30, 2017, total net position increased by \$291,421.

Governmental Activities

The key elements of the change in the School Treasurer's net position for the fiscal years ended June 30, 2018 and 2017 are as follows:

TABLE 2  
Changes in Net Position

	2018	2017
Revenues:		
Program revenues	\$ 816,270	\$ 752,371
Other revenues:		
Earnings on Investments	2,440,180	1,428,689
Distribution of investment income	(2,003,813)	(1,149,948)
Total other revenues	436,367	278,741
Total revenues	1,252,637	1,031,112
Expenditures:		
Support services	820,299	732,743
Depreciation	3,755	6,948
Total expenditures	824,054	739,691
Change in net position	428,583	291,421
Net position at July 1 <sup>st</sup>	857,916	566,495
Net position at June 30 <sup>th</sup>	\$ 1,286,499	\$ 857,916

For the fiscal year ended June 30, 2018, the increase in net position was primarily attributed to current year interest of \$2,440,180 in excess of accumulated interest distributed in the amount of \$2,003,813. This excess resulted from higher interest earnings in the last half of the current fiscal year, mainly due to the Federal Reserve rate increases in December 2017, March 2018 and June 2018.

JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER  
TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018

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Financial Review of Fiscal Year 2018

Statements made and action taken by the Federal Reserve primarily impact short and intermediate term rates, and subsequently the yield on our pooled investments. It is therefore relevant to monitor and assess both action and inaction taken by the Fed.

On June 14, 2018, the Federal Reserve raised short-term interest rates one-quarter of a percent to 2.00%. This marked the seventh time, since December 2015, that the Fed has hiked its policy rate. Other increases during this fiscal year, which have all been at one-quarter of a percent, occurred at the Fed's December 2017 meeting and at the March 2018 meeting.

The statutory mandate of the Federal Open Market Committee ("FOMC") is to foster maximum employment and price stability. Specifically, at this point in time, the FOMC is looking for maximum employment and two percent inflation. In determining the timing and size of future interest rate adjustments, the Committee assesses realized and expected economic conditions relative to its objectives. This assessment takes into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.

At this time, the Committee continues to believe that, with gradual adjustments in its stance of monetary policy, economic activity will expand at a moderate pace, and labor market conditions will strengthen somewhat further. Inflation, on a 12-month basis is expected, according to the FOMC, to remain somewhat below two percent in the near term but to stabilize around the Committee's two percent objective over the medium term.

Federal Chairman Jerome Powell, in his remarks to the U.S. House of Representatives on July 18, 2018 stated that he strongly supports the goals Congress set for monetary policy of maximum employment and price stability. He stated that, for the past three years, the Fed has been gradually raising rates to more normal levels as the economy strengthens. He stated that the Fed believes this strategy is the best way to set conditions in which Americans who want a job can find one and in which inflation remains low and stable.

In Chairman Powell's assessment of the current economic situation and outlook, which is closely watched by investors, he stated that the job market continued to strengthen, and inflation has moved up slightly above the targeted inflation rate of 2%. He stressed that the labor market was robust, with unemployment rates for virtually all sub groups of Americans at their lowest levels since the Bureau of Labor Statistics began tracking such data in 1972. Alongside the strong job market, he added that the U.S. economy has grown at a solid pace during the year.

The action taken by the Federal Reserve has caused the yield curve to flatten fairly significantly during the fiscal year, with short-term rates increasing more rapidly than long-term rates. The yield curve reflects the interest rate investors could receive on a given date for U.S. Government investments with various maturity dates.

Although funds received by this office must be invested to meet short-term cash flow needs, we have a portfolio that gives us the opportunity to consider current interest rate conditions,

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JUNE 30, 2018

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yield curves and interest rate trends in determining the overall desired duration of the portfolio. As of June 30, 2018, these indicators implied the use of a more liquid portfolio, which would afford us more flexibility in implementing our investment strategy. The overall duration ranges within the portfolio have changed slightly during the fiscal year. The weighted average maturity of the portfolio was 0.93 years (339 days) on June 30, 2018, as compared to 0.60 years (219 days) on June 30, 2017.

Cognizant of the fact that we are still in the midst of an extraordinary time of economic crisis and credit turbulence, we continue our strategy of maintaining liquidity and preserving capital with very low tolerance for risk. Since the spring of 2008, nearly all revenues have been invested at the shorter end of the yield curve and our emphasis has been predominantly on safety and taking advantage of new government guarantees and assurances in making investment decisions. We anticipate that we will continue to keep the portfolio in the shorter end of the yield curve in the near future, as we monitor how the bond markets react to the many challenges facing our economy.

Capital Assets

At the end of the fiscal year, the School Treasurer had invested \$27,596 in capital assets, net of depreciation. Depreciation expense for the year was \$3,755. During the fiscal year ended June 30, 2018, the School Treasurer disposed of some fully depreciated capital assets of \$7,223, which did not have an impact on capital assets, net of depreciation. More information about the capital assets can be obtained from Note 3 of the financial statements.

