

Thornton Township School Treasurer

South Holland, Illinois

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2022



THORNTON TOWNSHIP SCHOOL TREASURER
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Disclaimer of Opinions and Qualified Opinion

We have audited the modified cash basis financial position of the aggregate remaining fund information; and we were engaged to audit the governmental activities and the major fund of Thornton Township School Treasurer (the Treasurer's Office) as of and for the year ended June 30, 2022, 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.

Disclaimer of Opinions on the Governmental Activities and The Major Fund

We do not express an opinion on the accompanying financial statements of the governmental activities and the major fund of the Treasurer's Office. Because of the significance of the matter described in the Basis for Disclaimer of Opinions on the Governmental Activities and the Major Fund section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities and the major fund.

Qualified Opinion on the Aggregate Remaining Fund Information

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying modified cash basis financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the aggregate remaining fund information of Thornton Township School Treasurer as of June 30, 2022, and the changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Disclaimer of Opinions on the Governmental Activities and The Major Fund

Due to the circumstances of the Treasurer's Office's significant turnover of the Treasurer and his staff, we were unable to receive appropriate audit evidence for our testing. We found inconsistencies, lack of documentation, and lack of controls within the Treasurer's Office related to payroll and credit cards. The effects of these items on the financial statements are not known as of the date of this report.

Basis for Qualified Opinion on the Aggregate Remaining Fund Information

We conducted our audit of the aggregate remaining fund information in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of Thornton Township School Treasurer, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to Qualified Opinion on the Aggregate Remaining Fund Information

The Thornton Township School Treasurer maintains custody of several entity's cash and investments within bank accounts as authorized by the Board of Trustees. The bank reconciliation procedures were not performed in a timely manner by the Treasurer's Office and we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the entity's cash and investments. The impact to the statement of fiduciary net positions of the entity has not been determined.

Emphasis of Matter- 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Treasurer's Office's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Governmental Activities and The Major Fund

Our responsibility is to conduct an audit of the Treasurer's Office's financial statements in accordance with GAAS and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on Governmental Activities and The Major Fund section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities and the major fund.

We are required to be independent of the Treasurer's Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditor's Responsibilities for the Aggregate Remaining Fund Information

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Treasurer's Office ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary and Other Information

Management is responsible for the supplementary and other information included in the annual report. The supplementary and other information comprises the Management's Discussion and Analysis, Schedule of Changes in Net Position Liability and Related Ratios- Illinois Municipal Retirement Fund and the Schedule of Employer Contributions- Illinois Municipal Retirement Fund, 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, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the supplementary or other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the supplementary and other information and consider whether a material inconsistency exists between the supplementary and other information and the basic financial statements, or the supplementary and other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Previously Audited Data

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Treasurer's Office's basic financial statements as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated June 16, 2022, which contained an unmodified opinion on the respective modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Treasurer's Office's basic financial statements as a whole.

John Kasperuk Co., Inc.

Calumet City, Illinois
October 27, 2023

THORNTON TOWNSHIP TRUSTEES OF SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

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, 2022. 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 8 and 9 of this report.

Fund Financial Statements

The Treasurer's Office fund financial statements, which begin on page 10, 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 2022 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, 2022

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 25 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 29 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 \$(192,000) at June 30, 2022. In comparison, the total net position was \$5,980 at June 30, 2021.

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.

THORNTON TOWNSHIP TRUSTEES OF SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Statement of Net Position
(Modified Cash Basis)

	Governmental Activities	
	2022	2021
Assets:		
Cash and investments	\$ (207,759)	\$ (3,246)
Other current asset	-	18,730
Capital assets - net of accumulated depreciation	1,310	2,644
Total assets	\$ (206,449)	\$ 18,128
Liabilities:		
Payroll liabilities	\$ (14,449)	\$ 12,148
Total Liabilities	\$ (14,449)	\$ 12,148
Net Position:		
Invested in capital assets	\$ 1,310	\$ 2,644
Unrestricted	(193,310)	3,336
Total net position	\$ (192,000)	\$ 5,980

Governmental Activities

The key elements of the change in the Treasurer's Office net position for the year ended June 30, 2022 are as follows; 2021 is also presented for the purpose of additional analysis.

