

**LYONS TOWNSHIP SCHOOL TREASURER**

**TOWNSHIP 38 NORTH, RANGE 12 EAST**

**COOK COUNTY, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2023**

**LYONS TOWNSHIP SCHOOL TREASURER  
TOWNSHIP 38 NORTH, RANGE 12 EAST  
COOK COUNTY, ILLINOIS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2023**

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CONTENTS

**FINANCIAL SECTION**

Independent Auditor’s Report .....	1-2
Management’s Discussion and Analysis (Unaudited) .....	3-7

**BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements	
Statement of Net Position – Modified Cash Basis .....	8
Statement of Activities – Modified Cash Basis .....	9
Fund Financial Statements	
Governmental Fund	
Statement of Assets and Liabilities Arising from Cash Transactions – Modified Cash Basis .....	10
Reconciliation of the Statement of Assets and Liabilities Arising from Cash Transactions of the Governmental Fund to the Statement of Net Position – Modified Cash Basis ..	11
Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balance – Governmental Fund .....	12
Reconciliation of Statement of Revenues Collected, Expenditures Paid and Change in Fund Position of the Governmental Fund to the Statement of Activities - Modified Cash Basis .....	13
Fiduciary Funds	
Statement of Fiduciary Net Position – Modified Cash Basis – Custodial Fund .....	14
Statement of Changes in Fiduciary Net Position – Modified Cash Basis – Custodial Fund .....	15
Notes to Financial Statements .....	16-37

**OTHER SUPPLEMENTARY INFORMATION (UNAUDITED)**

Schedule of Changes in Net Position (Asset) Liability and Related Ratios - Illinois Municipal Retirement Fund .....	38
Schedule of Contributions Illinois Municipal Retirement Fund .....	39

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Lyons Township School Treasurer  
Countryside, Illinois

### **Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Lyons Township School Treasurer (the Treasurer), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Treasurer's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyons Township School Treasurer, as of June 30, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the 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 audit opinions.

### **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 these 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Treasurer's ability to continue as a going concern for a reasonable period of time.

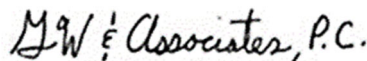
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matters**

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and other supplementary information (as listed in the table of contents), 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 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 other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the 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.



GW & Associates, P.C.

Hillside, Illinois  
December 14, 2023

**Lyons Township School Treasurer  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2023**

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The discussion and analysis of the Lyons Township School Treasurer's (the Lyons Township Treasurer's Office) financial performance provides an overall review of the Treasurer's financial activities, for the year ended June 30, 2023. The management of the Lyons Township Treasurer's Office encourages readers to consider the information presented herein in conjunction with the basic modified cash basis financial statements to enhance their understanding of the Lyons Township Treasurer's Office financial performance. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Certain comparative information between the current year and prior year is required to be presented in the Management's Discussion and Analysis (the "MD&A").

**Financial Highlights**

- In total, the net deficit decreased by \$1,658,888.
- The expenditures of the Treasurer's Office services have increased by \$66,312.

**Overview of the Financial Statements**

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

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

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

*Government-wide financial statements*

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

The Statement of Net Position - modified cash basis presents information on the Lyons Township Treasurer's Office assets and liabilities with the difference reported as net position (deficit). Over time, increases or decreases in net deficit may serve as a useful indicator of whether the financial position of the Lyons Township Treasurer's Office is improving or deteriorating.

The Statement of Activities - modified cash basis presents information showing how the Lyons Township Treasurer's Office net position changed during the fiscal year being reported. All changes in net position are reported when revenue is received and expenses are paid.

**Lyons Township School Treasurer  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2023**

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**Overview of the Financial Statements (Continued)**

*Government-wide financial statements (Continued)*

The government-wide financial statements present the functions of the Lyons Township Treasurer's Office that are principally supported by fees received from school districts for investing and other business services performed. The Lyons Township Treasurer's Office has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges.

*Fund financial statements*

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

The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Lyons Township Treasurer's Office near-term financing requirements.

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

The Lyons Township Treasurer's Office maintains one individual governmental fund - General (Distributive) Fund. Information is presented in the governmental funds statement of assets and liabilities arising from cash transactions and in the governmental funds statement of revenues collected, expenditures paid, and changes in fund balance for the General (Distributive) Fund.

The Fiduciary activities - Custodial Fund is used to account for the cash and investments held by the Trustees in custody for the township districts and cooperatives.

**Lyons Township School Treasurer  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2023**

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**Overview of the Financial Statements (Continued)**

*Notes to the financial statements*

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

*Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information concerning the Lyons Township School Treasurer's pension data related to the Illinois Municipal Retirement Fund.

**Government-Wide Financial Analysis**

<b>Table 1 Condensed Statement of Net Position</b>		
	<u><b>2023</b></u>	<u><b>2022</b></u>
Current and other assets	\$ 27,224	\$ 250
Capital assets	<u>275,537</u>	<u>296,911</u>
Total assets	<u>302,761</u>	<u>297,161</u>
Advances from Township Districts	1,763,303	3,394,019
Long-term liabilities	<u>261,720</u>	<u>284,292</u>
Total liabilities	<u>2,025,023</u>	<u>3,678,311</u>
Net position:		
Net investment in capital assets	13,817	12,619
Unrestricted	<u>(1,736,079)</u>	<u>(3,393,769)</u>
Total net position	<u><u>\$ (1,722,262)</u></u>	<u><u>\$ (3,381,150)</u></u>



**Lyons Township School Treasurer  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2023**

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**Government-Wide Financial Analysis (Continued)**