TABLE 3  
Capital Assets (net of depreciation)

	2018	2017
Equipment & furniture	\$ 27,596	\$ 31,351
Total	<u>\$ 27,596</u>	<u>\$ 31,351</u>
Percentage change vs. prior year	-11.98%	1.03%

Factors Bearing on the School 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.

With interest rates expected to continue rising, we will continue to ladder the portfolio with investments that have maturities of under three years. This should allow us to reinvest the proceeds from maturing investments into higher yielding securities. In addition, we continue to look at value amongst the investment vehicle options available to us. We currently are focusing on purchasing bank CD's and short-term taxable municipal bonds. We are also an active investor in in the direct purchase of municipal bonds from other school districts in

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TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS  
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JUNE 30, 2018

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Illinois. These strategies have allowed the portfolio to maintain some yield above the levels that exist in money market accounts and traditional short-term investments, without compromising the objectives of the fund. We are also focused on issues that will provide above average yields that are in the three to five year maturity range.

Concerning the future direction of interest rate levels, there are several major issues that must be closely monitored, including (1) future federal tax reform, (2) the impact of recent natural disasters, (3) geopolitical tensions, primarily with China, and (4) the volatility and direction of the U.S stock markets. Each of these events can change the fixed income market and subsequently change the overall performance of the pooled portfolio.

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.

On December 8, 2011, the Governor of Illinois signed into law Public Act 097-0631, which amended Section 5 of the Illinois School Code by adding Section 5-2.2. – Designation of Trustees in Township 36 North, Range 13 East (105 ILCS 5/5-2.2.). The law states that, after the April 5, 2011 Consolidated Election, the Trustees of Schools in Township 36 North, Range 13 East shall no longer be elected. Any trustees elected before this date may complete their elected term, but will not be succeeded by election. Instead, the Board of Education of each of the elementary and high school districts, subject to the jurisdiction of Township 36 North, Range 13 East, shall appoint one of their members to serve as a Trustee of Schools.

The effect of this legislation was to add seven appointed Trustees of Schools to the, then current, three elected Trustees of Schools. As each of the elected Trustees of Schools terms are set to expire in May of 2013, 2015 and 2017, the total number of trustees will be reduced by one elected member, until the seven appointed Trustees of Schools remain. Currently, none of the elected Trustees of Schools remain and the Trustees of Schools are comprised of seven appointed school board members.

#### Requests for Information

This financial report is designed to provide Bremen Township School Treasurer's citizens, taxpayers, and creditors with a general overview of the School Treasurer's finances and to demonstrate the School 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. 175<sup>th</sup> Street  
Tinley Park, Illinois 60477

## **BASIC FINANCIAL STATEMENTS**

**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**  
**JUNE 30, 2018**

	Statement of Net Position	Adjustments (See Notes)	Governmental Fund General Fund
<b>ASSETS:</b>			
Cash and investments	\$ 1,261,753	\$ -	\$ 1,261,753
Prepaid interest on investment purchases	3,375	-	3,375
Capital assets, net of depreciation			
Furniture and equipment	<u>27,596</u>	<u>(27,596)</u>	<u>-</u>
Total assets	<u>1,292,724</u>	<u>(27,596)</u>	<u>1,265,128</u>
<b>LIABILITIES:</b>			
Due to districts	<u>6,225</u>	<u>-</u>	<u>6,225</u>
Total liabilities	<u>6,225</u>	<u>-</u>	<u>6,225</u>
<b>NET POSITION / FUND BALANCE:</b>			
Net position:			
Net investment in capital assets	27,596	(27,596)	
Unrestricted	<u>1,258,903</u>	<u>(1,258,903)</u>	
Total net position	<u>\$ 1,286,499</u>	<u>(1,286,499)</u>	
Fund balance:			
Unassigned		<u>1,258,903</u>	<u>1,258,903</u>
Total fund balance		<u>\$ (27,596)</u>	<u>\$ 1,258,903</u>
Total liabilities and fund balance		<u>\$ (27,596)</u>	<u>\$ 1,265,128</u>

The accompanying notes are an integral part of this statement.

