

BREMEN TOWNSHIP SCHOOL TREASURER'S OFFICE

The Concept of Shared Services And Pooled Funds Investing

SUMMARY

- The Bremen Township School Treasurer's Office currently "operates" the administrative/back-office operational requirements for 6 elementary school districts, 1 high school district, 1 Special Education Co-op, and 1 Education Training Co-op.
- 1 local park district is also serviced via an intergovernmental agreement.
- The office includes 1 F/T Treasurer, 4 F/T administrative staff members, and 1 P/T delivery person.

SUMMARY

- Similar sized school districts require 1-2 support personnel within each district.
- The office provides investment of pooled funds, payroll processing, A/P, budget administration, audit preparation and support, financial reporting and reconciliation, application support, as well as any other specific financial support that each of the individual districts may require.
- Each of the districts pays a pro rata share, based on revenues received, for these shared services.

SHARED SERVICES

- The premise behind Shared Services relies on the fact that decentralized organizations can dramatically reduce operating costs, eliminate redundant staff functions and improve the quality of services provided by consolidating & centralizing administrative and operational functions.

POOLED FUNDS

- One of the most significant benefits of the Bremen Township School Treasurer's Office is the advantage realized by pooling School District funds for investment purposes.
- Allows for greater diversity of investments by maturity and type.
- Results in increased and more stable interest earnings.
- Additional investment options and flexibility.

ENTITIES SERVICED

- Forest Ridge School District #142
- Posen-Robbins School District #143 ½
- Midlothian School District #143
- Prairie Hills School District #144
- Arbor Park School District #145
- Country Club Hills School District #160
- Bremen Community High School District #228
- Southwest Cook County Cooperative Assoc. for Special Education
- Career Development System
- Midlothian Park District (Fee-based inter-governmental agreement)

BENEFITS PROVIDED

- Significant reductions in central office expenditures
- Significant time savings to district business office personnel
- Significant increase in additional interest earnings
- Greater diversity of investment portfolio

SERVICES PROVIDED

Financial Statements

- All revenues received from State, Federal and Local sources are coded, recorded on district financial statements, and reconciled with the various sources of funds.
- Over 20 financial statements are prepared either bi-monthly, monthly, or annually, including statements of revenues and expenditures, detail listing, statements of positions, and object recap reports. All statements are reviewed and reconciled to ensure accuracy.
- Various other financial reports are input, run, and maintained by the treasurer's office. These include budget building reports, working budget reports, budget validation reports, vendor listings, and chart of accounts.

SERVICES PROVIDED

Accounts Payable Functions

- All accounts payable checks are printed and sent to the districts.
- All year-end Form 1099's are prepared, printed and distributed.
- Administer and maintain vendor listing to reduce duplication across districts.
- Stop payments, voids and reissues of accounts payable checks are processed and recorded.

SERVICES PROVIDED

Payroll Functions

- All payroll information is input, balanced, and processed. Proper deduction amounts are verified, including SS, Medicare, Federal and State taxes, IMRF, TRS, and other payroll deductions.
- Changes to employees' contracts, including salary, insurance, and annuity changes are made.
- All payroll checks are printed and sent to the district.
- All direct deposits of payroll are prepared and transmitted.
- All federal and state withholding taxes are calculated and transmitted electronically for each payroll run.

SERVICES PROVIDED

Payroll Functions

- All payroll reports, including 941's, IL-941's, State Unemployment, TRS reports, IMRF reports and the Teachers' Service Records are prepared and sent to the various federal and state governmental entities.
- All W-2's are balanced, compiled, printed and distributed to the districts. Federal W-3's and IL-W-3's are prepared and sent to the respective government agencies.
- Mandatory teacher pension payments (TRS) and IMRF payments are transmitted electronically.
- Provide data to 403b Third Party Administrators (TPA's)
- All other payroll expense checks are prepared (Insurance, Annuities, etc.)
- Stop payments, voids and reissues of payroll checks are processed and recorded.

SERVICES PROVIDED

Other Services Provided

- All bank accounts are controlled and reconciled monthly, with the exception of districts imprest/activity accounts.
- All district funds are managed daily as a part of a pool of investments, consisting of all funds of the districts serviced by this office.
- The annual publication report required to be published in the local newspaper is prepared and sent.
- The Annual Statement of Affairs is prepared and submitted to the Illinois State Board of Education.
- As custodian of all real estate property of the districts, the annual tax-exempt filings are prepared and sent.