Statement of Activities
(Modified Cash Basis)

	Governmental Activities	
	2022	2021
Revenue	\$ 1,354,101	\$ 1,315,772
Expenditures:		
Support services	1,552,081	1,434,453
Total expenditures	1,552,081	1,434,453
Change in net position	(197,980)	(118,681)
Net position - July 1	5,980	124,661
Net position - June 30	\$ (192,000)	\$ 5,980

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.

The Treasurer's Office did not amend its budget for the year ended June 30, 2022. For the General Fund for the year ended June 30, 2022, the budgeted revenue was \$1,336,764 compared to actual revenue of \$1,354,101. Budgeted expenditures for 2022 were \$1,326,764 compared to actual expenditures of \$1,550,747.

THORNTON TOWNSHIP TRUSTEES OF SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

For the General Fund for the year ended June 30, 2021, the budgeted revenue was \$1,314,120 compared to actual revenue of \$1,315,772. Budgeted expenditures for 2021 were \$1,306,190 compared to actual expenditures of \$1,432,911.

Additional information on page 17.

Capital Assets

Capital assets at June 30, 2022 and 2021 are as follows:

Capital Assets (Net of Depreciation)		
	Governmental Activities	
	2022	2021
Computer equipment and software	\$ 1,310	\$ 2,644
Total net capital assets	\$ 1,310	\$ 2,644

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, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ (207,759)
Capital assets (net of accumulated depreciation)	<u>1,310</u>
Total Assets	<u><u>(206,449)</u></u>
LIABILITIES	
Payroll Liabilities	<u>(14,449)</u>
Total Liabilities	<u><u>(14,449)</u></u>
NET POSITION	
Investment in capital assets	1,310
Unrestricted	<u>(193,310)</u>
Total Net Position	<u><u>\$ (192,000)</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, 2022

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities
Governmental activities:			
Support services	\$ 1,552,081	\$ 1,350,964	\$ (201,117)
Total governmental activities	\$ 1,552,081	\$ 1,350,964	(201,117)
General revenues:			
Other income			3,137
Change in net position			(197,980)
Net position - beginning of year			5,980
Net position - end of year			\$ (192,000)

The accompanying notes are an integral part of this statement.

THORNTON TOWNSHIP SCHOOL TREASURER
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUND
JUNE 30, 2022

ASSETS	
Cash and investments	<u>\$ (207,759)</u>
Total Assets	<u><u>\$ (207,759)</u></u>
LIABILITIES	
Payroll liabilities	<u>\$ (14,449)</u>
Total Liabilities	<u><u>\$ (14,449)</u></u>
FUND BALANCE	
Unassigned	<u>\$ (193,310)</u>
Total Fund Balance	<u><u>\$ (193,310)</u></u>
RECONCILIATION TO STATEMENT OF NET POSITION:	
Total Fund Balance (per above)	\$ (193,310)
Amounts reported for governmental activities in the statement of net position-modified cash basis are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>1,310</u>
Net position of governmental activities (page 8)	<u><u>\$ (192,000)</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, 2022

	<u>General Fund</u>
REVENUES	
Fees charged to school districts for operating purposes	\$ 1,350,964
Other income	<u>3,137</u>
Total Revenues	<u>1,354,101</u>
EXPENDITURES	
Support services	
Treasurer's salary	149,687
Office salaries	455,149
Employer benefits	221,138
Purchase services	447,585
Supplies	36,867
Software subscriptions, licensing and consulting fees	214,831
Other	22,625
Capital Expenditures	<u>2,865</u>
Total Expenditures	<u>1,550,747</u>
Net change in fund balance	(196,646)
Fund balance at beginning of year	<u>3,336</u>
Fund balance at end of year	<u><u>\$ (193,310)</u></u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES:	
Total net change in fund balance - governmental funds (per above)	\$ (196,646)
Amounts reported for governmental activities in the statement of activities - modified cash basis are different because:	
<p>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.</p>	
Depreciation expense	<u>(1,334)</u>
Change in net position of governmental activities (page 9)	<u><u>\$ (197,980)</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, 2022

