

Thornton Township School Treasurer

South Holland, Illinois

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2018



THORNTON TOWNSHIP SCHOOL TREASURER
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of School Trustees
Thornton Township School Treasurer
South Holland, Illinois

Report on Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thornton Township School Treasurer (the Treasurer's Office) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Treasurer's Office 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Office 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 Office 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 in the first paragraph present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Thornton Township School Treasurer as of June 30, 2018, and the respective changes in the modified cash basis financial position thereof for the year then ended in accordance with the 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

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Treasurer's Office basic financial statements. The Management's Discussion and Analysis, supplementary and other supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios – Illinois Municipal Retirement Fund, the Schedule of Employer Contributions – Illinois Municipal Retirement Fund, the Schedule of Assets and Liabilities Arising from Cash Transactions- All Districts Serviced by Thornton Township School Treasurer, and the Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balances - All Districts Serviced by Thornton Township School Treasurer 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 such information.

John Kasperuk Co., Inc.

Calumet City, Illinois
February 21, 2019

THORNTON TOWNSHIP TRUSTEES OF SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Introduction

Our discussion and analysis of Thornton Township School Treasurer's (the Treasurer's Office) financial performance provides an overview of the Treasurer's Office financial activities for the fiscal year ended June 30, 2018. The intent of this management's discussion and analysis is to show the Treasurer's Office financial performance as a whole. Readers should also review the financial statements and notes to the financial statements to enhance their understanding of the Treasurer's Office financial performance.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Treasurer's Office 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 Office assets and liabilities reported on the modified cash basis of accounting, with the difference between the two reported as net position. Over time, increases or (decreases) in net position may serve as a useful indicator of whether the financial position of the Treasurer's Office is improving or deteriorating.

The Statement of Activities - Modified Cash Basis presents information showing how the net position of the Treasurer's Office changed during the most recent 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 when earned, and expenses are recognized when paid rather than when the obligation is incurred.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements

The Treasurer's Office fund financial statements, which begin on page 9, provide detailed information about the most significant funds - not the Treasurer's Office as a whole. A fund is a group of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The Treasurer's Office, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Treasurer's Office is required to provide detailed information for its major funds. Major funds are defined as the General Fund and other funds, if any, other than fiduciary funds, where the assets, liabilities, revenues or expenditures of that fund are at least ten percent of the corresponding total for all funds of that category type. In the 2018 fiscal year, only the General Fund was considered major, as the Treasurer's Office has no other governmental funds.

The Treasurer's Office fiduciary fund is an agency fund where assets equal liabilities, and it is separately stated in the fund financial statements.

The Treasurer's Office has no proprietary funds.

Governmental 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 Treasurer's Office 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 Treasurer's Office programs.

THORNTON TOWNSHIP TRUSTEES OF SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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.

Fiduciary Funds

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 Treasurer's Office own programs.

The Treasurer's Office uses an agency fund to account for monies received and disbursed on behalf of the school districts and joint agreement within the jurisdiction of the Thornton Township School Treasurer.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 13 of this report.

Supplementary Information

Supplementary information, which includes the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Employer Contributions related to Illinois Municipal Fund, begins on page 26 of this report.

Other Information

Other information, which includes the fiduciary fund activity and financial information for all Thornton Township School Districts and Joint Agreement, begins on page 28 of this report.

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 Treasurer's Office, total net position was \$139,695 at June 30, 2018. In comparison, the total net position was \$204,527 at June 30, 2017.

THORNTON TOWNSHIP TRUSTEES OF SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Statement of Net Position
(Modified Cash Basis)

| | Governmental Activities | |
|--|-------------------------|------------|
| | 2018 | 2017 |
| Assets: | | |
| Cash and investments | \$ 130,917 | \$ 200,513 |
| Other current asset | 200 | - |
| Capital assets - net of accumulated depreciation | 8,578 | 4,014 |
| Total assets | \$ 139,695 | \$ 204,527 |
| Net Position: | | |
| Invested in capital assets | \$ 8,578 | \$ 4,014 |
| Unrestricted | 131,117 | 200,513 |
| Total net position | \$ 139,695 | \$ 204,527 |

A portion of the Treasurer's Office net position reflects its investment in capital assets (leasehold improvements and office and computer equipment). The Treasurer's Office uses these capital assets to provide services to school districts and the joint agreement.

The balance of unrestricted net position may be used to meet the Treasurer's Office ongoing obligations to its employees and creditors. The total net position of the Treasurer's Office decreased by \$64,832 for the year ended June 30, 2018 compared to an increase of \$380,763 for the year ended June 30, 2017.

Governmental Activities

The key elements of the change in the Treasurer's Office net position for the year ended June 30, 2018 are as follows; 2017 is also presented for the purpose of additional analysis.

Statement of Activities
(Modified Cash Basis)

| | Governmental Activities | |
|------------------------|-------------------------|--------------|
| | 2018 | 2017 |
| Revenue | \$ 1,431,933 | \$ 1,911,594 |
| Expenditures: | | |
| Support services | 1,494,659 | 1,528,244 |
| Depreciation | 2,106 | 2,587 |
| Total expenditures | 1,496,765 | 1,530,831 |
| Change in net position | (64,832) | 380,763 |
| Net position - July 1 | 204,527 | (176,236) |
| Net position - June 30 | \$ 139,695 | \$ 204,527 |

General Fund Budgetary Highlights

The Treasurer's Office budget is prepared on the modified cash basis method of accounting. The only budgeted fund is the General Fund.

THORNTON TOWNSHIP TRUSTEES OF SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The Treasurer's Office did not amend its budget for the year ended June 30, 2018. For the General Fund for the year ended June 30, 2018, the budgeted revenue was \$1,206,500 compared to actual revenue of \$1,431,933. Budgeted expenditures for 2018 were \$1,201,100 compared to actual expenditures of \$1,501,329. The budgeted revenue for 2017 was \$1,184,900 compared to actual revenue of \$1,911,594. Budgeted expenditures for 2017 were \$1,178,830 compared to actual expenditures of \$1,834,916.