SERVICES PROVIDED

Other Services Provided

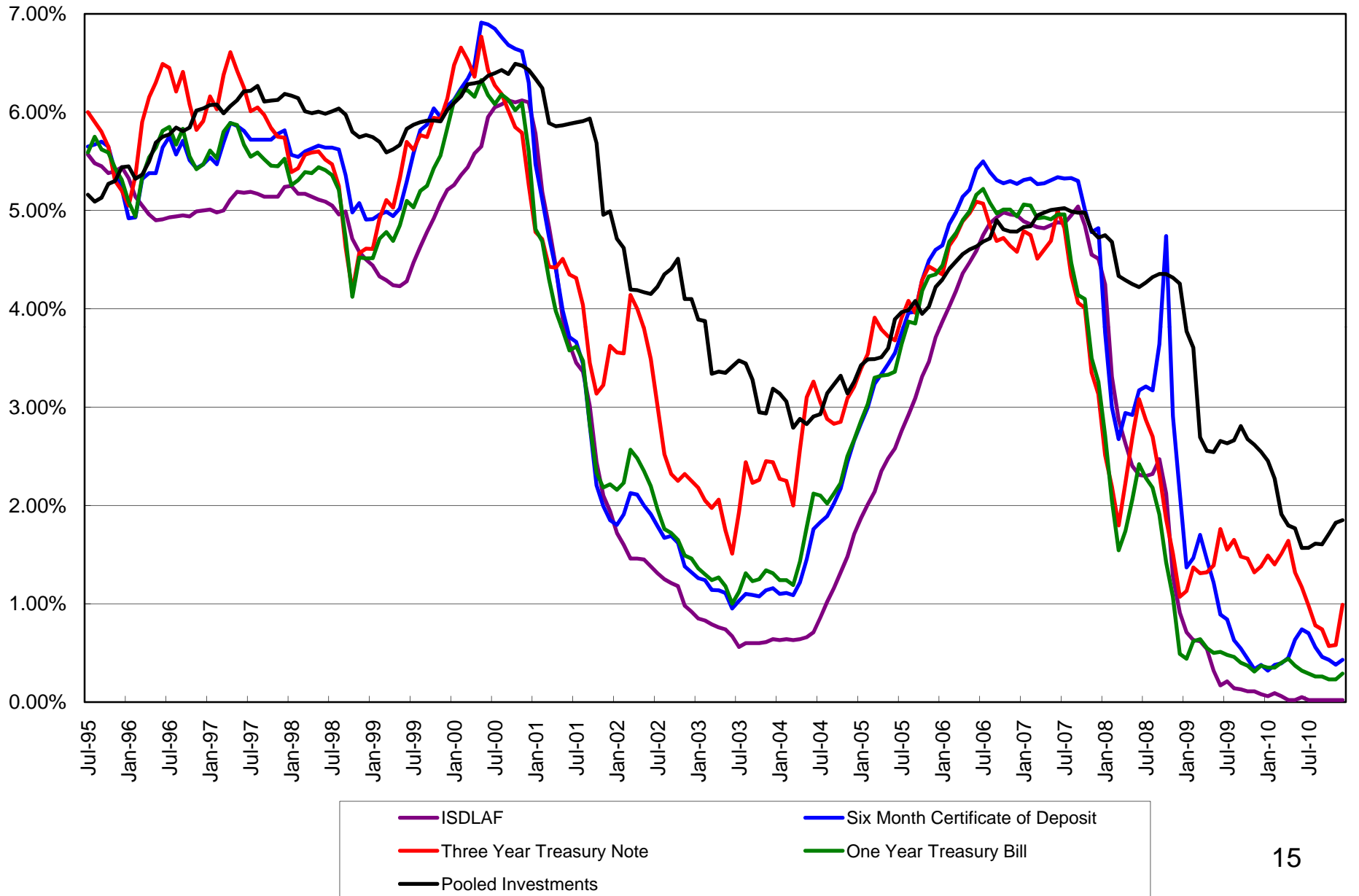
- The districts directly utilize a centralized computer system to input accounts payable and payroll data including recording employee attendance and utilizing the salary verification module.
- All principal & interest payments on the districts debt are paid & recorded. Debt service schedules are updated and maintained.
- Ancillary services such as cash flow projections, analysis of financing requirements, preparation of the tax levy, assistance in the development of the budget, debt issuances, bond registrar and paying agent services, and a myriad of special project assignments are available to the districts at no additional fee.