	2022		Variance with Final Budget Over (Under)	2021
	Original and Final Budget	Actual		Actual
REVENUES				
Fees charged to school districts for operating purposes	\$ 1,336,764	\$ 1,350,964	\$ 14,200	\$ 1,314,120
Other income	-	3,137	3,137	1,652
Total Revenues	<u>1,336,764</u>	<u>1,354,101</u>	<u>17,337</u>	<u>1,315,772</u>
EXPENDITURES				
Support services				
Treasurer's salary	-	149,687	149,687	272,877
Office salaries	512,897	455,149	(57,748)	484,520
Employer benefits	214,417	221,138	6,721	147,308
Purchase services	549,700	447,585	(102,115)	308,423
Supplies	35,500	36,867	1,367	32,513
Software subscriptions, licensing and consulting fees	6,000	214,831	208,831	187,270
Other	750	22,625	21,875	-
Capital outlay	7,500	2,865	(4,635)	-
Total Expenditures	<u>1,326,764</u>	<u>1,550,747</u>	<u>223,983</u>	<u>1,432,911</u>
Net change in fund balance	<u>\$ 10,000</u>	(196,646)	<u>\$ (206,646)</u>	(117,139)
Fund balance at beginning of year		<u>3,336</u>		<u>120,475</u>
Fund balance at end of year		<u>\$ (193,310)</u>		<u>\$ 3,336</u>

The accompanying notes are an integral part of this statement.

THORNTON TOWNSHIP SCHOOL TREASURER
STATEMENT OF FIDUCIARY NET POSITION AND LIABILITIES ARISING FROM
CASH TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Funds
ASSETS	
Cash	\$ 6,510,361
Investments:	
Short term investments	35,000,200
External investment pools	5,014,062
U.S. Government Agencies	25,734,431
U.S. Government Securities	21,211,212
U.S. Treasuries	25,381,484
Certificates of Deposit	31,657,179
Municipal Bonds	7,752,432
Commercial Paper	42,537,888
Corporate Bonds	45,415,124
Total Assets	\$ 246,214,373
NET POSITION	
DUE TO SCHOOL DISTRICTS AND JOINT AGREEMENT	
West Harvey-Dixmoor Public School District 147	\$ 22,993,354
Dolton-Riverdale School District 148	12,180,191
Dolton School District 149	24,624,412
South Holland School District 150	11,153,852
South Holland School District 151	28,044,353
Harvey Public School District 152	29,835,101
Hazel Crest School District 152.5	12,839,758
Homewood School District 153	1,128,202
Thornton School District 154	2,794,798
Thornton Township High School District 205	85,171,632
ECHO Joint Agreement	25,068,362
Thornton Township School Treasurer	(207,759)
Total due to school districts and joint agreements	255,626,256
Unallocated variance in cash	(2,074,567)
Unallocated depreciation in fair market value of investments	(7,337,316)
Total Net Position	\$ 246,214,373

The accompanying notes are an integral part of this statement.

THORNTON TOWNSHIP SCHOOL TREASURER
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Funds
ADDITIONS	
Property taxes	\$ 135,562,224
State and federal grants	205,087,241
Corporate personal property replacement taxes	20,316,115
Interest income allocation	2,079,162
Total Additions	363,044,742
DEDUCTIONS	
Payments made on behalf of the Districts	363,345,906
Total Deductions	363,345,906
Net Increase in Fiduciary Net Position	(301,164)
NET POSITION	
July 1, 2021	246,515,537
June 30, 2022	\$ 246,214,373

The accompanying notes are an integral part of this statement.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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
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, 2022

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, 2022

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 modified 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. The budget was approved on June 24, 2021. The following funds had expenditures disbursed that exceeded the budget.