<b>Table 2 Changes in Net Position</b>		
	<u>2023</u>	<u>2022</u>
<b>Revenues:</b>		
Program revenues	<u>\$ 2,864,208</u>	<u>\$ 1,440,520</u>
Total revenues	<u>2,864,208</u>	<u>1,440,520</u>
<b>Expenses:</b>		
Treasurer's office services	<u>1,205,320</u>	<u>1,139,008</u>
Total expenses	<u>1,205,320</u>	<u>1,139,008</u>
<b>Change in net position</b>	<u><u>\$ 1,658,888</u></u>	<u><u>\$ 301,512</u></u>

**Financial Analysis of the Lyons Township Treasurer's Office Funds**

As the Lyons Township Treasurer's Office completed the year, the government-wide (annual operational activities) net deficit was \$1,722,262. Annual operational revenues are generated from the pro-rata billing which are based on the prior year's (FY22) operational expenditures. The governmental fund expenditures are based on the current year (FY23) operational expenditures. In FY23 the government-wide deficit decreased by \$1,658,888.

The collective financial position of the Lyons Township School Treasurer is reflected in its governmental fund. The governmental fund deficit decreased to \$1,736,079 from the prior year deficit. Write-offs related to uncollected pro-rata revenue from Lyons Township High School District 204 from FY1999-FY2011 is the largest source of the governmental fund deficit.

The Custodial fund undistributed investment activity, which includes the unrealized gains/losses on investments, current year activity and prior year undistributed income (loss) decreased to (\$8,892,101) in FY23 from (\$5,912,355) in FY22 mainly due to changes in market value of the investment portfolio. Governmental Accounting Standards Board Statement No. 72 Statement addresses the accounting and financial reporting related to fair value measurements. The definition of fair value is the price that would be

**Lyons Township School Treasurer  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2023**

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**Financial Analysis of the Lyons Township Treasurer's Office Funds (Continued)**

received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement will adjust based on investment portfolio and market factors.

**Factors Bearing on Future**

The following factors could bear on the future financial position:

- The Lyons Township School Treasurer secured its first municipal client in FY2023, managing additional short-term monies to generate additional revenues to offset unpaid pro-rata billings from Lyons Township High School District 204. The Lyons Township School Treasurer continues to solicit Lyons Township municipalities to offset unpaid liabilities attributed to Lyons Township High School District 204 for FY1999-FY2011.
- Lyons Township High School District 204 has filed multiple litigation complaints with the Cook County Circuit Court, seeking over \$2 million from the Township Trustees. The Trustees dispute Lyons Township High School District 204's claims.
- A separate lawsuit filed by Illinois Counties Risk Management Trust, the Township Trustee's insurance provider, is also ongoing. The claim seeks a declaratory judgment that it does not have an obligation under the insurance policies it issued to the Trustees, to defend or indemnify the Trustees concerning the lawsuit filed by Lyons Township High School District 204. The Township Trustees dispute ICRMT's allegations.
- FY23 expenditures of \$1,205,320 are reported based on the Treasurer's internal expenditure report.

**Requests for Information**

This financial report is designed to provide the Lyons Township Treasurer's Office citizens, taxpayers, and creditors with a general overview of the Lyons Township Treasurer's Office finances and to demonstrate the accountability of the Lyons Township Treasurer's Office. If you have questions about this report, or need additional financial information, contact Mr. Kenneth T. Getty at:

Lyons Township School Treasurer  
6438 Joliet Road, Unit 103  
Countryside, IL 60525

**LYONS TOWNSHIP SCHOOL TREASURER**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**JUNE 30, 2023**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 250
Prepaid expenses	26,974
Capital Assets:	
Equipment, net of depreciation	20,325
Right to use leased assets, net of amortization	255,212
Total Assets	302,761
<b>Liabilities</b>	
Advances from Township Districts	1,763,303
Lease liabilities:	
Due within one year	42,242
Due after one year	219,478
Total Liabilities	2,025,023
<b>Net Position</b>	
Net Investment in Capital Assets	13,817
Unrestricted	(1,736,079)
Total Net Position	\$ (1,722,262)

See accompanying notes to financial statements

**LYONS TOWNSHIP SCHOOL TREASURER  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>
<b>Governmental Activities</b>			<b>Governmental Activities</b>
Treasurer's office services	\$ 1,205,320	\$ 2,864,208	\$ 1,658,888
			(3,381,150)
			\$ (1,722,262)

See accompanying notes to financial statements

**LYONS TOWNSHIP SCHOOL TREASURER  
GOVERNMENTAL FUND  
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MODIFIED CASH BASIS  
JUNE 30, 2023**

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	<b>General (DISTRIBUTIVE) Fund</b>
<b>ASSETS</b>	
Cash	\$ 250
Prepaid expenditures	26,974
<b>TOTAL ASSETS</b>	<b>\$ 27,224</b>
 <b>LIABILITIES</b>	
Advances from township districts	1,763,303
<b>TOTAL LIABILITIES</b>	<b>1,763,303</b>
 <b>FUND BALANCES</b>	
Nonspendable	26,974
Unassigned - deficit	(1,763,053)
<b>TOTAL FUND BALANCES</b>	<b>(1,736,079)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 27,224</b>

See accompanying notes to financial statements

**LYONS TOWNSHIP SCHOOL TREASURER**  
**RECONCILIATION OF THE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS**  
**OF THE GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**JUNE 30, 2023**

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**Total Fund Balances - Governmental Fund** \$ (1,736,079)

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

The cost of capital assets (buildings and right to use assets) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Township as a whole.