SERVICES PROVIDED

Investment of District Funds

- One of the most significant benefits of the Bremen Township School Treasurer's Office is the advantage realized by pooling district funds for investment purposes.
- This has allowed for greater diversity of investments by maturity and type, with over 80 separate investments managed by the treasurer.
- Incremental and more stable interest earnings have resulted from portfolio pooling by virtue of having additional investment options and flexibility.
- These advantages would be very difficult, if not impossible, to duplicate by individual school districts.

Monthly Average Yield



SERVICES PROVIDED

Investment of District Funds

- Over the past 15 years, the Treasurer's Office has returned over \$58.6 million dollars in interest earnings.
- Following is the Average Fund Balance, Interest Earnings, and Rate of Return on the pooled funds over the past 15 years.

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Investment of District Funds

	Avg. Fund Balance	Interest Earnings	Rate of Return
FYE 6/30/10	\$ 94.8 Million	\$1.4 Million	1.53%
FYE 6/30/09	\$ 78.9 Million	\$2.6 Million	3.30%
FYE 6/30/08	\$ 72.6 Million	\$3.3 Million	4.57%
FYE 6/30/07	\$ 65.1 Million	\$3.1 Million	4.79%
FYE 6/30/06	\$ 63.7 Million	\$2.7 Million	4.23%
FYE 6/30/05	\$ 83.6 Million	\$2.5 Million	3.04%
FYE 6/30/04	\$ 88.7 Million	\$2.2 Million	2.52%
FYE 6/30/03	\$ 96.5 Million	\$4.1 Million	4.26%
FYE 6/30/02	\$ 95.4 Million	\$5.0 Million	5.22%
FYE 6/30/01	\$103.4 Million	\$6.9 Million	6.64%
FYE 6/30/00	\$ 97.4 Million	\$5.9 Million	6.03%
FYE 6/30/99	\$ 92.7 Million	\$5.1 Million	5.54%
FYE 6/30/98	\$ 87.4 Million	\$5.7 Million	6.47%
FYE 6/30/97	\$ 81.2 Million	\$4.7 Million	5.76%
FYE 6/30/96	\$ 63.4 Million	\$3.3 Million	5.27%

SERVICES PROVIDED

Investment of District Funds

- If the school districts were not part of the Treasurer's system, their investments would have likely been invested in a blend of money market instruments and other short-term investments.
- Following is the estimated interest earnings that would have been realized had the districts invested its fund balances in the Illinois School District Liquid Asset Fund (Money Market) and the 3-Month Treasury Bill (Short-Term).