**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 BALANCE - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	<u>Statement of</u>	<u>Adjustments</u>	<u>Governmental</u>
	<u>Activities</u>	<u>(See Notes)</u>	<u>General</u>
			<u>Fund</u>
<b>EXPENDITURES DISBURSED / EXPENSES:</b>			
Services to Districts / Joint Agreements			
Depreciation expense	\$ 3,755	\$ (3,755)	\$ -
Direct deposit and other bank service charges	13,576	-	13,576
Dues, fees and subscriptions	3,925	-	3,925
Employee training	9,724	-	9,724
Educational assistance	8,728	-	8,728
Insurance	9,596	-	9,596
Maintenance and repairs	5,070	-	5,070
Office rent	22,080	-	22,080
Office supplies and postage	18,845	-	18,845
Pension contribution and other benefits	213,912	-	213,912
Professional fees	52,880	-	52,880
Publication expenses	7,717	-	7,717
Salaries	423,169	-	423,169
Telephone and communications	8,620	-	8,620
Travel expenses	3,287	-	3,287
Treasurer's surety bond	19,170	-	19,170
	<u>824,054</u>	<u>(3,755)</u>	<u>820,299</u>
Total expenditures disbursed / expenses			
<b>REVENUES RECEIVED / PROGRAM REVENUES:</b>			
Charges for Services / Reimbursements Received from:			
Bremen Township School Districts / Joint Agreements	795,970	-	795,970
Midlothian Park District	20,300	-	20,300
	<u>816,270</u>	<u>-</u>	<u>816,270</u>
Total revenues received / program revenues			
Net program revenue (expense)	<u>(7,784)</u>	<u>3,755</u>	<u>(4,029)</u>

(cont.)

The accompanying notes are an integral part of this statement.

**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 BALANCE - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	<u>Statement of Activities</u>	<u>Adjustments (See Notes)</u>	<u>Governmental Fund General Fund</u>
<b>INVESTMENT EARNINGS / DISTRIBUTION:</b>			
Earnings on investments	2,440,180	-	2,440,180
Distribution of investment income:			
Earned during the six months ended June 30, 2017	(763,843)	-	(763,843)
Earned during the six months ended December 31, 2017	<u>(1,239,970)</u>	<u>-</u>	<u>(1,239,970)</u>
Total Net Revenues Received / Expenditures Disbursed from Investment Income on Pooled Funds	<u>436,367</u>	<u>-</u>	<u>436,367</u>
 Change in net position/Net change in fund balance	 428,583	 3,755	 432,338
<b>NET POSITION / FUND BALANCE:</b>			
Balance at July 1, 2017	<u>857,916</u>	<u>(31,351)</u>	<u>826,565</u>
 Balance at June 30, 2018	 <u>\$ 1,286,499</u>	 <u>\$ (27,596)</u>	 <u>\$ 1,258,903</u>

The accompanying notes are an integral part of this statement.

**JOSEPH J. MCDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION AND LIABILITIES ARISING FROM CASH TRANSACTIONS**  
**JUNE 30, 2018**

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and investments	\$ 183,945,185
Prepaid insurance and other	260,055
Other current assets	<u>304</u>
Total assets	<u><u>184,205,544</u></u>
<b>LIABILITIES:</b>	
Other payable	\$ 180
Insurance and payroll withholdings	<u>453</u>
	<u>633</u>
Due to districts	
District Number 142	14,148,050
District Number 143	16,816,686
District Number 143½	21,188,483
District Number 144	20,655,949
District Number 145	13,589,332
District Number 160	4,706,229
District Number 228	86,368,593
Southwest Cook County Cooperative Association for Special Education	6,669,459
Career Development System	57,490
Unallocated	<u>4,640</u>
Total due to districts	<u>184,204,911</u>
Total liabilities	<u>\$ 184,205,544</u>

The accompanying notes are an integral part of this statement.

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**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE 1. SUMMARY OF ACCOUNTING POLICIES**

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.

**a. The Reporting Entity**

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 143½, 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 System

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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These 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.

**b. 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 provide a more detailed level of financial information.

**1. Government-wide Financial Statements (GWFS):**

The statement of net position and the statement of activities display information about the Treasurer as a whole. These statements include the financial activities of the Treasurer, except for fiduciary funds. The effects of interfund activity have been eliminated.

The statement of net position presents the 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.

**2. Fund Financial Statements (FFS):**

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 GWFS. Major individual governmental funds are reported as separate columns in the FFS. The Treasurer reports the following major governmental fund:

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

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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Additionally, the Treasurer reports the following fund types (not included in the GWFS):

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.

**c. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

*Government-wide financial statements*

The government-wide financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

*Fund financial statements*

Governmental fund financial statements are reported using the current financial resources measurement focus, within the limitations of the modified cash basis of accounting.

*Fiduciary financial statements*

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.

*Basis of accounting*

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. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance 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 payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

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 but 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 to fair value.

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**d. Investments**

Investments held by the Treasurer which are short-term highly liquid investments having a 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.

**e. 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, individual cost of more than \$500 and an estimated useful 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 estimated fair 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.

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture	20
Computer equipment and other	5

**f. Fund Equity**

In the GWFS, net position is reported as restricted when constraints placed on net position are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Treasurer's policy is to apply restricted net position first.

**g. Use of Estimates**

The preparation of financial statements 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.

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE 2. CASH AND INVESTMENTS**

The Township School Treasurer's Office 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 Township School Treasurer's Office does provide for the Township School 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 investment and related collateralization detail for each individual district is not available.

**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 observable 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 input 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.