Capital Assets

Capital assets at June 30, 2018 and 2017 are as follows:

| Capital Assets (Net of Depreciation) | Governmental Activities | |
|---|---------------------------------|----------|
| | 2018 | 2017 |
| | Computer equipment and software | \$ 8,261 |
| Office furniture and equipment | 317 | 951 |
| Total net capital assets | \$ 8,578 | \$ 4,014 |

Additional information on the Treasurer's Office capital assets can be found in Note 3 to the financial statements.

Future of the School Treasurer

The Treasurer's Office looks forward to continuing to serve its member school districts and the joint agreement with its high quality of service.

Requests for Information

The financial report is designed to provide a general overview of the Treasurer's Office finances for all those with an interest in the Treasurer's Office finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Thornton Township, Illinois, School Treasurer, 16106 South Park Avenue, South Holland, Illinois 60473.

BASIC FINANCIAL STATEMENTS

THORNTON TOWNSHIP SCHOOL TREASURER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2018

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 130,917 |
| Other current asset | 200 |
| Capital assets (net of accumulated depreciation) | <u>8,578</u> |
| Total Assets | <u><u>139,695</u></u> |
| NET POSITION | |
| Investment in capital assets | 8,578 |
| Unrestricted | <u>131,117</u> |
| Total Net Position | <u><u>\$ 139,695</u></u> |

The accompanying notes are an integral part of this statement.

THORNTON TOWNSHIP SCHOOL TREASURER
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

| Functions/Programs | Expenses | Program Revenues Charges for Services | Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities |
|----------------------------------|--------------|---|---|
| Governmental activities: | | | |
| Support services | \$ 1,494,659 | \$ 1,393,769 | \$ (100,890) |
| Unallocated depreciation | 2,106 | - | (2,106) |
| Total governmental activities | \$ 1,496,765 | \$ 1,393,769 | (102,996) |
| General revenues: | | | |
| Other income | | | 38,164 |
| Change in net position | | | (64,832) |
| Net position - beginning of year | | | 204,527 |
| Net position - end of year | | | \$ 139,695 |

The accompanying notes are an integral part of this statement.

THORNTON TOWNSHIP SCHOOL TREASURER
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUND
JUNE 30, 2018

| | |
|--|--------------------------|
| ASSETS | |
| Cash and investments | \$ 130,917 |
| Other current asset | <u>200</u> |
| Total Assets | <u><u>\$ 131,117</u></u> |
| FUND BALANCE | |
| Unassigned | <u>\$ 131,117</u> |
| Total Fund Balance | <u><u>\$ 131,117</u></u> |
| RECONCILIATION TO STATEMENT OF NET POSITION: | |
| Total Fund Balance (per above) | \$ 131,117 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | <u>8,578</u> |
| Net position of governmental activities (page 7) | <u><u>\$ 139,695</u></u> |

The accompanying notes are an integral part of this statement.

THORNTON TOWNSHIP SCHOOL TREASURER
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>General Fund</u> |
|--|---------------------------|
| REVENUES | |
| Fees charged to school districts for operating purposes | \$ 1,066,683 |
| Indirect fees | 327,086 |
| Other income | <u>38,164</u> |
| Total Revenues | <u>1,431,933</u> |
| EXPENDITURES | |
| Support services | |
| Treasurer's salary | 247,148 |
| Office salaries | 337,907 |
| Employer benefits | 194,622 |
| Purchase services | 298,049 |
| Supplies | 39,172 |
| Software subscriptions, licensing and consulting fees | 374,581 |
| Other | 3,180 |
| Capital Outlay | <u>6,670</u> |
| Total Expenditures | <u>1,501,329</u> |
| Net change in fund balance | (69,396) |
| Fund balance at beginning of year | <u>200,513</u> |
| Fund balance at end of year | <u><u>\$ 131,117</u></u> |
| RECONCILIATION TO THE STATEMENT OF ACTIVITIES: | |
| Total net change in fund balance - governmental funds (per above) | \$ (69,396) |
| Amounts reported for governmental activities in the statement of activities - modified cash basis are different because: | |
| Capital outlays to purchase capital assets are reported in governmental funds as expenditures disbursed. However, for governmental activities those costs are shown in the statement of net position - modified cash basis and allocated over their estimated useful lives as annual depreciation expense in the statement of activities - modified cash basis. A difference results in the amount by which capital outlay expenditures exceed depreciation in the period. | |
| Capital outlay expenditures | \$ 6,670 |
| Depreciation expense | <u>(2,106)</u> |
| | <u>4,564</u> |
| Change in net position of governmental activities (page 8) | <u><u>\$ (64,832)</u></u> |

The accompanying notes are an integral part of this statement.

THORNTON TOWNSHIP SCHOOL TREASURER
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

| | Original and Final Budget | Actual | Variance with Final Budget Over (Under) |
|---|------------------------------|-------------------|---|
| REVENUES | | | |
| Fees charged to school districts for operating purposes | \$ 858,500 | \$ 1,066,683 | \$ 208,183 |
| Indirect fees | 310,000 | 327,086 | 17,086 |
| Other income | 38,000 | 38,164 | 164 |
| Total Revenues | <u>1,206,500</u> | <u>1,431,933</u> | <u>225,433</u> |
| EXPENDITURES | | | |
| Support services | | | |
| Treasurer's salary | 248,680 | 247,148 | (1,532) |
| Office salaries | 318,500 | 337,907 | 19,407 |
| Employer benefits | 211,420 | 194,622 | (16,798) |
| Purchase services | 357,500 | 298,049 | (59,451) |
| Supplies | 43,500 | 39,172 | (4,328) |
| Software subscriptions, licensing and consulting fees | 13,000 | 374,581 | 361,581 |
| Other | 1,000 | 3,180 | 2,180 |
| Capital outlay | 7,500 | 6,670 | (830) |
| Total Expenditures | <u>1,201,100</u> | <u>1,501,329</u> | <u>300,229</u> |
| Net change in fund balance | <u>\$ 5,400</u> | (69,396) | <u>\$ (74,796)</u> |
| Fund balance at beginning of year | | <u>200,513</u> | |
| Fund balance at end of year | | <u>\$ 131,117</u> | |

The accompanying notes are an integral part of this statement.