Cost of Capital Assets	504,486	
Accumulated Depreciation/Amortization	<u>(228,949)</u>	275,537

Lease liabilities included in the statement of net position are not due and payable in the current period and accordingly, are not reported in the governmental funds	<u>(261,720)</u>
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**Net Position - Governmental Activities** \$ (1,722,262)

**LYONS TOWNSHIP SCHOOL TREASURER  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General (Distributive) Fund</u>
<b>Revenues Collected</b>	
Pro-rata billings	\$ 2,863,727
Refund of prior year expenditures	329
Miscellaneous	152
Total revenues collected	<u>2,864,208</u>
<b>Expenditures Paid</b>	
Salaries	584,855
Benefits	191,515
Purchased services	347,879
Supplies and materials	12,396
Capital outlay	30,477
Other objects	3,623
Lease expenditures	
Principal	38,065
Interest	13,201
Total expenditures paid	<u>1,222,011</u>
<b>Excess (Deficiency) of Revenues</b>	<u>1,642,197</u>
<b>Other Financing Sources (Uses)</b>	
Lease issuance	15,493
Total other financing sources (uses)	<u>15,493</u>
<b>Net Change in Fund Balance</b>	<u>1,657,690</u>
<b>Fund Balances - Beginning of Year</b>	<u>(3,393,769)</u>
<b>Fund Balances - End of Year</b>	<u>\$ (1,736,079)</u>

See accompanying notes to financial statements

**LYONS TOWNSHIP SCHOOL TREASURER**  
**RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGE IN FUND**  
**BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2023**

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Net change in fund balance - governmental fund	\$ 1,657,690
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	28,757
Depreciation/amortization is reported in the government-wide financial statements.	(50,131)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Lease Proceeds	(15,493)
Principal Repaid	38,065
	38,065
Change in net position of governmental activities	\$ 1,658,888



**LYONS TOWNSHIP SCHOOL TREASURER  
CUSTODIAL FUND  
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2023**

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**ASSETS**

Pooled cash and investments	\$	226,672,928
Advances to Township School Treasurer		1,763,303

**TOTAL ASSETS**

\$ 228,436,231

**NET POSITION**

Due to/(from) Township Districts:

Cook County School District 101		6,801,631
Elementary School District 102		14,841,474
Lyons Elementary School District 103		32,371,475
Cook County School District 104		20,597,520
Cook County School District 105		22,685,002
LaGrange Highlands School District 106		21,921,580
Pleasantdale School District 107		18,664,464
Cook County School District 108		6,077,683
Indian Springs School District 109		42,725,734
Argo Community High School District 217		52,430,536
LaGrange Area Department of Special Education		1,532,899
Cook County Intermediate Service Center #2 (West 40)		(3,321,666)
Undistributed investment activity - See Note 3		(8,892,101)

**TOTAL NET POSITION**

228,436,231

**LYONS TOWNSHIP SCHOOL TREASURER  
CUSTODIAL FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**ADDITIONS**

Property taxes	\$ 191,181,747
Corporate personal property replacement taxes	23,832,683
State and federal grants	127,304,037
Interest income allocations	6,370,538
Tuition	23,172,513
Other local sources	99,145,026
Total additions	471,006,544

**DEDUCTIONS**

Payments made on behalf of school districts and joint agreements	444,003,471
Net depreciation in market value and undistributed investment activity	2,979,746
Total deductions	446,983,217

<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	24,023,327
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<b>NET POSITION - BEGINNING OF YEAR</b>	204,412,904
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<b>NET POSITION - END OF YEAR</b>	\$ 228,436,231
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## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lyons Township School Treasurer (the Treasurer) have been prepared in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the reporting entity and the Treasurer's significant accounting policies:

#### Reporting Entity

As required by State Statute, the Lyons Township School Treasurer oversees the treasury functions of ten school districts and two educational cooperatives (collectively, the Township Districts) through the activities of the assistant school treasurer at each Township District. In this capacity, funds received by the Treasurer from various sources are distributed to the Township Districts on a current basis to meet operating needs. Excess funds are invested by the Treasurer, per the Investment Policy. The Treasurer and each Township District are located within the Township of Lyons in Cook County, Illinois.

#### New Accounting Pronouncement

The GASB has issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which was implemented by the Treasurer for the year ended June 30, 2023. The Treasurer does not report any SBITAs as any such agreements are either short term in duration or are immaterial to the financial statements taken as a whole.

#### Fund Accounting

The accounts of the Treasurer are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities, fund balances, revenues, and expenditures. The Treasurer maintains individual funds as required. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds are kept by the Treasurer:

##### **General (Distributive) Fund**

The General (Distributive) Fund is the operating fund of the Treasurer. This fund is used for the

## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements

June 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

administrative aspects of the Treasurer's operations. The revenue collected consists primarily of pro-rata billings to Township Districts.

#### **Fiduciary Activities**

The Custodial fund is used to account for the cash and investments held by the Trustees in custody for the Township Districts.

#### **Fund Balance**

The governmental funds may report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable in form criteria include items that are not expected to be converted to cash such as prepaid items.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or are imposed by law through enabling legislation. As of June 30, 2023, the Treasurer had no restricted fund balances.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Treasurer's highest level of decision-making authority (the Board of Trustees). The Board of Trustees commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the Board removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. As of June 30, 2023, the Treasurer had no committed fund balances.
- d. *Assigned* - refers to amounts that are constrained by the Treasurer's intent to be used for a specific purpose, but are neither restricted or committed. Authority to assign fund balance has not been delegated by the Board of Trustees. As of June 30, 2023, the Treasurer had no assigned fund balances.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General (Distributive) Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Government-Wide and Fund Financial Statements

The government-wide modified cash basis financial statements (i.e., the statement of net position - modified cash basis and the statement of activities - modified cash basis) report information on all of the nonfiduciary assets and liabilities arising out of cash transactions of the Treasurer. The Treasurer's operating activities are considered "governmental activities". The Treasurer has no operating activities that would be considered "business activities".