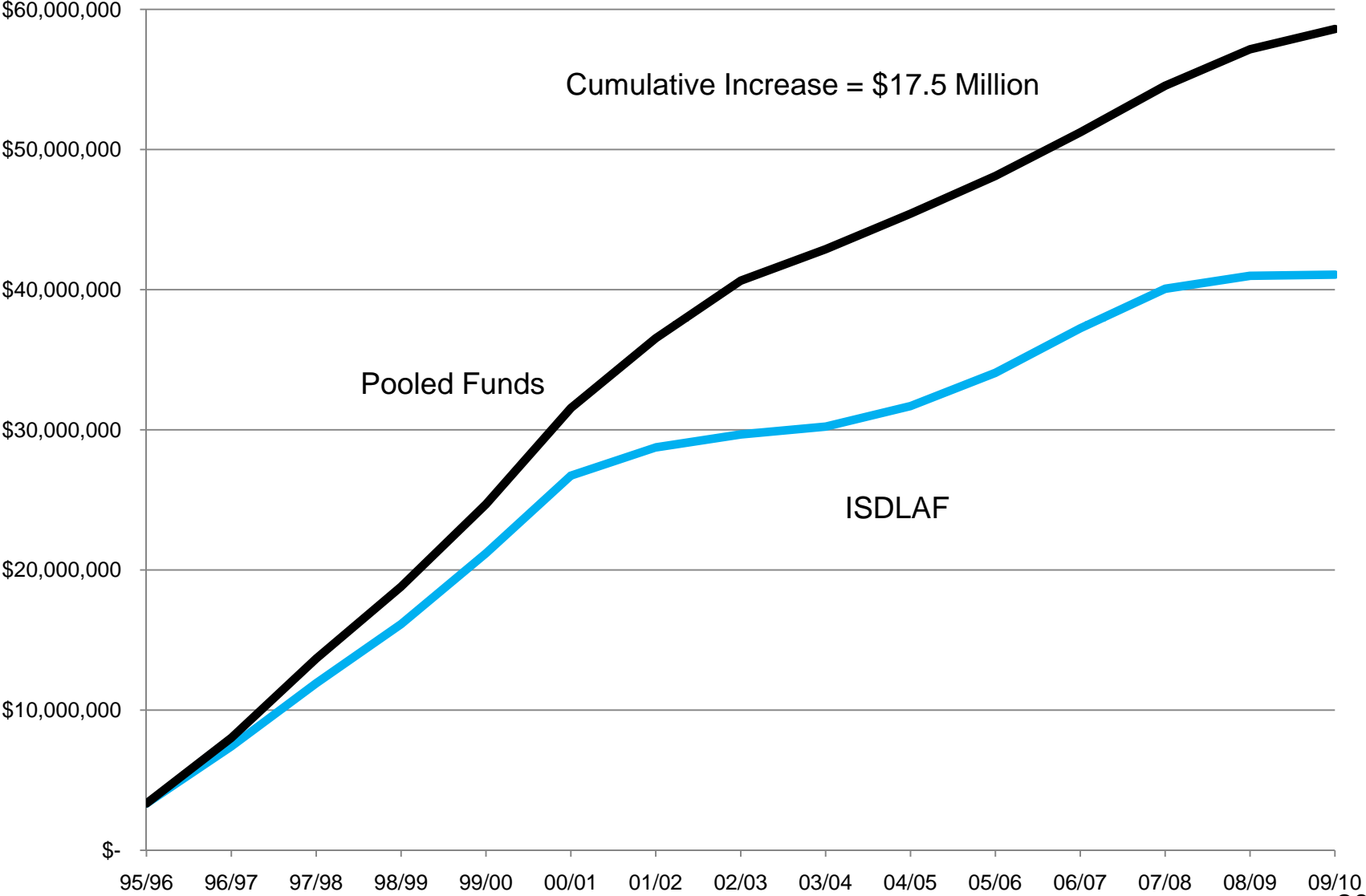
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Investment of District Funds

	ISDLAF	3-Month T-Bill
Interest Earnings	\$41.1 Million	\$39.9 Million
Pooled Interest Earnings	\$58.6 Million	\$58.6 Million
Additional Earnings from Pooled Funds	\$17.5 Million	\$18.7 Million

As the chart above reflects, the Treasurer's Office has generated between \$17 to \$18 million in additional interest earnings to the School Districts over the past 15 years.