THORNTON TOWNSHIP SCHOOL TREASURER
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Custodial Funds</u> |
|--|----------------------------|
| ASSETS | |
| Cash and short term investments | \$ 36,138,072 |
| Investments: | |
| U.S. Government Securities | 59,273,833 |
| U.S. Government Agencies | 19,721,887 |
| U.S. Treasuries | 4,044,478 |
| Certificates of Deposit | 75,360,181 |
| Municipal Bonds | <u>3,600,000</u> |
| Total Assets | <u>\$ 198,138,451</u> |
| LIABILITIES | |
| DUE TO SCHOOL DISTRICTS AND JOINT AGREEMENT | |
| West Harvey-Dixmoor Public School District 147 | \$ 6,815,985 |
| Dolton-Riverdale School District 148 | 19,288,545 |
| Dolton School District 149 | 19,712,286 |
| South Holland School District 150 | 10,355,761 |
| South Holland School District 151 | 20,716,638 |
| Harvey Public Schools District 152 | 18,782,229 |
| Hazel Crest School District 152.5 | 8,896,219 |
| Homewood School District 153 | 12,224,246 |
| Thornton School District 154 | 689,375 |
| Thornton Township High Schools District 205 | 61,615,605 |
| ECHO Joint Agreement | 21,170,055 |
| Unallocated depreciation in fair market value of investments | <u>(2,128,493)</u> |
| Total Liabilities | <u>\$ 198,138,451</u> |

The accompanying notes are an integral part of this statement.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Thornton Township School Treasurer (the Treasurer's Office) was established pursuant to Chapter 105, Article 8 of the Illinois Compiled Statutes to provide services to school districts within its jurisdiction. These services include collecting revenue, processing expenditures and investing funds as authorized by the specified school districts or joint agreement. The following school districts and joint agreement are under the jurisdiction of the Treasurer's Office:

West Harvey-Dixmoor Public School District 147
Dolton-Riverdale School District 148
Dolton School District 149
South Holland School District 150
South Holland School District 151
Harvey Public School District 152
Hazel Crest School District 152.5
Homewood School District 153
Thornton School District 154
Thornton Township High School District 205
ECHO Joint Agreement

The accompanying financial statements of the Treasurer's Office 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). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Although the financial statements are not prepared in accordance with generally accepted accounting principles, they follow the presentation format and include similar disclosures required by GAAP.

Accounting principles generally accepted in the United States of America define a financial reporting entity as consisting of the primary government and its component units for which the primary government is financially accountable. Financial accountability includes appointing a voting majority of a component unit's governing board, the ability of a primary government to impose its will on the component unit, or a potential for a component unit to provide specific financial benefits to or impose specific financial burdens on the primary government.

The Treasurer's Office has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Treasurer's Office financial statements. In addition, the Treasurer's Office is not aware of any entity which would exercise oversight which would result in the Treasurer's Office being considered a component unit of that entity.

The Treasurer's Office provides administration services to two school districts within the jurisdiction of the Calumet Township, Illinois, School Treasurer. Since the Board of School Trustees of the School Treasurer has no oversight responsibility over the two Calumet school districts, they are not included in the Treasurer's Office reporting entity.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Government-wide financial statements, including the statement of net position - modified cash basis and the statement of activities - modified cash basis, present information about the primary government as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

Eliminations have been made to minimize the double-counting of internal transactions. Governmental activities generally are financed through charges of services, intergovernmental revenues, and other exchange and nonexchange transactions.

The statement of activities - modified cash basis presents a comparison between direct expenses and direct revenues for each function of the Treasurer's Office governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct revenues include charges paid by the Districts for services offered by the Treasurer's Office, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues are presented as charges for services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues, and expenditures. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. All of the Treasurer's Office's governmental funds are considered major funds.

Governmental Funds are those through which most governmental functions of the Treasurer's Office are financed. The acquisition, use, and balances of the Treasurer's Office expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The *General Fund* is the general operating fund of the Treasurer's Office. It is used to account for all financial resources.

Fiduciary fund types are used to account for assets held by the Treasurer's Office in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The Treasurer's Office reports the following fiduciary fund type:

Agency Funds are used to account for the cash and investments held by the Treasurer's Office as an agent for the school districts and the joint agreement under its jurisdiction. These funds are custodial in nature and do not involve the measurement of results of operations.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide and Fiduciary Fund Financial Statements

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. Basis of accounting refers to when revenues and expenses are recognized in the accounts and how they are reported on the financial statements. The government-wide and fiduciary fund financial statements are reported in these financial statements using the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is collected.

In the same manner expenses, except for depreciation, are recognized and recorded upon the payments of cash.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)

Assets are only recorded when a right to collect cash exists which arises from a previous cash transaction or upon the payments of cash to acquire capital assets. Liabilities similarly result from previous cash transactions. Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

The presentation in these financial statements differs from generally accepted accounting principles, which require that the Government-wide and fiduciary fund financial statements be reported using the accrual basis of accounting. Under the accrual basis of accounting revenues would be recorded when earned and expenses would be recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental Fund Financial Statements

The Governmental Fund is reported in these financial statements using the current financial resources measurement focus and the cash basis of accounting. The financial statement of the governmental fund focuses on the measurement of spending or “financial flow” and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their statements of assets and liabilities arising from cash transactions. Their reported fund balance is considered a measure of available spendable resources. The Governmental fund operating statement presents increases (cash collected and other financing sources) and decreases (cash payments and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Generally capital asset acquisitions are reported as expenditures disbursed in governmental funds upon the payments of cash or the acquisition of a capital lease.