The statement of activities - modified cash basis demonstrates the degree to which the direct expenses of a given function are offset by program revenues. The Treasurer's expenses are those that are clearly identifiable with a specific function. Program revenues include charges to Township Districts who use or directly benefit from the goods, services, or privileges provided by a given function.

Separate financial statements are provided for the governmental fund and custodial fund. The custodial fund is excluded from the government-wide financial statements.

#### Measurement Focus, Basis of Accounting, and Basis of Presentation

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

A Governmental fund is used to account for the Treasurer's general governmental activities. The governmental fund financial statements are prepared using the modified-cash basis of accounting. The modified cash basis of accounting omits recognition of certain revenues and the related assets, such as taxes receivable, **until** received rather than earned. Also, certain expenditures and the related liabilities, such as accounts payable, accrued items, pension liabilities, and other postemployment benefits are recognized when paid rather than when the obligation is incurred. The financial statements reflect assets and liabilities arising from cash transactions, revenues collected, and expenditures paid. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

Custodial funds are custodial in nature and are reported using the economic resources measurement focus. Custodial funds are accounted for using the modified cash basis of accounting.

#### Investments

State statutes and the Treasurer's investment policy authorize the Treasurer to invest in obligations listed in Note 5. Investments are stated at fair value, cost, amortized cost or net asset value (NAV), as disclosed in the

## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements

June 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

related notes. No amortization is made to interest income for discounted federal securities. Gains and losses on the sale of investments are recorded as interest income at the date of sale or maturity. Investments held in the Custodial Fund are stated at fair value.

#### Fair Value Measurements

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1                      Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Treasurer has the ability to access.

Level 2                      Inputs to the valuation methodology include the following:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3                      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level for assets or liabilities within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the Treasurer's investments measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and June 30, 2022.

## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Municipal and Corporate Bonds:*** Valued at the closing price of similar instruments with comparable durations reported on the inactive market on which the individual securities are traded.

***U.S. Agency Securities and Debt Securities:*** Valued at the closing price of similar instruments with comparable durations reported on the inactive market on which the individual securities are traded.

***U.S. Treasury Securities:*** Valued at the closing price of similar instruments with comparable durations reported on the active market on which the individual securities are traded.

***Negotiable Certificates of Deposit:*** Valued at the closing price of similar instruments with comparable durations reported on the inactive market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Treasurer believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### **Capital Assets and Right to Use Assets**

Capital assets, which consists of equipment and right to use assets, are reported in the government-wide financial statements. Capital assets are defined by the Treasurer as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The Treasurer has recorded right to use assets as a result of implementing GASB 87. The Treasurer's right to use assets were initially recorded at an amount equal to the related lease liability (Note 7). The right to use assets are amortized on a straight-line basis over the remaining term of the related lease.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements

June 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of capital assets and amortization of right to use leased assets is provided using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	4 - 15
Right to use asset - building	7

### NOTE 2 - TRANSACTIONS WITH TOWNSHIP DISTRICTS

The Lyons Township School Treasurer collects pro-rata billings from Township Districts in accordance with state statute 105 ILCS 5/8-4. Billings are used to pay for each Township District's pro rata share of Township Treasurer's expenditures.

Pro rata billings for the fiscal year ended June 30, 2023, are not calculated and billed until the following fiscal year. Prior year billings were billed in a similar manner.

### NOTE 3 - UNDISTRIBUTED INVESTMENT ACTIVITY

At June 30, 2023, the balance in the undistributed investment activity account within the custodial fund was (\$8,892,101). The balance consists of prior year undistributed income, current year activity and the unrealized gain (loss) on the investment portfolio at June 30, 2023. Additionally, the fair market value adjustment recorded at June 30, 2023 for unrealized losses related to investments totaled \$2,979,746. The amount of the unrealized gain (loss) will fluctuate each year and the amount of the unrealized gain (loss) is not available to be distributed to each Township District.



## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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### NOTE 4 - DEFICIT FUND BALANCE

The General (Distributive) Fund has a deficit fund balance of \$1,763,079 as of June 30, 2023. This deficit is anticipated to be funded by future receipts from Township Districts.

### NOTE 5 - DEPOSITS AND INVESTMENTS

The Treasurer is the legal custodian of all Township Districts' cash and investments. Accounting records are maintained to separate the common cash and investment accounts by individual Township District. Cash and investments are recorded at fair value and the realized gains, realized losses and investment income are allocated on a pro-rata basis to the Township Districts. No unrealized gains and losses are allocated to the Township Districts. Cash deposits, investments, and the underlying collateral are held in the name of the Treasurer.

The Treasurer's investment policy is in line with State Statutes. The investments that the Treasurer may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) interest-bearing savings accounts, interest-bearing certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short-term discount obligations of corporations organized in the United States with assets exceeding \$500,000,000; (5) interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

At June 30, 2023, the Treasurer's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ 250	\$ 226,672,928	\$ 226,673,178

For disclosure purposes, this amount is segregated into the following components, at June 30, 2023:

	Total
Cash on hand	\$ 250
Deposits with financial institutions*	82,335,185
Illinois Funds	467
Other Investments	<u>144,337,276</u>
	<u>\$ 226,673,178</u>

**LYONS TOWNSHIP SCHOOL TREASURER**

Notes to financial statements  
June 30, 2023

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**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

\*Deposits with financial institutions include amounts held in demand accounts, savings accounts and non- negotiable certificates of deposit; custodial credit risk is applicable to these holdings. Carrying value approximates fair value due to the short term nature of these deposits.