Fund	Budget	Actual	Overexpended Amount
General Fund	\$ 1,326,764	\$ 1,550,747	\$ 223,983

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. NET POSITION/FUND BALANCE (CONTINUED)

- 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.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances and finally unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

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;

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

- Interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district;
- 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, 2022 are as follows:

Cash and investments:	
Per Statement of Net Position	\$ (207,759)
Per Statement of Assets and Liabilities-Fiduciary Fund	<u>246,422,132</u>
Total cash and investments	<u>\$ 246,214,373</u>

For disclosure purposes, this amount consists of the following components at June 30, 2022:

Investments:	
Short term investments	\$ 35,000,200
External investment pools	5,014,062
U.S. Government Agencies	25,734,431
U.S. Government Securities	21,211,212
U.S. Treasury	25,381,484
Certificates of Deposit	31,657,179
Municipal Bonds	7,752,432
Commercial paper	42,537,888
Corporate Bonds	<u>45,415,124</u>
	239,704,012
Deposits with financial institutions	<u>6,510,361</u>
Total cash and investments	<u>\$ 246,214,373</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 Offices 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 - bank balance	\$ 19,545,807
Deposits-in-transit	-
Outstanding checks	<u>(13,035,446)</u>
Deposits with financial institutions - book balance	<u>\$ 6,510,361</u>

As of June 30, 2022, the Treasurer's Office bank balance of \$19,545,807 were fully insured or collateralized.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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.

As of June 30, 2022, 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	\$ 35,000,200	\$ 35,000,200	\$ -	\$ -
External investment pools	5,014,062	5,014,062	-	-
U.S. Government Agencies	25,734,431	-	25,734,431	-
U.S. Government Securities	21,211,212	-	19,905,038	1,306,174
U.S. Treasury	25,381,484	797,409	24,065,471	518,604
Certificates of Deposit	31,657,179	15,280,788	13,930,138	2,446,253
Municipal Bonds	7,752,432	5,083,880	2,668,552	-
Commercial paper	42,537,888	42,537,888	-	-
Corporate Bonds	45,415,124	16,218,938	28,691,761	504,425
Total investments	<u>\$ 239,704,012</u>	<u>\$ 119,933,165</u>	<u>\$ 114,995,391</u>	<u>\$ 4,775,456</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					Not Rated
		AAA/Aaa	A1/A2/A3/Aa1/ Aa2/A-1/A-1+	A/A-/A+	AA/AA-/AA+	BBB/BBB+	
Money Market	\$ 35,000,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000,200
External investment pools	5,014,062	-	-	-	-	-	5,014,062
U.S. Government Agencies	25,734,431	-	-	-	7,855,893	-	17,878,538
U.S. Government Securities	21,211,212	-	1,756,839	3,687,368	15,767,005	-	-
U.S. Treasury	25,381,484	1,737,285	4,221,447	-	18,013,000	-	1,409,752
Certificates of Deposit	31,657,179	-	-	15,985,377	-	-	15,670,802
Municipal Bonds	7,752,432	1,820,364	764,987	58,426	1,786,643	-	3,322,012
Commercial paper	42,537,888	-	42,537,888	-	-	-	-
Corporate Bonds	45,415,124	1,397,915	3,120,091	28,969,260	6,706,386	4,228,706	992,766
Total investments	<u>\$ 239,704,012</u>	<u>\$ 4,955,564</u>	<u>\$ 52,401,252</u>	<u>\$ 48,700,431</u>	<u>\$ 50,128,927</u>	<u>\$ 4,228,706</u>	<u>\$ 79,288,132</u>

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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 \$15,025,894.

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 investments

Inputs are quoted prices in active markets for identical assets.