The governmental fund presented in these financial statements is reported on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is collected. In the same manner expenditures are recognized and recorded upon the payments of cash. Assets of a fund are only recorded when a right to collect cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

The presentation in these financial statements differs from generally accepted accounting principles, which require that the governmental fund financial statements be reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues would be recognized when measurable and available. Expenditures would be recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which would be recognized as expenditures to the extent they have matured.

D. BUDGETS AND BUDGETARY ACCOUNTING

The annual operating budget for the Treasurer’s Office is prepared by the Thornton Township School Treasurer. This budget is voluntary in nature, as there is no state statute requiring its preparation. The budget is prepared on the cash basis of accounting, which is the same basis used in financial reporting and is submitted to the Board of the Treasurer’s Office for approval. Once approved, it is then distributed to each school district within the custodial jurisdiction of the Treasurer’s Office.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. CAPITAL ASSETS

Capital assets represent the cumulative amount of capital owned by the Treasurer's Office. The Treasurer's Office policy is to capitalize items with an acquisition cost greater than \$500. Purchased or constructed capital assets are recorded as expenditures in the fund financial statements and are capitalized at cost on the government-wide statement of net position. Donated fixed assets are recorded at their estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|---------------------------------|-----------------------------------|
| Leasehold improvements | 10 |
| Computer equipment and software | 5 |
| Office furniture and equipment | 7 |

F. USE OF ESTIMATES

The preparation of financial statements in accordance with the modified cash basis of accounting used by the Treasurer's Office requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

G. NET POSITION/FUND BALANCE

Net position in the government-wide financial statements is displayed in three components:

- *Net investment in capital assets*- Consists of capital assets including restricted capital assets, net of accumulated depreciation or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position*- Consists of net position with constraints placed on its use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, b) laws through constitutional provisions, or enabling legislation.
- *Unrestricted net position*- All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund balance is reported in the fund financial statements in the following five categories:

- Nonspendable: includes amounts not in spendable form or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory, pre-paid items, permanent scholarships).
- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation (e.g. restrictions can be imposed by creditors, grantors, and contributors).

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. NET POSITION/FUND BALANCE

- Committed: fund balances that contain self-imposed constraints of the Treasurer's Office from its highest level of decision-making authority, the Board of Trustees. This formal action (a resolution) must occur prior to end of the reporting period, but the amount of the commitment, which will be subject to constraints, may be determined in the subsequent period. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.
- Assigned: fund balances that contain self-imposed constraints of the Treasurer's Office to be used for a particular purpose. Intent should be expressed by a) the governing body itself or b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned: includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

NOTE 2. CASH AND INVESTMENTS

The Treasurer's Office is the legal custodian for all participating school districts and joint agreements under its jurisdiction. Accounting records are maintained to separate the common cash and investment accounts by each participating entity. Investment income, which includes interest, dividends, and the gains and losses on sales and maturities of investments, is allocated to each participating entity monthly on a pro-rata basis. The unallocated appreciation (depreciation) in the fair market value of investments consists of unrealized gains and losses on investments and is not yet available to be allocated.

The Treasurer's Office may invest public funds according to Chapter 30, Section 235 of the Illinois Compiled Statutes. Allowable investments include the following:

- Securities guaranteed both as to principal and interest by the full faith and credit of the United States of America;
- Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies;
- Interest bearing savings accounts, certificates of deposit, time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;
- In limited circumstances, in short-term corporate obligations of corporations having assets exceeding 500 million dollars;
- Money market mutual funds that are both registered under the Investment Company Act of 1940 and the holdings of which are limited to securities guaranteed both as to principal and interest by the full faith and credit of the United States of America;
- Interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district;

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

- Public Treasurers' Investment Pools created under Section 17 of the Illinois State Treasurer Act;
- Repurchase agreements of government securities.

The components of cash and investments at June 30, 2018 are as follows:

| | |
|--|------------------------------|
| Cash and investments: | |
| Per Statement of Net Position | \$ 130,917 |
| Per Statement of Assets and Liabilities-Fiduciary Fund | <u>198,138,451</u> |
| Total cash and investments | <u><u>\$ 198,269,368</u></u> |

For disclosure purposes, this amount consists of the following components at June 30, 2018:

| | |
|--------------------------------------|------------------------------|
| Investments: | |
| Short term investments | \$ 29,578,114 |
| External investment pools | 5,157,373 |
| U.S. Government Agencies | 19,721,887 |
| U.S. Government Securities | 59,273,833 |
| U.S. Treasury | 4,044,478 |
| Certificates of Deposit | 75,360,181 |
| Municipal Bonds | <u>3,600,000</u> |
| | 196,735,866 |
| Deposits with financial institutions | <u>1,533,502</u> |
| Total cash and investments | <u><u>\$ 198,269,368</u></u> |

Custodial Credit Risk – Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Treasurer’s Office deposits may not be returned to it. The Treasurer’s Office does not have a deposit policy for custodial credit risk. The Treasurer’s Office deposits with financial institutions were exposed to custodial credit risk as follows:

| | |
|---|-----------------------------|
| Deposits with financial institutions - book balance | \$ 1,533,502 |
| Deposits-in-transit | - |
| Outstanding checks | <u>14,307,858</u> |
| Deposits with financial institutions - bank balance | <u><u>\$ 15,841,360</u></u> |