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

A summary of cash and investments of the Township School Treasurer at June 30, 2018 is as follows:

		<u>Fair Value</u>
Deposits		\$ 101,842,307
Cash on Hand		100
Investments:		
U.S. Government Agency Securities:		
Federal Home Loan Bank Notes	22,485,120	
Federal Home Loan Mortgage Corp. Notes	18,678,712	
Federal Farm Credit Banks Funding Corp. Notes	8,014,390	
Government National Mortgage Assoc. Notes	264,315	
Municipal Securities	8,063,000	
Investments in External Investment Pools	<u>25,858,994</u>	
Total Investments		<u>83,364,531</u>
Total Cash and Investments		<u>\$ 185,206,938</u>

The Treasurer is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Sections 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, 2018 the Township School Treasurer held the following deposits in his cash and investments pool:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking and money market accounts	\$ 19,018,821	\$ 19,016,375
Certificates of deposit	<u>82,823,486</u>	<u>82,823,486</u>
	<u>\$ 101,842,307</u>	<u>\$ 101,839,861</u>

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure, the Township School Treasurer’s deposits may not be recovered. As of June 30, 2018, all of the bank balance was covered by either FDIC insurance, or by collateral held at a third party financial institution, pledged to the Township School Treasurer.

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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As of June 30, 2018, the Township School Treasurer held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Govt. Agency Securities:		
Federal Home Loan Bank Notes	22,485,120	1.28
Federal Home Loan Mortgage Corp. Notes	18,678,712	0.80
Federal Farm Credit Banks Funding Corp. Notes	8,014,390	0.47
Government National Mortgage Assoc. Notes	<u>264,315</u>	0.02
Total Level One	<u>49,442,537</u>	
Municipal Bonds		
Midlothian S.D. 143 G.O. Bonds	4,000,000	1.15
Forest Ridge S.D. 142 G.O. Bonds	2,070,000	0.40
Sauk Valley Comm. College 505 G.O. Bonds	845,000	0.03
Morris S.D. 54 G.O. Bonds	470,000	0.11
Community Consolidated S.D. 30 G.O Bonds	323,000	0.01
Arbor Park S.D. 145 G.O. Bonds	190,000	0.10
Midlothian Park District G.O. Bonds	<u>165,000</u>	0.01
Total Level Two	<u>8,063,000</u>	
External Pools:		
Illinois School District Liquid Asset Fund	6,175,931	under 6 months
Illinois Institutional Investors Trust	15,391,346	under 6 months
The Illinois Funds Money Market Fund	<u>4,291,717</u>	under 6 months
Total measured at Net Asset Value	<u>25,858,994</u>	
Total Investments	<u>\$ 83,364,531</u>	

U.S. Agency and U.S. Treasury 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.

The Treasurer has funds invested in the amount of \$25,858,994 (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, 2018. 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.

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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The weighted average maturity of the Township School Treasurer's cash and investment portfolio as of June 30, 2018 was 0.93 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 held 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 in the following: Federal Home Loan Bank Notes of 27.0%, Federal Home Loan Mortgage Corp. Notes of 22.4%, Federal Farm Credit Banks Funding Corp. Notes of 9.6%, Illinois School District Liquid Asset Fund of 7.4%, Illinois Institutional Investors Trust of 18.5% and Illinois Funds of 5.1%.

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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The Treasurer has no investment policy that would further limit its investment choices. As of June 30, 2018, the Treasurer's investments were rated as follows:

<u>Description</u>	<u>Standard &amp; Poors</u>	<u>Moody's Investor Service</u>	<u>Fitch</u>
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
Midlothian S.D. 143 G.O Bonds	N/A	N/A	N/A
Forest Ridge S.D. 142 G.O. Bonds	N/A	A1	N/A
Sauk Valley Comm. College 505 G.O. Bonds	N/A	Aa3	N/A
Community Consolidated S.D. 30 G.O. Bonds	N/A	N/A	N/A
Morris S.D. 54 G.O. Bonds	N/A	A3	N/A
Arbor Park S.D. 145 G.O. Bonds	N/A	N/A	N/A
Midlothian Park District G.O. Bonds	N/A	N/A	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

**NOTE 3. CAPITAL ASSETS**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>Governmental activities:</u>				
Capital assets being depreciated:				
Furniture and fixtures	\$ 69,492	\$ -	\$ 7,223	\$ 62,269
Computer equipment	<u>28,801</u>	<u>-</u>	<u>-</u>	<u>28,801</u>
Total capital assets being depreciated	<u>98,293</u>	<u>-</u>	<u>7,223</u>	<u>91,070</u>
Less accumulated depreciation for:				
Furniture and fixtures	40,823	2,243	7,233	35,843
Computer equipment	<u>26,119</u>	<u>1,512</u>	<u>-</u>	<u>27,631</u>
Total accumulated depreciation	<u>66,942</u>	<u>3,755</u>	<u>7,233</u>	<u>63,474</u>
Governmental activity capital assets, net	<u>\$ 31,351</u>	<u>\$ (3,755)</u>	<u>\$ -</u>	<u>\$ 27,596</u>

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

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE 4. RETIREMENT FUND COMMITMENTS**

**Illinois Municipal Retirement Fund**

*Plan Description:* 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 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 below. 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 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.