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.

Level 2 investments

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.

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.

Level 3 investments

Inputs are significant unobservable inputs.

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement of Investments (continued)

The carrying amount of investment and fair value hierarchy at June 30, 2022 is as follows:

Investments by fair value level	June 30, 2022	Quoted Prices in in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Inputs (Level 3)
Short term investments	\$ 35,000,200	\$ 35,000,200	\$ -	\$ -
U.S. Government Agencies	25,734,431	-	25,734,431	-
U.S. Government Securities	21,211,212	-	21,211,212	-
U.S. Treasury	25,381,484	-	25,381,484	-
Certificates of Deposit	31,657,179	-	31,657,179	-
Municipal Bonds	7,752,432	-	7,752,432	-
Commercial paper	42,537,888	-	42,537,888	-
Corporate Bonds	45,415,124	-	45,415,124	-
Total	234,689,950	\$ 35,000,200	\$ 199,689,750	\$ -

Investments measured at net asset value

External investment pools

ISDLAF+	67,058
Illinois Funds	4,806,627
ISDMAX	140,377
	<u>\$ 239,704,012</u>

Net Asset Value (NAV)

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

	Value	Unfunded Commitments	Frequency (if currently eligible)	Notice period
ISDLAF+	\$ 67,058	N/A	Daily	1 day
Illinois Funds	4,806,627	N/A	Daily	1 day
ISDMAX	140,377	N/A	Daily	1 day
Total	<u>\$ 5,014,062</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, 2022

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, 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	82,731	-	-	82,731
Office furniture and equipment	75,709	-	-	75,709
<i>Total capital assets being depreciated</i>	<u>277,785</u>	<u>-</u>	<u>-</u>	<u>277,785</u>
<i>Less accumulated depreciation for:</i>				
Leasehold Improvements	119,345	-	-	119,345
Computer equipment and software	80,087	1,334	-	81,421
Office furniture and equipment	75,709	-	-	75,709
<i>Total accumulated depreciation</i>	<u>275,141</u>	<u>1,334</u>	<u>-</u>	<u>276,475</u>
<i>Governmental activity capital assets, net</i>	<u>\$ 2,644</u>	<u>\$ (1,334)</u>	<u>\$ -</u>	<u>\$ 1,310</u>

Depreciation expense of \$1,334 is reported on the Statement of Activities - Modified Cash Basis and is allocated to support services.

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. On May 1, 2020, the lease was extended through April 30, 2023. Lease payments are made on a monthly basis in the amount of \$8,333.33. All lease payments are paid out of the general fund.

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

Year Ending June 30,	Future Payments Office lease
2023	\$ 83,333
	<u>\$ 83,333</u>

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description

The Treasurer’s Office agent multiple-employer 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, 2021, 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	5
Active Plan Members	6
Total	<u>19</u>

THORNTON TOWNSHIP SCHOOL TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 contribution rate for calendar year 2021 was 11.05%. For the fiscal year ended June 30, 2022, the Treasurer's Office contributed \$56,375, to the plan in regular employer contributions. The Treasurer's Office also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Treasurer's Office net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements. Information regarding the Treasurer's Office change in fiduciary net position, as well as information provided by the Fund's actuary, are available at the Treasurer's administrative office.

NOTE 7. RECENT GASB PRONOUNCEMENTS

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements," will be effective for reporting periods beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) governments. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," will be effective for reporting periods beginning after June 15, 2021. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