As of June 30, 2018, the Treasurer’s Office bank balance of \$15,841,360 were fully insured or collateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The allocation of the Treasurer’s Office portfolio in fixed income investments susceptible to interest rate risk will be monitored not to exceed established targets in the approved investment policy. The following table presents a summarization of the investments using the segmented time distribution method.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2018, the Treasurer's Office had the following investments:

| Investment Type | Fair Value | Investment Maturities | | |
|----------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| | | Less than One Year | One to Five Years | Six to Ten Years |
| Short term investments | \$ 29,578,114 | \$29,578,114 | \$ - | \$ - |
| External investment pools | 5,157,373 | 5,157,373 | - | - |
| U.S. Government Agencies | 19,721,887 | 1,991,709 | 16,789,018 | 941,160 |
| U.S. Government Securities | 59,273,833 | 16,255,375 | 37,427,217 | 5,591,241 |
| U.S. Treasury | 4,044,478 | 2,091,516 | 1,952,962 | - |
| Certificates of Deposit | 75,360,181 | 14,011,659 | 61,348,522 | - |
| Municipal Bonds | 3,600,000 | 1,600,000 | 2,000,000 | - |
| Total investments | <u>\$ 196,735,866</u> | <u>\$ 70,685,746</u> | <u>\$ 119,517,719</u> | <u>\$ 6,532,401</u> |

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State Law limits investments in commercial paper, corporate bonds, and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations. The Treasurer's Office general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments.

| Investment Type | Fair Value | Credit Quality Rating | | | |
|----------------------------|-----------------------|-----------------------|-------------------|----------------------|----------------------|
| | | AAA | AA+ | A+ | Not Rated |
| Short term investments | \$ 29,578,114 | \$ 1,311,762 | \$ - | \$ 23,151,136 | \$ 5,115,216 |
| External investment pools | 5,157,373 | 5,157,373 | - | - | - |
| U.S. Government Agencies | 19,721,887 | 19,127,481 | 594,406 | - | - |
| U.S. Government Securities | 59,273,833 | 29,073,871 | - | 30,199,963 | - |
| U.S. Treasury | 4,044,478 | 4,044,478 | - | - | - |
| Certificates of Deposit | 75,360,181 | - | - | - | 75,360,181 |
| Municipal Bonds | 3,600,000 | - | - | - | 3,600,000 |
| Total investments | <u>\$ 196,735,866</u> | <u>\$ 58,714,965</u> | <u>\$ 594,406</u> | <u>\$ 53,351,099</u> | <u>\$ 84,075,397</u> |

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Treasurer's Office will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Treasurer's Office does not have an investment policy for custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Treasurer's Office places no limit on the amount the Treasurer may invest in any one issuer. The investments that represent more than 5% from a single issuer are: Bank of America -STIF Blackrock liquidity fund T-fund \$10,165,639 and Bank of America – STIF Blackrock Liquidity fund \$12,985,496.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement of Investments

The Treasurer's Office categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of the asset.

Level 1- inputs are quoted prices in active markets for identical assets.

Level 2- inputs are significant other observable inputs which include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets that are not active; or using other inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities and credit spreads or market-corroborated inputs.

Level 3- inputs are significant unobservable inputs.

The carrying amount of investment and fair value hierarchy at June 30, 2018 is as follows:

| <u>Investments by fair value level</u> | <u>June 30, 2018</u> | <u>Quoted Prices in in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Inputs (Level 3)</u> |
|--|----------------------|--|--|---|
| Short term investments | \$ 29,578,114 | \$ 23,151,135 | \$ 6,426,979 | \$ - |
| U.S. Government Agencies | 19,721,887 | - | 19,721,887 | - |
| U.S. Government Securities | 59,273,833 | - | 59,273,833 | - |
| U.S. Treasury | 4,044,478 | 4,044,478 | - | - |
| Certificates of Deposit | 75,360,181 | - | 75,360,181 | - |
| Municipal Bonds | 3,600,000 | - | 3,600,000 | - |
| Total | 191,578,493 | \$ 27,195,613 | \$ 164,382,880 | \$ - |

Investments measured at net asset value

External investment pools

| | |
|----------------------------------|-----------------------|
| IL Institutional Investors Trust | 2,110,961 |
| Illinois Funds | 2,846,531 |
| IL School Dist. Liquid Assets | 199,881 |
| | <u>\$ 196,735,866</u> |

Level 1 Measurements

Certain short-term investments and U.S. government obligations are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of the year.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Level 2 Measurements

U.S. Government Agency and corporate obligations are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that include inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker to dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using the investment manager's best estimates. Certain short-term investments and certificates of deposit are valued at cost which approximates their fair value.

Net Asset Value (NAV)

The valuation methods for investments measured at net asset value (NAV) are presented on the following table:

| | <u>Value</u> | <u>Unfunded Commitments</u> | <u>Frequency (if currently eligible)</u> | <u>Notice period</u> |
|----------------------------------|---------------------|---------------------------------|--|--------------------------|
| IL Institutional Investors Trust | \$ 2,110,961 | N/A | Daily | 1 day |
| Illinois Funds | 2,846,531 | N/A | Daily | 1 day |
| IL School Dist. Liquid Assets | 199,881 | N/A | Daily | 1 day |
| Total | <u>\$ 5,157,373</u> | | | |

The Illinois School District Liquid Asset Fund (ISDLAF) is an investment trust formed pursuant to the Illinois Compiled Statutes to invest available funds so as to enhance their investment opportunities pursuant to an investment program conducted in accordance with the Laws of the State of Illinois. ISDLAF is not registered with the SEC as an investment company. Investments are measured at a NAV of \$1.00 per share.

The Illinois Institutional Investors Trust (IIIT) is an investment trust formed pursuant to the Illinois Compiled Statutes for the purpose of allowing various public agencies to jointly invest funds in accordance with the Laws of the State of Illinois. IIIT is not registered with the SEC as an investment company. Investments are measured at a NAV of \$1.00 per share.

The Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer that allows governments within the State to pool their funds for investment purposes. The investment pool is not registered with the SEC as an investment company. Investments are measured at a NAV of \$1.00 per share.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|-----------------|-------------|-------------------|
| <i>Capital assets being depreciated:</i> | | | | |
| Leasehold Improvements | \$ 119,345 | \$ - | \$ - | \$ 119,345 |
| Computer equipment and software | 76,511 | 6,670 | - | 83,181 |
| Office furniture and equipment | 97,361 | - | - | 97,361 |
| <i>Total capital assets being depreciated</i> | <u>293,217</u> | <u>6,670</u> | <u>-</u> | <u>299,887</u> |
| <i>Less accumulated depreciation for:</i> | | | | |
| Leasehold Improvements | 119,345 | - | - | 119,345 |
| Computer equipment and software | 73,448 | 1,472 | - | 74,920 |
| Office furniture and equipment | 96,410 | 634 | - | 97,044 |
| <i>Total accumulated depreciation</i> | <u>289,203</u> | <u>2,106</u> | <u>-</u> | <u>291,309</u> |
| <i>Governmental activity capital assets, net</i> | <u>\$ 4,014</u> | <u>\$ 4,564</u> | <u>\$ -</u> | <u>\$ 8,578</u> |

Depreciation expense is reported on the Statement of Activities - Modified Cash Basis. It is not allocated to specific functions/programs of the Treasurer's Office.

NOTE 4. RISK MANAGEMENT

The Treasurer's Office is exposed to various risks of loss including general liability, property and casualty, error and omissions, workers compensation, unemployment compensation and employee health and accident. For all risks of loss, the Treasurer's Office continues to carry commercial insurance. The Treasurer's Office had no significant reductions in coverage from the previous year nor have any claims that exceeded coverage in the past three-year fiscal years.

NOTE 5. LEASE COMMITMENTS

On November 30, 2010, the Treasurer's Office entered into a noncancelable 10-year operating lease for an office facility for the period of May 1, 2010 through April 30, 2020. Lease payments are made on a monthly basis.

In 2015, the Treasurer's Office acquired a copier under the provisions of a lease agreement. The copier lease is for five years and paid on a quarterly basis.

Future minimum lease payments required under the leases above are as follows:

| Year Ending June 30, | Future Payments | |
|-------------------------|-------------------|-----------------|
| | Office lease | Copier lease |
| 2019 | \$ 57,826 | \$ 2,038 |
| 2020 | 44,411 | 509 |
| | <u>\$ 102,237</u> | <u>\$ 2,547</u> |

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description

The Treasurer’s Office 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 Office 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 “Benefit Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes Financial Statements, detailed information about the pension plan’s fiduciary net position, and other information. The report is available for download at www.imrf.org.

Benefit Provided

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

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

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

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

Employees Covered by Benefit Terms

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

| | |
|--|------------------|
| Retirees and Beneficiaries currently receiving benefits | 8 |
| Inactive Plan Members entitled to but not yet receiving benefits | 2 |
| Active Plan Members | <u>7</u> |
| Total | <u><u>17</u></u> |

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Contributions

As set by statute, the Treasurer's Office Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Treasurer's Office annual

SUPPLEMENTARY INFORMATION

THORNTON TOWNSHIP SCHOOL TREASURER
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FOUR CALENDAR YEARS

| | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|
| TOTAL PENSION LIABILITY | | | | |
| Service Cost | \$ 63,120 | \$ 61,440 | \$ 62,885 | \$ 60,005 |
| Interest | 232,788 | 223,934 | 220,263 | 198,607 |
| Differences between expected and actual experience | (54,927) | 18,389 | (44,742) | 50,577 |
| Changes of assumptions | (131,955) | (17,596) | - | 179,008 |
| Benefit payments, including refunds of employee contributions | (195,329) | (190,729) | (185,969) | (182,580) |
| Net change in total pension liability | (86,303) | 95,438 | 52,437 | 305,617 |
| Total pension liability - beginning | 3,169,947 | 3,074,509 | 3,022,072 | 2,716,455 |
| Total pension liability - ending (A) | <u>\$ 3,083,644</u> | <u>\$ 3,169,947</u> | <u>\$ 3,074,509</u> | <u>\$ 3,022,072</u> |
| PLAN FIDUCIARY NET POSITION | | | | |
| Contributions- employer | \$ 68,682 | \$ 86,927 | \$ 80,648 | \$ 67,074 |
| Contributions- employee | 25,334 | 25,008 | 23,916 | 24,151 |
| Net investment income | 511,188 | 182,208 | 12,582 | 148,452 |
| Benefit payments, including refunds of employee contributions | (195,329) | (190,729) | (185,969) | (182,580) |
| Other | (67,651) | 27,961 | 136,967 | 20,776 |
| Net change in plan fiduciary net position | 342,224 | 131,375 | 68,144 | 77,873 |
| Plan fiduciary net position - beginning | 2,756,702 | 2,625,327 | 2,557,183 | 2,479,310 |
| Plan fiduciary net position - ending (B) | <u>\$ 3,098,926</u> | <u>\$ 2,756,702</u> | <u>\$ 2,625,327</u> | <u>\$ 2,557,183</u> |
| NET PENSION LIABILITY - ENDING (A) - (B) | <u>\$ (15,282)</u> | <u>\$ 413,245</u> | <u>\$ 449,182</u> | <u>\$ 464,889</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 100.50% | 86.96% | 85.39% | 84.62% |
| Covered-employee payroll | \$ 562,965 | \$ 555,724 | \$ 531,459 | \$ 539,314 |
| Net pension liability as a percentage of covered-employee payroll | -2.71% | 74.36% | 84.52% | 86.20% |

Notes to Schedule:

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

THORNTON TOWNSHIP SCHOOL TREASURER
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FOUR FISCAL YEARS

| | June 30 | December 31 | | |
|--|-------------|-------------------|-------------------|-------------------|
| | 2018 | 2016 | 2015 | 2014 |
| Actuarially determined contribution | \$ 69,920 | \$ 77,579 | \$ 73,448 | \$ 61,374 |
| Contributions in relation to the actuarially determined contribution | 69,920 | 86,927 | 80,648 | 67,074 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ (9,348)</u> | <u>\$ (7,200)</u> | <u>\$ (5,700)</u> |
| Covered-employee payroll | \$ 577,675 | \$ 555,724 | \$ 531,459 | \$ 539,314 |
| Contributions as a percentages of covered-employee payroll | 12.10% | 15.64% | 15.17% | 12.44% |

Valuation date:

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

Methods and assumptions used to determine 2017 contribution rates:

Actuarial cost method: Aggregate entry age normal
Amortization method: Level percentage of payroll, closed
Remaining amortization period: 10-year rolling period
Early retirement Incentive Plan liabilities; a period up to 10 years selected by the Employer upon adoption of ERI
Asset valuation method: 5-year smoothed market; 20% corridor
Wage growth: 3.50%
Price inflation: 2.75%, approximate
Salary increases: 3.75% to 14.50%, including inflation
Investment rate of return: 7.50%
Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (based 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.