Cumulative Increase in Interest Earnings Pooled Funds vs. ISDLAF

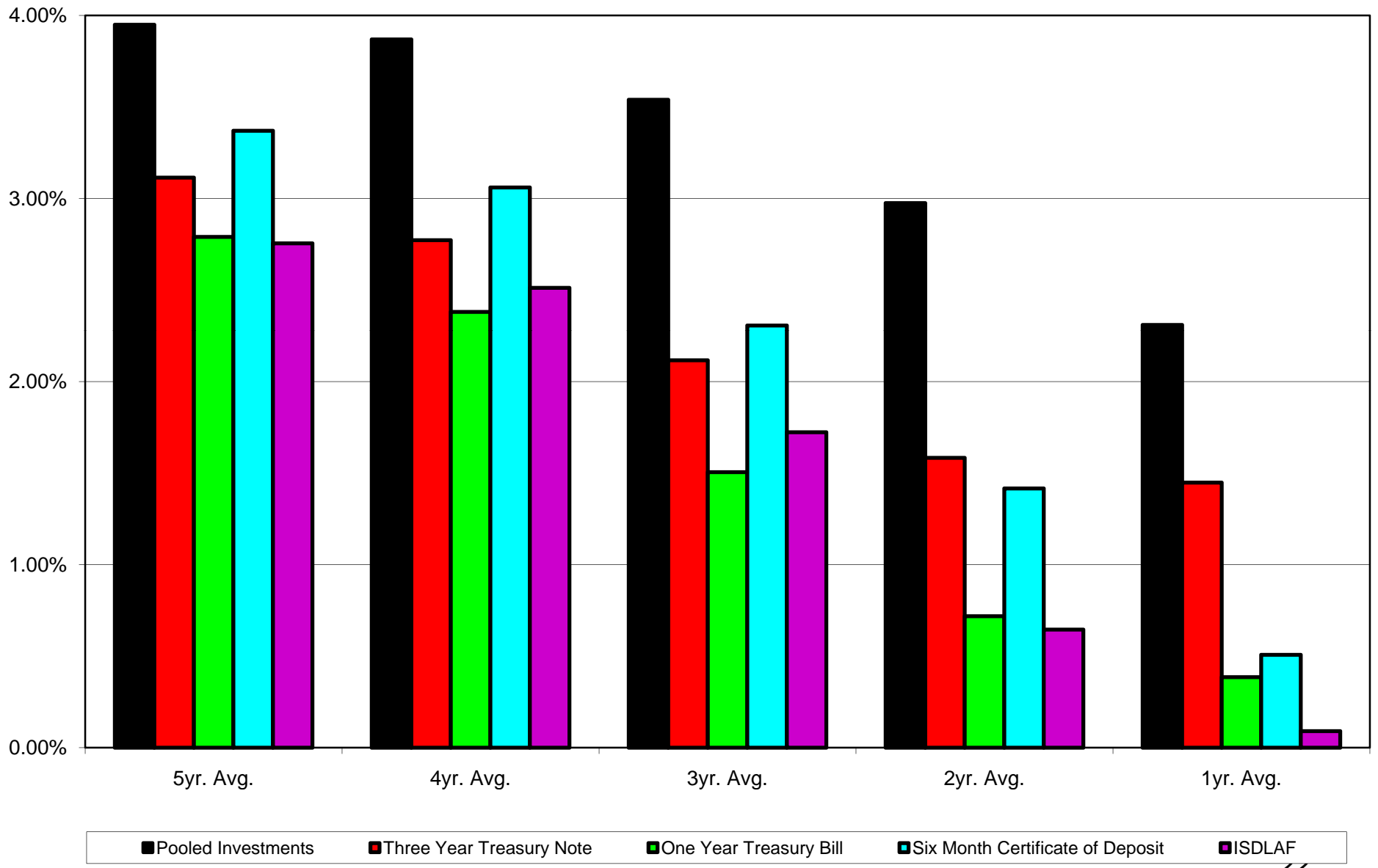


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Additional Earnings by District

	Additional Earnings from Pooled Funds vs. ISDLAF 1996 thru 2010	Additional Earnings from Pooled Funds vs. 3-Month T-Bill 1996 thru 2010
District 142	1,381,560	1,374,816
District 143	2,053,888	2,212,115
District 143 1/2	450,689	449,037
District 144	1,557,530	1,632,148
District 145	1,426,512	1,428,814
District 160	616,745	693,489
District 228	9,144,913	9,874,068
SWCASE	868,713	1,006,399
CDS	21,678	22,138
TOTALS	17,522,228	18,693,024

Annualized Average Yield
Fiscal Year Ended June 30, 2010



SERVICES PROVIDED

Fees for Services

- The fees charged for services provided by the Treasurer's Office is based on a statutory formula using the proportionate share of a school district's revenues verses the total revenues received by all school districts serviced.
- Expenditures of the Treasurer's Office include salaries & benefits, audit fees, purchase, maintenance & updates on the computer system utilized by the districts, publication reports, check stock, check envelopes, postage, bank fees, paper forms, and surety bonds.
- Following is a summary of fees billed by the Treasurer's Office compared to total district expenditures over the past 14 years.