GASB Statement No. 100, "Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62" will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY								
Service Cost	\$ 74,027	\$ 75,047	\$ 61,963	\$ 55,952	\$ 63,120	\$ 61,440	\$ 62,885	\$ 60,005
Interest	250,383	243,360	235,074	224,923	232,788	223,934	220,263	198,607
Differences between expected and actual experience	146,439	84,181	42,097	115,996	(54,927)	18,389	(44,742)	50,577
Changes of assumptions	-	(44,787)	-	68,971	(131,955)	(17,596)	-	179,008
Benefit payments, including refunds of employee contributions	(283,592)	(237,253)	(225,526)	(225,301)	(195,329)	(190,729)	(185,969)	(182,580)
Net change in total pension liability	187,257	120,548	113,608	240,541	(86,303)	95,438	52,437	305,617
Total pension liability - beginning	3,558,341	3,437,793	3,324,185	3,083,644	3,169,947	3,074,509	3,022,072	2,716,455
Total pension liability - ending (A)	<u>\$ 3,745,598</u>	<u>\$ 3,558,341</u>	<u>\$ 3,437,793</u>	<u>\$ 3,324,185</u>	<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	\$ 72,060	\$ 95,854	\$ 53,734	\$ 72,934	\$ 68,682	\$ 86,927	\$ 80,648	\$ 67,074
Contributions- employee	29,346	33,515	28,347	27,305	25,334	25,008	23,916	24,151
Net investment income	621,789	488,567	569,902	(192,295)	511,188	182,208	12,582	148,452
Benefit payments, including refunds of employee contributions	(283,592)	(237,253)	(225,526)	(225,301)	(195,329)	(190,729)	(185,969)	(182,580)
Other	(42,024)	9,519	28,531	108,134	(67,651)	27,961	136,967	20,776
Net change in plan fiduciary net position	397,579	390,202	454,988	(209,223)	342,224	131,375	68,144	77,873
Plan fiduciary net position - beginning	3,734,893	3,344,691	2,889,703	3,098,926	2,756,702	2,625,327	2,557,183	2,479,310
Plan fiduciary net position - ending (B)	<u>\$ 4,132,472</u>	<u>\$ 3,734,893</u>	<u>\$ 3,344,691</u>	<u>\$ 2,889,703</u>	<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>\$ (386,874)</u>	<u>\$ (176,552)</u>	<u>\$ 93,102</u>	<u>\$ 434,482</u>	<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	110.33%	104.96%	97.29%	86.93%	100.50%	86.96%	85.39%	84.62%
Covered-employee payroll	\$ 652,125	\$ 744,786	\$ 629,934	\$ 606,773	\$ 562,965	\$ 555,724	\$ 531,459	\$ 539,314
Net pension liability as a percentage of covered-employee payroll	-59.33%	-23.71%	14.78%	71.61%	-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 EIGHT FISCAL YEARS

	June 30					December 31		
	2022	2021	2020	2019	2018	2016	2015	2014
Actuarially determined contribution	\$ 56,375	\$ 87,642	\$ 76,973	\$ 62,057	\$ 69,920	\$ 77,579	\$ 73,448	\$ 61,374
Contributions in relation to the actuarially determined contribution	56,375	87,642	76,973	62,057	69,920	86,927	80,648	67,074
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,348)</u>	<u>\$ (7,200)</u>	<u>\$ (5,700)</u>
Covered-employee payroll	\$ 579,425	\$ 733,861	\$ 706,559	\$ 605,785	\$ 577,675	\$ 555,724	\$ 531,459	\$ 539,314
Contributions as a percentages of covered-employee payroll	9.73%	11.94%	10.89%	10.24%	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 2021 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:	3.25%
Price inflation:	2.50%
Salary increases:	3.35% to 14.25%, including inflation
Investment rate of return:	7.25%
Retirement age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality:	For non-disabled retirees, an IMRF specific mortality table were used with fully generational projection scale MP-2017 (based year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