Other Information:

Notes: There were no benefit changes during the year.

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

OTHER INFORMATION

THORNTON TOWNSHIP SCHOOL TREASURER
SCHEDULE OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
ALL DISTRICTS SERVICED BY THORNTON TOWNSHIP SCHOOL TREASURER
JUNE 30, 2018

| | Total (Memorandum Only) | | | | | | | | | | | |
|---|-------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|----------------------|
| | All Districts | SD 147 | SD 148 | SD 149 | SD 150 | SD 151 | SD 152 | SD 152.5 | SD 153 | SD 154 | SD 205 | ECHO |
| ASSETS | | | | | | | | | | | | |
| Cash/investments - pooled accounts | \$ 200,266,944 | \$ 6,815,984 | \$ 19,288,545 | \$ 19,712,286 | \$ 10,355,760 | \$ 20,716,639 | \$ 18,782,229 | \$ 8,896,218 | \$ 12,224,248 | \$ 689,375 | \$ 61,615,605 | \$ 21,170,055 |
| Cash at district | 1,604,573 | 16,952 | 68,209 | 98,007 | 363,361 | 25,899 | 22,465 | 212,651 | 160,781 | 41,630 | 594,618 | - |
| Receivables | | | | | | | | | | | | |
| Property taxes | 7,061,584 | - | - | 7,061,584 | - | - | - | - | - | - | - | - |
| Interfund | 219,408 | - | - | - | - | - | 219,408 | - | - | - | - | - |
| Other | 2,891,029 | - | - | 2,891,029 | - | - | - | - | - | - | - | - |
| Other current assets | 383,832 | - | - | 383,832 | - | - | - | - | - | - | - | - |
| Due from other funds | 2,603,428 | - | 2,603,428 | - | - | - | - | - | - | - | - | - |
| General fixed assets | 404,911,020 | 27,093,652 | 59,520,223 | 34,953,048 | 10,733,879 | 56,155,556 | 37,924,769 | 52,106,168 | 37,701,490 | 4,130,643 | 70,433,872 | 14,157,720 |
| Amount available in debt service fund | 5,954,231 | 77,359 | - | 626,578 | (310,893) | 761,463 | 473,045 | - | 1,433,343 | 61,448 | 2,831,888 | - |
| Amount to be provided for payment of long-term debt | 144,128,728 | 5,612,641 | 26,492,841 | 19,527,683 | 3,615,893 | 13,268,537 | 1,126,955 | 5,562,775 | 13,285,042 | 1,427,552 | 51,822,973 | 2,385,836 |
| Total Assets | \$ 770,024,777 | \$ 39,616,588 | \$ 107,973,246 | \$ 85,254,047 | \$ 24,758,000 | \$ 90,928,094 | \$ 58,548,871 | \$ 66,777,812 | \$ 64,804,904 | \$ 6,350,648 | \$ 187,298,956 | \$ 37,713,611 |
| LIABILITIES | | | | | | | | | | | | |
| Due to activity fund organizations | \$ 848,721 | \$ 11,452 | \$ 63,210 | \$ 93,007 | \$ 35,231 | \$ 8,520 | \$ 17,465 | \$ 23,674 | \$ 134,767 | \$ 38,605 | \$ 422,790 | \$ - |
| Due to other funds | 2,603,428 | - | 2,603,428 | - | - | - | - | - | - | - | - | - |
| Deferred revenue & other current liabilities | 8,958,114 | - | - | 8,958,114 | - | - | - | - | - | - | - | - |
| Payroll deductions & withholdings | 618,793 | - | 354,291 | (51,799) | 6,047 | 152,116 | (49,713) | 17,606 | 25,277 | 27,508 | - | 137,460 |
| Payables | | | | | | | | | | | | |
| Interfund | 219,408 | - | - | - | - | - | 219,408 | - | - | - | - | - |
| Other | 2,439,702 | - | - | 2,447,187 | - | - | - | - | - | - | (7,485) | - |
| Salaries & benefits | 251,127 | - | - | 251,127 | - | - | - | - | - | - | - | - |
| Bonds | 150,082,959 | 5,690,000 | 26,492,841 | 20,154,261 | 3,305,000 | 14,030,000 | 1,600,000 | 5,562,775 | 14,718,385 | 1,489,000 | 54,654,861 | 2,385,836 |
| Total Liabilities | 166,022,252 | 5,701,452 | 29,513,770 | 31,851,897 | 3,346,278 | 14,190,636 | 1,787,160 | 5,604,055 | 14,878,429 | 1,555,113 | 55,070,166 | 2,523,296 |
| FUND BALANCE | | | | | | | | | | | | |
| Fund balance | | | | | | | | | | | | |
| Reserved | 50,168,745 | 1,314,732 | 2,185,911 | 5,301,897 | 172,053 | 870,468 | 3,907,122 | - | - | 142,762 | 36,273,800 | - |
| Unreserved | 148,922,760 | 5,506,752 | 16,753,342 | 13,147,205 | 10,505,790 | 19,711,434 | 14,929,820 | 9,067,589 | 12,224,985 | 522,130 | 25,521,118 | 21,032,595 |
| Investment in general fixed assets | 404,911,020 | 27,093,652 | 59,520,223 | 34,953,048 | 10,733,879 | 56,155,556 | 37,924,769 | 52,106,168 | 37,701,490 | 4,130,643 | 70,433,872 | 14,157,720 |
| Total Fund Balance | 604,002,525 | 33,915,136 | 78,459,476 | 53,402,150 | 21,411,722 | 76,737,458 | 56,761,711 | 61,173,757 | 49,926,475 | 4,795,535 | 132,228,790 | 35,190,315 |
| Total Liabilities and Fund Balance | \$ 770,024,777 | \$ 39,616,588 | \$ 107,973,246 | \$ 85,254,047 | \$ 24,758,000 | \$ 90,928,094 | \$ 58,548,871 | \$ 66,777,812 | \$ 64,804,904 | \$ 6,350,648 | \$ 187,298,956 | \$ 37,713,611 |