**Interest Rate Risk**

The Treasurer's investment policy seeks to ensure preservation of capital in the Treasurer's overall portfolio. The highest return on investments is sought, consistent with the preservation of principal and prudent investment principles. The investment portfolio is required to provide sufficient liquidity to pay Treasurer obligations as they come due, considering maturity and marketability. The investment portfolio is also required to be diversified as to maturities and investments, as appropriate to the nature, purpose, and amount of funds. The Treasurer will also consider investments in local financial institutions, recognizing their contribution to the community's economic development.

At June 30, 2023, other investments consisted of the following fixed income holdings:

Investment Type	Fair Value	Investment Maturity			
		Less Than One Year	One to Five Years	Six to Ten Years	Greater than Ten Years
Freddie Mac Gold Pool	\$ 1,584,272	\$ -	\$ 913,508	\$ 217,490	\$ 453,274
FHLMC	2,636,190	165,159	-	-	2,471,031
Freddie Mac Multifamily Structured Pass Through Certificates (FHMS)	8,433,076	769,176	6,514,856	1,149,044	-
FNMA	63,594,382	4,022,668	16,039,313	3,546,769	39,985,632
GNMA	534,297	-	-	-	534,297
Corporate Bonds	5,123,179	3,159,648	1,963,531	-	-
Municipal Bonds	40,792,924	6,960,374	18,918,493	13,875,052	1,039,005
US Treasury Bonds	16,925,964	6,246,702	1,793,328	8,885,934	-
Negotiable Certificates of Deposit	4,712,992	3,739,315	973,677	-	-
	<u>\$ 144,337,276</u>	<u>\$ 25,063,042</u>	<u>\$ 47,116,706</u>	<u>\$ 27,674,289</u>	<u>\$ 44,483,239</u>

The following investment is measured at net asset value (NAV):

		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Illinois Funds	\$ 467	n/a	Daily	1 day

**LYONS TOWNSHIP SCHOOL TREASURER**

Notes to financial statements  
June 30, 2023

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**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

**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 (NRSROs). The Treasurer's investment policy further minimizes credit risk by limiting the investments to the safest types of securities and/or financial institutions; pre-qualifying the financial institutions, brokers, intermediaries, and advisors with which the Treasurer will do business; and diversifying the investment portfolio so that potential losses on individual securities will be minimized. The Treasurer's investments in negotiable certificates of deposit are unrated.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are rated AAAm and are valued at Illinois Funds' share price, which is the price for which the investment could be sold.

At June 30, 2023, the Treasurer's investments subject to credit risk were rated as followed:

<u>Investment Type</u>	<b>Moody's Investor Service</b>	<b>Standard &amp; Poor's</b>
Freddie Mac Gold Pool - U.S. Agency explicitly guaranteed	Aaa	AA+
Federal Home Loan Mortgage Corporation (FHLMC) - U.S. Agency explicitly guaranteed	Aaa	AA+
Freddie Mac Multifamily Structured Pass Through Certificates (FHMS) - U.S. Agency explicitly guaranteed	Aaa	AA+
Federal National Mortgage Association (FNMA) - U.S. Agency explicitly guaranteed	Not Available	Not Available
Government National Mortgage Association (GNMA) - U.S. Agency explicitly guaranteed	Not Available	Not Available
Corporate Bonds	A1 - A2	BBB+ - A+
Municipal Bonds*	A1 - Aaa	AA- - AAA
US Treasury Bonds	Aaa	N/A

\*Credit risk ratings were not available for certain Municipal bonds

## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements

June 30, 2023

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### NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

#### Concentration of Credit Risk

The Treasurer's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the Treasurer's Investment Officer to meet the Treasurer's ongoing need for safety, liquidity, and rate of return.

#### Custodial Credit Risk

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Treasurer's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2023, the bank balance of the Treasurer's deposits with financial institutions totaled \$97,298,165, all of which was insured or collateralized at June 30, 2023.

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government 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 investments are held by their agent and in the Treasurer's name.

#### Fair Value Measurement of Investments

The Treasurer categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Treasurer has the following recurring fair value measurements as of June 30, 2023:

**LYONS TOWNSHIP SCHOOL TREASURER**

Notes to financial statements

June 30, 2023

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**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt Securities				
Freddie Mac Gold Pool	\$ -	\$ 1,584,272	\$ -	\$ 1,584,272
FHLMC	-	2,636,190	-	2,636,190
Freddie Mac Multifamily Structured Pass Through Certificates (FHMS)	-	8,433,076	-	8,433,076
FNMA	-	63,594,382	-	63,594,382
GNMA	-	534,297	-	534,297
Corporate Bonds	-	5,123,179	-	5,123,179
Municipal Bonds	-	40,792,924	-	40,792,924
US Treasury Bonds	16,925,964	-	-	16,925,964
Negotiable Certificates of Deposit	-	4,712,992	-	4,712,992
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Investments, at Fair Value	<u>\$ 16,925,964</u>	<u>\$ 127,411,312</u>	<u>\$ -</u>	<u>\$ 144,337,276</u>

**LYONS TOWNSHIP SCHOOL TREASURER**

Notes to financial statements  
June 30, 2023

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**NOTE 6 - CAPITAL ASSETS**

Capital asset and right to use asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets being depreciated				
Equipment	\$ 184,445	\$ 13,264	\$ -	\$ 197,709
Total capital assets being depreciated	<u>184,445</u>	<u>13,264</u>	<u>-</u>	<u>197,709</u>
Less accumulated depreciation for				
Equipment	171,882	5,502	-	177,384
Total accumulated depreciation	<u>171,882</u>	<u>5,502</u>	<u>-</u>	<u>177,384</u>
Total capital assets being depreciated, net	<u>12,563</u>	<u>7,762</u>	<u>-</u>	<u>20,325</u>
Right to use assets				
Leased building	291,284	-	-	291,284
Leased equipment	-	15,493	-	15,493
Total right to use assets	<u>291,284</u>	<u>15,493</u>	<u>-</u>	<u>306,777</u>
Less accumulated amortization for				
Leased building	6,936	41,616	-	48,552
Leased equipment	-	3,013	-	3,013
Total accumulated amortization	<u>6,936</u>	<u>44,629</u>	<u>-</u>	<u>51,565</u>
Total right to use assets, net	<u>284,348</u>	<u>(29,136)</u>	<u>-</u>	<u>255,212</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 296,911</u>	<u>\$ (21,374)</u>	<u>\$ -</u>	<u>\$ 275,537</u>