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
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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:* At December 31, 2017, the number of Treasurer employees covered by IMRF were:

Active members	6
Retirees and beneficiaries	6
Inactive, non-retired members	<u>0</u>
Total	<u>12</u>

*Contributions:* As set by statute, the Treasurer's regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires the Treasurer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Treasurer's annual contribution rate for 2017 was 1.96% of annual covered payroll. The Treasurer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees. 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.

Required contributions were \$9,318 and actual contributions were \$9,317, or 100.01% of required contributions.

*Net Pension Liability:* The Treasurer's net pension liability 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.

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER  
TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
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*Actuarial Assumptions:* The following are the methods and assumptions used to determine the Total Pension Liability at December 31, 2017:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	3.39% to 14.25% including inflation
Investment Rate of Return	7.50%
Projected 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.
Disabled Retirees	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 adjustment that were applied for non-disabled lives.
Active Members	For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
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The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	Target <u>Allocation</u>	Return <u>12/31/17</u>	<u>Projected Returns/Risk</u>	
			<u>One Year Arithmetic</u>	<u>Ten Year Geometric</u>
Equities	37.0%	19.60%	8.30%	6.85%
International equities	18.0	27.53	8.45	6.75
Fixed income	28.0	4.67	3.05	3.00
Real estate	9.0	9.10	6.90	5.75
Alternative investments	7.0	N/A	4.25-12.45	2.65-7.35
Cash equivalents	1.0	N/A	2.25	2.25

*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 pension plan investments is 7.50%; the municipal bond rate is 3.31%; and the resulting single discount rate is 7.50%.

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
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*Changes in the Treasurer's Net Pension Liability:* Changes in the Treasurer's Net Pension Liability for the year ended December 31, 2017 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balance, December 31, 2016	<u>\$ 2,333,520</u>	<u>\$ 2,700,417</u>	<u>\$ (366,897)</u>
Charges for the year:			
Service cost	45,604	-	45,604
Interest	173,976	-	173,976
Difference between expected and actual experience	132,775	-	132,775
Changes in assumptions	(84,607)	-	(84,607)
Net investment income	-	470,593	(470,593)
Contributions – employees	-	21,392	(21,392)
Contributions – employers	-	9,317	(9,317)
Benefit payments including refunds of employee contributions	(73,285)	(73,285)	-
Administrative expenses	-	-	-
Other changes	-	(22,743)	22,743
Net changes	<u>194,463</u>	<u>405,274</u>	<u>(210,811)</u>
Balance, December 31, 2017	<u>\$ 2,527,983</u>	<u>\$ 3,105,691</u>	<u>\$ (577,708)</u>

*Sensitivity of the Net Pension Liability to Changes in the Single Discount Rate:* The following presents the Net Pension Liability calculated using the single discount rate of 7.50%, as well as what the Net Pension Liability would be if it were calculated using a single discount rate that is 1% higher and lower:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.50%	\$ (284,491)
Current discount rate	7.50	(577,708)
1% increase	8.50	(826,342)

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*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* For the year ended December 31, 2017, the Treasurer recognized pension expense of \$18,560. At December 31, 2017, the Treasurer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Net Deferred Outflows / (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 100,219	\$ -	\$ 100,219
Changes of assumptions	-	59,363	(59,363)
Net difference between projected and actual earnings on Plan investments	86,692	216,409	(129,717)
Employer contributions to plan after measurement date	<u>3,871</u>	<u>-</u>	<u>3,871</u>
Total	<u>\$ 190,782</u>	<u>\$ 275,772</u>	<u>\$ (84,990)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	<u>Net Deferred Outflows (Inflows)</u>
2018	11,134
2019	784
2020	(46,676)
2021	<u>(54,103)</u>
Total	<u>\$ (88,861)</u>

**NOTE 5. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**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, 2018, the Township School Treasurer's Office contributed an insignificant amount to the plan.

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER  
TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS  
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**NOTE 6. COMMITMENTS / OPERATING LEASE**

Under the terms of the intergovernmental agreement with 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.

Future minimum rentals under the lease agreement are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 22,440
2020	22,740
2021	<u>23,100</u>
Total	<u>\$ 68,280</u>

**NOTE 7. INTERGOVERNMENTAL AGREEMENT**

In accordance with an intergovernmental agreement dated October 19, 2017 between the Midlothian, Illinois 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, 2018, total fees received were \$20,300. The future minimum payments in accordance with the agreement are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 22,050
2020	23,550
2021	<u>12,150</u>
Total	<u>\$ 57,750</u>

**NOTE 8. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF POSITION AND LIABILITIES ARISING FROM CASH TRANSACTIONS – GOVERNMENTAL FUND AND THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS**

On page 13 of these financial statements, the “total fund balance” in the “governmental fund” column (\$1,258,903) differs from “total net position” in the “statement of net position” column (\$1,286,499). The difference (\$27,596) results from the long-term economic focus of the “statement of net position” column versus the current financial resources focus of the “governmental fund” column.