THORNTON TOWNSHIP SCHOOL TREASURER
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES
ALL DISTRICTS SERVICED BY THORNTON TOWNSHIP SCHOOL TREASURER
FOR THE YEAR ENDED JUNE 30, 2018

| | Total (Memorandum Only) | | | | | | | | | | | |
|--|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|--------------------|--------------------|
| | All Districts | SD 147 | SD 148 | SD 149 | SD 150 | SD 151 | SD 152 | SD 152.5 | SD 153 | SD 154 | SD 205 | ECHO |
| REVENUES | | | | | | | | | | | | |
| Local sources | \$ 180,881,854 | \$ 3,875,021 | \$ 12,861,344 | \$ 14,616,403 | \$ 8,324,773 | \$ 12,839,994 | \$ 3,337,502 | \$ 6,331,220 | \$ 18,215,715 | \$ 2,433,650 | \$ 68,180,650 | \$ 29,865,582 |
| Flow-through receipts | 10,160,151 | - | - | - | - | - | - | - | - | - | - | 10,160,151 |
| State sources | 154,782,872 | 13,436,027 | 20,100,530 | 23,406,127 | 2,772,744 | 11,021,054 | 21,277,745 | 7,331,623 | 7,483,260 | 481,320 | 41,492,764 | 5,979,678 |
| Federal sources | 34,846,653 | 2,209,370 | 5,815,099 | 4,169,233 | 998,176 | 2,398,885 | 4,063,820 | 1,484,459 | 1,047,987 | 211,373 | 8,955,699 | 3,492,552 |
| Total Revenues | 380,671,530 | 19,520,418 | 38,776,973 | 42,191,763 | 12,095,693 | 26,259,933 | 28,679,067 | 15,147,302 | 26,746,962 | 3,126,343 | 118,629,113 | 49,497,963 |
| EXPENDITURES | | | | | | | | | | | | |
| Current operating | | | | | | | | | | | | |
| Instruction | 152,392,303 | 6,388,115 | 16,426,247 | 16,385,979 | 4,633,287 | 10,813,367 | 11,853,076 | 4,469,637 | 12,943,532 | 1,588,136 | 52,566,196 | 14,324,731 |
| Support services | 145,124,178 | 8,105,645 | 13,953,501 | 18,838,785 | 5,157,983 | 10,234,059 | 13,914,245 | 8,116,816 | 9,011,977 | 993,981 | 44,344,792 | 12,452,394 |
| Community services | 3,549,873 | 258,791 | 450,794 | 534,494 | 11,054 | 69,507 | 366,690 | 12,977 | 33,337 | 5,372 | 891,370 | 915,487 |
| Payments to other districts & governmental units | 30,618,859 | 1,251,287 | 2,467,049 | 2,419,071 | 1,160,824 | 1,099,753 | 1,006,985 | 1,652,610 | 275,579 | 13,899 | 10,351,756 | 8,920,046 |
| Debt services | 33,122,941 | 10,978,714 | 2,817,292 | 1,608,740 | 415,575 | 1,101,238 | 10,400 | 1,469,180 | 3,367,891 | 193,815 | 10,820,430 | 339,666 |
| Capital outlay | 16,525,763 | - | 1,131,621 | 437,137 | 10,412 | 606,309 | 1,133,746 | 425,214 | 297,314 | - | 12,312,458 | 171,552 |
| Total Expenditures | 381,333,917 | 26,982,552 | 37,246,504 | 40,224,206 | 11,389,135 | 23,924,233 | 28,285,142 | 16,146,434 | 25,929,630 | 2,795,203 | 131,287,002 | 37,123,876 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Principal on bonds sold | 30,755,000 | 10,000,000 | - | - | - | - | 1,600,000 | - | - | - | 19,155,000 | - |
| Transfers in | 18,140,000 | - | 2,600,000 | - | - | 1,840,000 | 2,150,000 | 50,000 | 1,500,000 | - | 10,000,000 | - |
| Transfers (out) | (18,140,000) | - | (2,600,000) | - | - | (1,840,000) | (2,150,000) | (50,000) | (1,500,000) | - | (10,000,000) | - |
| Other uses not classified elsewhere | (19,411,795) | - | - | - | - | - | - | - | - | - | (16,911,795) | (2,500,000) |
| Total other financing sources (uses) | 11,343,205 | 10,000,000 | - | - | - | - | 1,600,000 | - | - | - | 2,243,205 | (2,500,000) |
| Net change in fund balance | (12,005,592) | 2,537,866 | 1,530,469 | 1,967,557 | 706,558 | 2,335,700 | 1,993,925 | (999,132) | 817,332 | 331,140 | (10,414,684) | 9,874,087 |
| Fund balance beginning of year | 188,410,687 | 4,283,618 | 17,408,784 | 16,481,545 | 9,971,285 | 18,246,202 | 16,843,017 | 10,066,721 | 11,407,653 | 333,752 | 72,209,602 | 11,158,508 |
| Fund balance end of year | \$ 199,091,505 | \$ 6,821,484 | \$ 18,939,253 | \$ 18,449,102 | \$ 10,677,843 | \$ 20,581,902 | \$ 18,836,942 | \$ 9,067,589 | \$ 12,224,985 | \$ 664,892 | \$ 61,794,918 | \$ 21,032,595 |