**LYONS TOWNSHIP SCHOOL TREASURER**

Notes to financial statements  
June 30, 2023

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**NOTE 7 - LEASE LIABILITIES**

The Treasurer currently has two lease agreements in place as of June 30, 2023. During the current fiscal year, the Treasurer entered into a lease agreement for a copying machine. This lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, has been recorded initially at the present value of the future minimum lease payments in accordance with GASB 87, totaling \$15,493. The lease requires monthly payments of \$467 until November 2025. The lease liability is measured at an incremental borrowing rate of 5.31%. The Treasurer’s total lease obligations paid during the year ended June 30, 2023, totaled \$3,266, which included principal of \$2,823 and interest of \$443. As a result of the lease, the Treasurer has recorded a right to use asset with a net book value of \$12,480 as of June 30, 2023 (Note 6). The obligation for this lease will be repaid from the General (Distributive) Fund.

The other lease is for the Treasurer's office space which began in May 2022. This lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, was recorded initially at the present value of the future minimum lease payments in accordance with GASB 87, totaling \$291,284. The lease requires monthly payments ranging from \$4,000 to \$4,400 until April 2029. The lease liability is measured at an incremental borrowing rate of 5.50%. The Treasurer's total lease obligations paid during the year June 30, 2023, totaled \$48,000, which included principal of \$35,242 and interest of \$12,758. As a result of the lease, the Treasurer has recorded right to use assets with a net book value of \$242,732 as of June 30, 2023 (Note 6). The obligation for this lease will be repaid from the General (Distributive) Fund.

During the year ended June 30, 2023, the following is the lease liability activity for the Treasurer:

	<u>Balances July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30</u>	<u>Current Portion</u>
<b>LEASES - GOVERNMENTAL ACTIVITIES</b>					
Office lease	\$ 284,292	\$ -	\$ 35,242	\$ 249,050	\$ 37,195
Copier lease	-	15,493	2,823	12,670	5,047
<b>TOTAL LEASES - GOVERNMENTAL ACTIVITIES</b>	<u>\$ 284,292</u>	<u>\$ 15,493</u>	<u>\$ 38,065</u>	<u>\$ 261,720</u>	<u>\$ 42,242</u>

## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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### NOTE 7 - LEASE LIABILITIES (Continued)

At June 30, 2023, the Treasurer's future cash flow requirements for retirement of lease principal and interest were as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 42,242	\$ 13,356	\$ 55,598
2025	44,647	10,951	55,598
2026	43,850	8,483	52,333
2027	43,889	6,111	50,000
2028	46,355	3,645	50,000
2029	40,737	930	41,667
<b>TOTALS</b>	<u>\$ 261,720</u>	<u>\$ 43,476</u>	<u>\$ 305,196</u>

### NOTE 8 – RISK MANAGEMENT

The Treasurer is exposed to various risks of loss related to torts; workers' compensation claims; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Treasurer has purchased insurance from private insurance companies for general liability, workers' compensation, and other coverages to mitigate these risks. Premiums have been recorded as expenditures in the general fund. There have been no significant reductions in insurance coverage during 2023 compared to prior years. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

### NOTE 9 - PENSION LIABILITY - ILLINOIS MUNICIPAL RETIREMENT FUND

The following information related to net pension liability, deferred outflows of resources, and deferred inflows of resources, is included for disclosure purposes only. The Treasurer's financial statements, which are reported on a modified cash basis, do not include these items.

#### Plan Description

The Treasurer's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Treasurer's plan is managed with the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the Benefits Provided section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension



# LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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## NOTE 9 - PENSION LIABILITY - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

plan's fiduciary net position, and required supplementary information. That report is available for download at [www.imrf.org](http://www.imrf.org).

### Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP).

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. 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, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	14
Inactive, non-retired members entitled to but not yet receiving benefits	7
Active plan members	<u>6</u>
TOTAL	<u><u>27</u></u>

# LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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## NOTE 9 - PENSION LIABILITY - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

### Contributions

As set by statute, the Treasurer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Treasurer's annual required contribution rate for calendar year 2022 was 4.48%. For the fiscal year ended June 30, 2023, the Treasurer contributed \$15,821 to the plan. The Treasurer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### Net Pension Liability

The Treasurer's net pension liability was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

### Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2022:

Actuarial Cost Method	Entry Age Normal
Assumptions:	
Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Asset Valuation Method	Market Value of Assets
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

# LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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## NOTE 9 - PENSION LIABILITY - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

Mortality For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

There were no benefit changes during the year.

### Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2022:

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
Equities	35.5%	6.50%
International Equities	18.0%	7.60%
Fixed Income	25.5%	4.90%
Real Estate	10.5%	6.20%
Alternatives	9.5%	6.25% - 9.90%
Cash Equivalents	1.0%	4.00%

## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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### NOTE 9 - PENSION LIABILITY - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

#### Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 4.05% (based on the daily rate closest to but not later than the measurement date of the "20- Year Municipal GO AA index"), and the resulting single discount rate is 7.25%.