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

Cost of capital assets	\$ 91,070	
Accumulated depreciation	(63,474)	<u>\$ 27,596</u>

**NOTE 9. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND AND THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**

On page 15 of these financial statements, the “net change in fund balance” in the “governmental fund” column (\$432,338) differs from the “change in net position” in the “statement of activities” column (\$428,583). The difference (\$3,755) results from the long-term economic focus of the “statement of activities” column versus the current financial resources focus of the “governmental fund” column.

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	\$ -	
Depreciation expense	<u>3,755</u>	\$ 3,755

**NOTE 10. FUND BALANCES – GOVERNMENTAL FUNDS**

The Treasurer’s fund balances for Governmental Funds are classified as follows:

**Nonspendable** – 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. Due to the use of the modified cash basis of accounting by the Treasurer, all such items are expensed at the time of purchase, so there is nothing to report for this classification.

**Restricted Fund Balance** – The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the Treasurer. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes.

**Committed** – The committed fund balance classification refers to amounts that can only be used for specific purposes as determined by a formal action of the Treasurer’s highest level of

**JOSEPH J. McDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
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**JUNE 30, 2018**

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decision making authority (the Board of Trustees). Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees. 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 contractual requirements.

Assigned – 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 of Trustees itself or the Board of Trustees may delegate the authority to assign amounts. Currently the Board of Trustees has not delegated the authority.

Unassigned – The unassigned fund balance classification is the residual classification for amounts in the General Fund that have not been restricted, committed, or assigned to specific purposes and any deficit fund balances in other funds.

As of June 30, 2018, all of the Treasurer’s fund balances were Unassigned.

**NOTE 11. RISK MANAGEMENT**

The Treasurer has purchased insurance from private insurance companies. Risks covered include general liability, workers compensation, and other. Premiums have been reported as expenditures disbursed in appropriate funds.

No material decreases in insurance coverage have occurred nor have any insurance claims in excess of insurance coverage been paid or reported during the last three fiscal years.

## **OTHER SUPPLEMENTARY INFORMATION**

**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  
JUNE 30, 2018**

	DISTRICT				
	Forest Ridge #142	Midlothian #143	Posen - Robbins #143½	Prairie-Hills #144	Arbor Park #145
<b>ASSETS:</b>					
Cash and investments:					
Held by township treasurer	\$ 14,148,050	\$ 16,816,686	\$ 21,125,022	\$ 20,459,051	\$ 13,589,332
Held by districts	<u>3,000</u>	<u>16,300</u>	<u>11,000</u>	<u>1,298</u>	<u>8,000</u>
Total Cash and investments	14,151,050	16,832,986	21,136,022	20,460,349	13,597,332
Prepaid insurance and other	-	-	63,157	196,898	-
Other current assets	<u>-</u>	<u>-</u>	<u>304</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>14,151,050</u></u>	<u><u>16,832,986</u></u>	<u><u>21,199,483</u></u>	<u><u>20,657,247</u></u>	<u><u>13,597,332</u></u>
<b>LIABILITIES:</b>					
Other payable	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance and payroll withholdings	-	-	-	-	-
Held by districts	3,000	16,300	11,000	1,298	8,000
Due to districts	<u>14,148,050</u>	<u>16,816,686</u>	<u>21,188,483</u>	<u>20,655,949</u>	<u>13,589,332</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 14,151,050</u></u>	<u><u>\$ 16,832,986</u></u>	<u><u>\$ 21,199,483</u></u>	<u><u>\$ 20,657,247</u></u>	<u><u>\$ 13,597,332</u></u>