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, 2022

	Total (Memorandum Only)										
	All Districts	SD 147	SD 148	SD 149	SD 150	SD 151	SD 152	SD 152.5	SD 154	SD 205	ECHO
ASSETS											
Cash/investments - pooled accounts	\$ 254,705,813	\$ 22,993,354	\$ 12,180,191	\$ 24,624,412	11,153,852	\$ 28,044,353	\$ 29,835,101	\$ 12,839,758	\$ 2,794,798	\$ 85,171,632	\$ 25,068,362
Cash at district- student activity	998,651	18,777	59,338	138,696	580	-	26,504	7,098	21,394	726,264	-
Cash at district- other	1,001,220	5,500	5,000	1,621	3,300	26,856	97,298	686,630	3,188	171,827	-
Prepaid	347,212	-	-	347,212	-	-	-	-	-	-	-
Receivables											
Property taxes	6,976,249	-	-	6,976,249	-	-	-	-	-	-	-
Interfund	2,008,245	-	2,008,245	-	-	-	-	-	-	-	-
Other	2,666,186	15,476	-	2,647,289	-	-	-	-	3,421	-	-
General fixed assets	316,278,689	1,542,108	7,015,183	36,616,279	17,899,055	61,656,184	35,130,382	53,191,590	1,873,070	78,724,636	22,630,202
Amount available in debt service fund	13,355,781	731	973,664	2,399,641	48,998	6,552,172	-	686,229	118,162	2,576,184	-
Amount to be provided for payment of long-term debt	92,322,466	3,034,269	15,642,439	14,363,271	7,122,299	5,489,114	60,409	1,659,969	877,951	28,707,298.00	15,365,447
Total Assets	\$ 690,660,512	\$ 27,610,215	\$ 37,884,060	\$ 88,114,670	\$ 36,228,084	\$ 101,768,679	\$ 65,149,694	\$ 69,071,274	\$ 5,691,984	\$ 196,077,841	\$ 63,064,011
LIABILITIES											
Deferred revenue & other current liabil	\$ 8,828,737	\$ -	\$ -	\$ 8,751,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,980	\$ -
Payroll deductions & withholdings	156,007	-	4,929	119,811	80,568	239,067	2,618	-	-	(9,845)	(281,141)
Payables											
Interfund	2,005,641	-	2,005,641	-	-	-	-	-	-	-	-
Other	1,805,555	-	2,604	1,947,668	-	-	-	-	-	-	(144,717)
Salaries & benefits	389,847	-	-	389,847	-	-	-	-	-	-	-
Bonds and Capital leases	105,678,247	3,035,000	16,616,103	16,762,912	7,171,297	12,041,286	60,409	2,346,198	996,113	31,283,482	15,365,447
Total Liabilities	118,864,034	3,035,000	18,629,277	27,971,995	7,251,865	12,280,353	63,027	2,346,198	996,113	31,350,617	14,939,589
FUND BALANCE											
Fund balance											
Reserved	52,274,846	5,600,930	3,493,036	4,360,627	1,972,392	6,299,690	1,483,141	7,135,936	418,216	20,403,149	1,107,729
Unreserved	203,220,929	17,432,177	8,746,564	19,165,769	9,104,772	21,532,452	28,473,144	6,397,550	2,404,585	65,599,439	24,364,477
Investment in general fixed assets	316,278,689	1,542,108	7,015,183	36,616,279	17,899,055	61,656,184	35,130,382	53,191,590	1,873,070	78,724,636	22,630,202
Total Fund Balance	571,774,464	24,575,215	19,254,783	60,142,675	28,976,219	89,488,326	65,086,667	66,725,076	4,695,871	164,727,224	48,102,408
Total Liabilities and Fund Balance	\$ 690,638,498	\$ 27,610,215	\$ 37,884,060	\$ 88,114,670	\$ 36,228,084	\$ 101,768,679	\$ 65,149,694	\$ 69,071,274	\$ 5,691,984	\$ 196,077,841	\$ 63,041,997