**LYONS TOWNSHIP SCHOOL TREASURER**

Notes to financial statements  
June 30, 2023

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**NOTE 9 - PENSION LIABILITY - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

**Changes in Net Pension Liability**

The following table shows the components of the change in the Treasurer's net pension liability for the calendar year ended December 31, 2022:

	<b>(a)</b> <b>Total Pension Liability</b>	<b>(B)</b> <b>Plan Fiduciary Net Position</b>	<b>(a) - (b)</b> <b>Net Pension Liability/(Asset)</b>
<b>Balances at January 1, 2022</b>	\$ 2,276,566	\$ 2,770,666	\$ (494,100)
Changes for the period			
Service cost	48,714	-	48,714
Interest	162,540	-	162,540
Difference between expected and actual experience	(20,410)	-	(20,410)
Changes in assumptions	-	-	-
Employer contributions	-	20,895	(20,895)
Employee contributions	-	20,988	(20,988)
Net investment income	-	(371,088)	371,088
Benefit payments and refunds	(117,995)	(117,995)	-
Other	-	(19,801)	19,801
Net changes	<u>72,849</u>	<u>(467,001)</u>	<u>539,850</u>
<b>Balances at December 31, 2022</b>	<u><u>\$ 2,349,415</u></u>	<u><u>\$ 2,303,665</u></u>	<u><u>\$ 45,750</u></u>

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Net pension liability (asset)	\$ 301,771	\$ 45,750	\$ (128,181)

**LYONS TOWNSHIP SCHOOL TREASURER**

Notes to financial statements  
June 30, 2023

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**NOTE 9 - PENSION LIABILITY - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Illinois Municipal Retirement Fund Pension**

For the year ended June 30, 2023, the Treasurer reported pension expense of \$58,445. At June 30, 2023, the Treasurer reported deferred outflows of resources and deferred inflows of resources related to the IMRF pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 8,930
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	187,984	-
Contributions after measurement date	6,466	-
<b>TOTAL</b>	<u><u>\$ 194,450</u></u>	<u><u>\$ 8,930</u></u>

The Treasurer reported \$6,466 as deferred outflows of resources related to pensions resulting from Treasurer contributions subsequent to the measurement date which will be recognized as a decrease to the net pension liability in the reporting year ended June 30, 2024. Other amounts reported as net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2024	\$ (27,402)
2025	29,578
2026	63,182
2027	113,696
2028	-
Thereafter	-
<b>TOTAL</b>	<u><u>\$ 179,054</u></u>

## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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### NOTE 10 - SOCIAL SECURITY/MEDICARE

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The Treasurer paid the total required contribution for the current fiscal year.

### NOTE 11 - LITIGATION

On October 15, 2013, the Lyons Township School Treasurer filed litigation against one of its Township Districts (Lyons Township High School District 204). The claim pursued uncollected pro-rata billings, unreimbursed audit costs, and interest income allocations for a total of approximately \$4,700,000. On June 29, 2018, the Lyons Township School Treasurer filed additional litigation against Lyons Township High School District 204. The second claim pursued additional uncollected pro-rata billings for fiscal years 1999 to 2018, for a total of approximately \$3,265,000.

A ruling was issued on May 21, 2021. The ruling instructed the Treasurer to transfer funds held on behalf of Lyons Township High School District 204 to the Treasurer of approximately \$765,000, to satisfy payment on uncollected pro-rata billings for the fiscal years 2012 to 2018. The remaining amount of the uncollected pro-rata billings and unreimbursed audit costs were written-off against the Treasurer's allowance for doubtful accounts, as the related amounts owed were fully reserved against in prior audit periods. Due to this ruling, Lyons Township High School District 204 exited the pool and the Treasurer transferred the District's proportionate share of the pool during FY 2022. The amount transferred was reported on the Statement of Changes in Fiduciary Net Position at June 30, 2022.

An additional lawsuit was originally filed by Lyons Township High School District 204 ("District"), on September 22, 2021, and an amended complaint was filed on February 28, 2023. The claim in the amended complaint is that plaintiff is seeking a declaration that the Township Trustees must transfer \$1,263,220, plus "any asset rightfully belonging to the plaintiff". On September 13, 2023, the District filed a motion seeking leave to file a second amended complaint. On October 5, 2023, the District filed an amended complaint in this matter, seeking an additional \$996,696 in unallocated investment income that it contends that the Township Trustees failed to distribute to the District when it withdrew from the pool. The Township Trustees will evaluate the amended complaint and determine its response. The Township Trustees deny liability to plaintiff. With regard to this matter, the eventual outcome and related liability, if any, are not determinable at this time.

On July 15, 2022, the Illinois Counties Risk Management Trust ("ICRMT"), which provides liability insurance for the Trustees filed a litigation against the Trustees of Lyons Township School Treasurer. The claim seeks a declaratory judgment that it does not have an obligation under the policies of insurance it issued to the Trustees, to defend or indemnify the Trustees with respect to the lawsuit filed by Lyons Township High School District 204, or its obligation to the Township Trustees is limited to reimbursement of certain expenses. The Township

## LYONS TOWNSHIP SCHOOL TREASURER

Notes to financial statements  
June 30, 2023

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### **NOTE 11 – LITIGATION (Continued)**

Trustees dispute ICRMT's allegations and filed an answer denying that there is no insurance coverage for District 204. ICRMT does not seek a monetary judgment against the Trustees and at this time, the likelihood of a favorable outcome cannot be estimated. It is anticipated that these motions will be resolved in early 2024.

### **NOTE 12 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 14, 2023, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than described, have occurred subsequent to the statement of net assets date that require disclosure in the financial statements.