DISTRICT					
Country Club Hills #160	Bremen High School #228	Southwest Cook County Cooperative	Career Development System	Unallocated	Total
\$ 4,706,682	\$ 86,368,593	\$ 6,669,639	\$ 57,490	\$ 4,640	\$ 183,945,185
<u>10,503</u>	<u>1,863,037</u>	<u>3,127</u>	<u>-</u>	<u>-</u>	<u>1,916,265</u>
4,717,185	88,231,630	6,672,766	57,490	4,640	185,861,450
-	-	-	-	-	260,055
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304</u>
<u>4,717,185</u>	<u>88,231,630</u>	<u>6,672,766</u>	<u>57,490</u>	<u>4,640</u>	<u>186,121,809</u>
\$ -	\$ -	\$ 180	\$ -	\$ -	\$ 180
453	-	-	-	-	453
10,503	1,863,037	3,127	-	-	1,916,265
<u>4,706,229</u>	<u>86,368,593</u>	<u>6,669,459</u>	<u>57,490</u>	<u>4,640</u>	<u>184,204,911</u>
<u>\$ 4,717,185</u>	<u>\$ 88,231,630</u>	<u>\$ 6,672,766</u>	<u>\$ 57,490</u>	<u>\$ 4,640</u>	<u>\$ 186,121,809</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 FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	DISTRICT			
	Forest Ridge #142	Midlothian #143	Posen - Robbins #143½	Prairie-Hills #144
REVENUES RECEIVED				
Local sources	\$ 10,479,768	\$ 8,156,806	\$ 3,646,241	\$ 13,930,776
Flow-through sources	-	-	-	-
State sources	6,146,272	11,534,297	16,381,829	20,982,756
Federal sources	<u>1,121,882</u>	<u>1,970,005</u>	<u>2,973,735</u>	<u>3,381,559</u>
TOTAL DIRECT REVENUES RECEIVED	17,747,922	21,661,108	23,001,805	38,295,091
State on-behalf TRS pension contributions	<u>750,042</u>	<u>7,275,372</u>	<u>5,555,409</u>	<u>9,216,544</u>
TOTAL REVENUES RECEIVED	<u>18,497,964</u>	<u>28,936,480</u>	<u>28,557,214</u>	<u>47,511,635</u>
EXPENDITURES DISBURSED				
Instruction	7,318,505	9,815,551	9,483,261	14,756,045
Supporting services	5,877,572	8,377,822	14,223,126	17,261,440
Community services	219,179	129,868	205,813	206,312
Nonprogrammed charges	942,526	1,150,691	1,505,457	1,197,849
Debt service	<u>2,003,260</u>	<u>872,175</u>	<u>2,051,986</u>	<u>3,477,962</u>
TOTAL DIRECT EXPENDITURES DISBURSED	16,361,042	20,346,107	27,469,643	36,899,608
State on-behalf TRS pension contributions	<u>750,042</u>	<u>7,275,372</u>	<u>5,555,409</u>	<u>9,216,544</u>
TOTAL EXPENDITURES DISBURSED	<u>17,111,084</u>	<u>27,621,479</u>	<u>33,025,052</u>	<u>46,116,152</u>
Excess of revenues received over (under) expenditures disbursed	<u>1,386,880</u>	<u>1,315,001</u>	<u>(4,467,838)</u>	<u>1,395,483</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	2,070,000	4,000,000	3,165,529	-
Interfund transfers in	1,197,110	3,854,737	150,567	193,079
Interfund transfers (out)	(1,197,110)	(3,854,737)	(150,567)	(193,079)
Other sources (uses)	<u>(22,133)</u>	<u>(30,825)</u>	<u>-</u>	<u>145,558</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,047,867</u>	<u>3,969,175</u>	<u>3,165,529</u>	<u>145,558</u>
Excess of revenues and other financing sources over (under) expenditures disbursed and other financing uses	3,434,747	5,284,176	(1,302,309)	1,541,041
District activity not under Treasurer's authority	30	22	-	(14)
Due to Districts at July 1, 2017	<u>10,713,273</u>	<u>11,532,488</u>	<u>22,490,792</u>	<u>19,114,922</u>
Due to Districts at June 30, 2018	<u>\$ 14,148,050</u>	<u>\$ 16,816,686</u>	<u>\$ 21,188,483</u>	<u>\$ 20,655,949</u>

Arbor Park #145	Country Club Hills #160	Bremen High School #228	Southwest Cook County Cooperative	Career Development System	Unallocated	Total
\$ 10,533,672	\$ 7,761,484	\$ 62,947,389	\$ 19,568,335	\$ 74,310	\$ -	\$ 137,098,781
-	-	-	6,414,657	1,535,018	-	7,949,675
7,282,426	9,380,524	29,595,200	2,863,585	143,322	-	104,310,211
<u>1,017,936</u>	<u>1,850,505</u>	<u>5,509,740</u>	<u>2,722,562</u>	<u>53,781</u>	-	<u>20,601,705</u>
18,834,034	18,992,513	98,052,329	31,569,139	1,806,431	-	269,960,372
4,407,376	4,943,880	29,826,590	3,995,769	83,849	-	66,054,831
<u>23,241,410</u>	<u>23,936,393</u>	<u>127,878,919</u>	<u>35,564,908</u>	<u>1,890,280</u>	-	<u>336,015,203</u>
7,225,213	7,193,006	45,222,094	13,065,159	-	-	114,078,834
6,350,840	11,796,973	44,045,937	9,967,843	202,924	-	118,104,477
123,547	9,876	25,452	1,113	-	-	921,160
368,570	1,718,852	7,079,050	7,655,665	1,593,633	-	23,212,293
<u>2,733,188</u>	<u>1,673,089</u>	<u>11,786,950</u>	<u>262</u>	-	-	<u>24,598,872</u>
16,801,358	22,391,796	108,159,483	30,690,042	1,796,557	-	280,915,636
4,407,376	4,943,880	29,826,590	3,995,769	83,849	-	66,054,831
<u>21,208,734</u>	<u>27,335,676</u>	<u>137,986,073</u>	<u>34,685,811</u>	<u>1,880,406</u>	-	<u>346,970,467</u>
<u>2,032,676</u>	<u>(3,399,283)</u>	<u>(10,107,154)</u>	<u>879,097</u>	<u>9,874</u>	-	<u>(10,955,264)</u>
-	-	-	-	-	-	9,235,529
376,762	472,379	13,000,000	-	-	-	19,244,634
(376,762)	(472,379)	(13,000,000)	-	-	-	(19,244,634)
-	-	-	-	-	-	92,600
-	-	-	-	-	-	9,328,129
2,032,676	(3,399,283)	(10,107,154)	879,097	9,874	-	(1,627,135)
-	952	(127,283)	(525)	-	-	(126,818)
<u>11,556,656</u>	<u>8,104,560</u>	<u>96,603,030</u>	<u>5,790,887</u>	<u>47,616</u>	<u>4,640</u>	<u>185,958,864</u>
<u>\$ 13,589,332</u>	<u>\$ 4,706,229</u>	<u>\$ 86,368,593</u>	<u>\$ 6,669,459</u>	<u>\$ 57,490</u>	<u>\$ 4,640</u>	<u>\$ 184,204,911</u>