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, 2022

	Total (Memorandum Only)										
	All Districts	SD 147	SD 148	SD 149	SD 150	SD 151	SD 152	SD 152.5	SD 154	SD 205	ECHO
REVENUES											
Local sources	\$ 188,612,516	\$ 6,580,199	\$ 15,537,748	\$ 14,119,816	\$ 9,279,499	\$ 13,607,542	\$ 6,819,666	\$ 7,598,857	\$ 3,363,106	\$ 83,922,302	\$27,783,781
Flow-through receipts	10,329	-	-	-	-	-	-	-	-	10,329	-
State sources	164,339,201	12,533,193	24,426,537	25,714,204	3,563,747	14,303,372	21,551,381	9,061,115	692,432	47,854,013	4,639,207
Federal sources	44,763,875	3,508,357	5,988,719	4,884,900	2,763,109	5,092,285	6,652,523	1,705,486	423,915	11,845,039	1,899,542
State onbehalf payments	24,785,950	458,516	2,211,217	1,755,892	2,839,802	4,935,092	1,148,472	653,138	179,562	5,172,203	5,432,056
Total Revenues	422,511,871	23,080,265	48,164,221	46,474,812	18,446,157	37,938,291	36,172,042	19,018,596	4,659,015	148,803,886	39,754,586
EXPENDITURES											
Current operating											
Instruction	157,699,700	6,639,435	23,451,003	17,005,147	5,987,964	12,837,387	13,223,369	7,306,743	1,920,715	54,649,824	14,678,113
Support services	153,124,768	8,348,236	17,014,527	22,419,085	5,741,318	13,093,972	16,490,371	8,465,643	1,114,227	46,662,937	13,774,452
Community services	3,767,451	346,768	448,423	754,261	6,967	68,322	496,680	933	-	1,033,737	611,360
Payments to other districts & governmental units	23,139,688	741,158	2,819,822	3,638,510	1,444,499	1,375,174	597,255	1,106,122	274,291	11,055,751	87,106
Debt services	23,824,098	1,069,317	4,285,038	1,662,133	780,068	1,474,468	1,664,972	1,253,320	176,060	10,676,666	782,056
Capital outlay	22,805,119	571,998	311,411	307,039	2,443,936	880,587	517,837	61,895	178,234	5,334,085	12,198,097
State onbehalf payments	24,785,950	458,516	2,211,217	1,755,892	2,839,802	4,935,092	1,148,472	653,138	179,562	5,172,203	5,432,056
Total Expenditures	409,146,774	18,175,428	50,541,441	47,542,067	19,244,554	34,665,002	34,138,956	18,847,794	3,843,089	134,585,203	47,563,240
OTHER FINANCING SOURCES (USES)											
Principal on bonds sold	2,600,000	-	-	-	-	-	-	-	-	2,600,000	-
Transfers in	422,473	-	-	-	196,749	225,724	-	-	-	-	-
Transfers (out)	(422,473)	-	-	-	(196,749)	(225,724)	-	-	-	-	-
Other sources not classified elsewhere	1,684,150	-	-	308,321	171,094	1,204,735	-	-	-	-	-
Other uses not classified elsewhere	(808,321)	-	-	(308,321)	-	(500,000)	-	-	-	-	-
Total other financing sources (uses)	3,475,829	-	-	-	171,094	704,735	-	-	-	2,600,000	-
Net change in fund balance	16,840,926	4,904,837	(2,377,220)	(1,067,255)	(627,303)	3,978,024	2,033,086	170,802	815,926	16,818,683	(7,808,654)
Fund balance beginning of year	238,676,863	18,128,270	14,616,820	24,593,651	11,704,467	23,854,118	27,923,199	13,362,684	2,006,875	69,183,905	33,302,874
Fund balance end of year	<u>\$ 255,517,789</u>	<u>\$ 23,033,107</u>	<u>\$ 12,239,600</u>	<u>\$ 23,526,396</u>	<u>\$ 11,077,164</u>	<u>\$ 27,832,142</u>	<u>\$ 29,956,285</u>	<u>\$ 13,533,486</u>	<u>\$ 2,822,801</u>	<u>\$ 86,002,588</u>	<u>\$25,494,220</u>

Note 1: SD 149 was reported on a modified accrual basis and the remaining schools were reported on a modified cash basis.