**OTHER SUPPLEMENTARY INFORMATION**

**LYONS TOWNSHIP SCHOOL TREASURER  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY AND RELATED RATIOS  
JUNE 30, 2023**

	Nine Most Recent Fiscal Years								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>									
Service Cost	\$ 48,714	\$ 46,580	\$ 44,669	\$ 42,532	\$ 35,742	\$ 33,883	\$ 30,542	\$ 49,307	\$ 52,146
Interest	162,540	154,089	147,635	150,057	141,959	144,210	128,202	174,722	180,410
Differences between expected and actual experience	(20,410)	32,182	23,314	(112,138)	57,792	(23,607)	177,700	(732,476)	(253,535)
Changes of assumptions	-	-	(12,107)	-	58,187	(58,299)	-	(8,158)	77,015
Benefit payments, including refunds of member contributions	(117,995)	(116,733)	(114,137)	(115,736)	(124,476)	(129,788)	(119,567)	(93,957)	(180,772)
<b>Net change in total pension liability</b>	72,849	116,118	89,374	(35,285)	169,204	(33,601)	216,877	(610,562)	(124,736)
<b>Total pension liability - beginning</b>	2,276,566	2,160,448	2,071,074	2,106,359	1,937,155	1,970,756	1,753,879	2,364,441	2,489,177
<b>Total pension liability - ending (a)</b>	<u>\$ 2,349,415</u>	<u>\$ 2,276,566</u>	<u>\$ 2,160,448</u>	<u>\$ 2,071,074</u>	<u>\$ 2,106,359</u>	<u>\$ 1,937,155</u>	<u>\$ 1,970,756</u>	<u>\$ 1,753,879</u>	<u>\$ 2,364,441</u>
<b>Plan fiduciary net position</b>									
Employer contributions	\$ 20,895	\$ 31,493	\$ 31,879	\$ 26,652	\$ 32,397	\$ 33,092	\$ 101,157	\$ 64,311	\$ 36,449
Employee contributions	20,988	21,440	20,671	19,007	17,233	16,657	16,008	21,624	4,302
Net investment income	(371,088)	425,141	321,653	371,205	(137,376)	351,757	172,717	9,825	118,742
Benefit payments, including refunds of member contributions	(117,995)	(116,733)	(114,137)	(115,736)	(124,476)	(129,788)	(119,567)	(93,957)	(180,772)
Other (net transfer)	(19,801)	(5,799)	10,442	4,724	43,716	(77,030)	(18,488)	(310,038)	(26,335)
<b>Net change in fiduciary net position</b>	\$ (467,001)	\$ 355,542	\$ 270,508	\$ 305,852	\$ (168,506)	\$ 194,688	\$ 151,827	\$ (308,235)	\$ (47,614)
<b>Plan fiduciary net position - beginning</b>	2,770,666	2,415,124	2,144,616	1,838,764	2,007,270	1,812,582	1,660,755	1,968,990	2,016,604
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 2,303,665</u>	<u>\$ 2,770,666</u>	<u>\$ 2,415,124</u>	<u>\$ 2,144,616</u>	<u>\$ 1,838,764</u>	<u>\$ 2,007,270</u>	<u>\$ 1,812,582</u>	<u>\$ 1,660,755</u>	<u>\$ 1,968,990</u>
<b>Net pension liability/(asset) - ending (a) - (b)</b>	<u>\$ 45,750</u>	<u>\$ (494,100)</u>	<u>\$ (254,676)</u>	<u>\$ (73,542)</u>	<u>\$ 267,595</u>	<u>\$ (70,115)</u>	<u>\$ 158,174</u>	<u>\$ 93,124</u>	<u>\$ 395,451</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	98.05%	121.70%	111.79%	103.55%	87.30%	103.62%	91.97%	94.69%	83.28%
<b>Covered payroll</b>	\$ 466,406	\$ 476,445	\$ 459,349	\$ 422,387	\$ 393,705	\$ 370,163	\$ 351,246	\$ 399,695	\$ 423,552
<b>Net pension liability as a percentage of covered payroll</b>	9.81%	-103.71%	-55.44%	-17.41%	67.97%	-18.94%	45.03%	23.30%	93.37%

**Notes to Schedule:**

Information is presented for the years that it is available.

**LYONS TOWNSHIP SCHOOL TREASURER  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CONTRIBUTIONS  
JUNE 30, 2023**

	Nine Most Recent Fiscal Years								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 20,895	\$ 31,493	\$ 49,977	\$ 26,653	\$ 69,686	\$ 33,093	\$ 60,730	\$ 64,311	\$ 105,276
Contributions in Relation to the Actuarially Determined Contribution	<u>20,895</u>	<u>31,493</u>	<u>31,879</u>	<u>26,652</u>	<u>32,397</u>	<u>33,092</u>	<u>101,157</u>	<u>64,311</u>	<u>36,449</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,098</u>	<u>\$ 1</u>	<u>\$ 37,289</u>	<u>\$ 1</u>	<u>\$ (40,427)</u>	<u>\$ -</u>	<u>\$ 68,827</u>
Covered Payroll	\$ 466,406	\$ 476,445	\$ 459,349	\$ 422,387	\$ 393,705	\$ 370,163	\$ 351,246	\$ 399,695	\$ 423,552
Contributions as a Percentage of Covered Payroll	4.48%	6.61%	6.94%	6.31%	8.23%	8.94%	28.80%	16.09%	8.61%

**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of December 31, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	21 Years
Asset valuation method	5-Year smoothed market; 20% corridor
Inflation	2.75%
Salary increases	2.85% to 13.75%, including inflation
Investment rate of return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male and Female tables, adjusted to match current IMRF experience

Other information:

There were no benefit changes during the year.

Information is presented for the years that it is available.