## **OTHER INFORMATION**

**JOSEPH J. MCDONNELL, TOWNSHIP SCHOOL TREASURER**  
**TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**SCHEDULE TO BE BUILT PROSPECTIVELY FROM 2014**  
**JUNE 30, 2018**

Calendar year ending December 31,	2017	2016	2015	2014
<u>Total pension liability:</u>				
Service cost	\$ 45,604	\$ 44,013	\$ 49,398	\$ 47,705
Interest on the total pension liability	173,976	162,982	152,202	148,791
Difference between expected and actual experience	132,775	11,226	14,066	(171,375)
Assumption changes	(84,607)	-	-	84,329
Benefit payments and refunds	(73,285)	(71,583)	(66,890)	(62,736)
Net change in total pension liability	194,463	146,638	148,776	46,714
Total pension liability, beginning	2,333,520	2,186,882	2,038,106	1,991,392
Total pension liability, ending	<u>\$ 2,527,983</u>	<u>\$ 2,333,520</u>	<u>\$ 2,186,882</u>	<u>\$ 2,038,106</u>
<u>Plan fiduciary net position</u>				
Employer contributions	\$ 9,317	\$ 8,010	\$ 23,671	\$ 14,703
Employee contributions	21,392	18,773	19,931	19,124
Pension plan net investment income	470,593	178,247	13,414	163,229
Benefit payments and refunds	(73,285)	(71,583)	(66,890)	(62,736)
Other	(22,743)	19,536	(137,085)	(130,274)
Net change in plan fiduciary net position	405,274	152,983	(146,959)	4,046
Plan fiduciary net position, beginning	2,700,417	2,547,434	2,694,393	2,690,347
Plan fiduciary net position, ending	<u>\$ 3,105,691</u>	<u>\$ 2,700,417</u>	<u>\$ 2,547,434</u>	<u>\$ 2,694,393</u>
Net pension liability/(asset), ending	<u>\$ (577,708)</u>	<u>\$ (366,897)</u>	<u>\$ (360,552)</u>	<u>\$ (656,287)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>122.85%</u>	<u>115.72%</u>	<u>116.49%</u>	<u>132.20%</u>
Covered valuation payroll	<u>\$ 475,387</u>	<u>\$ 417,182</u>	<u>\$ 442,912</u>	<u>\$ 424,982</u>
Net pension liability as a percentage of covered valuation payroll	<u>-121.52%</u>	<u>-87.95%</u>	<u>-81.40%</u>	<u>-154.43%</u>

**JOSEPH J. MCDONNELL, TOWNSHIP SCHOOL TREASURER  
TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS  
SCHEDULE OF CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE TO BE BUILT PROSPECTIVELY FROM 2014  
JUNE 30, 2018**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
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%

**JOSEPH J. MCDONNELL, TOWNSHIP SCHOOL TREASURER  
TOWNSHIP 36 NORTH, RANGE 13 EAST, COOK COUNTY, ILLINOIS  
NOTES TO OTHER INFORMATION  
JUNE 30, 2018**

**NOTE 1. SCHEDULE OF CONTRIBUTIONS – ILLINOIS MUNICIPAL RETIREMENT FUND:**

The following describes the summary of actuarial methods and assumptions used in the calculation of the 2017 contribution rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies: 26-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most districts (two districts were financed over 30 years).
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 2011-2013.
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, and 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

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NOTES TO OTHER INFORMATION  
JUNE 30, 2018**

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	Employee Mortality Table with adjustments to match current IMRF experience.
Valuation Date	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.
Other Information	There were no benefit changes during the year.

\*Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation.

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