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Fees for Services

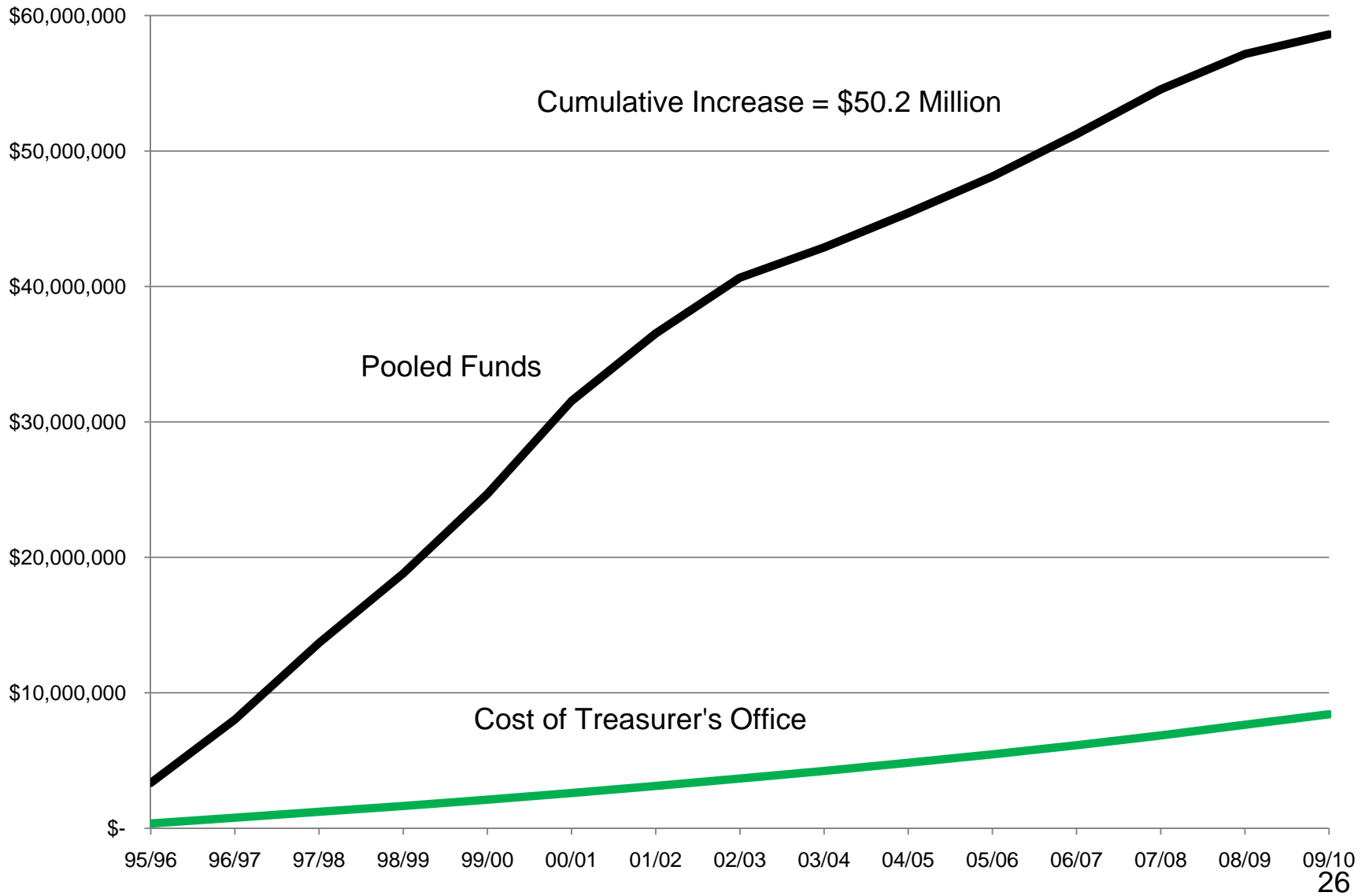
	Treas. Office Fees	Total Dist. Expenses	% of Expenses
FYE 6/30/09	\$786.8 Thousand	\$245.1 Million	0.32%
FYE 6/30/08	\$725.3 Thousand	\$234.8 Million	0.31%
FYE 6/30/07	\$676.3 Thousand	\$215.0 Million	0.31%
FYE 6/30/06	\$621.0 Thousand	\$228.9 Million	0.27%
FYE 6/30/05	\$603.8 Thousand	\$224.4 Million	0.27%
FYE 6/30/04	\$557.6 Thousand	\$215.1 Million	0.26%
FYE 6/30/03	\$548.8 Thousand	\$202.9 Million	0.27%
FYE 6/30/02	\$519.3 Thousand	\$177.2 Million	0.29%
FYE 6/30/01	\$497.3 Thousand	\$171.4 Million	0.29%
FYE 6/30/00	\$458.9 Thousand	\$148.2 Million	0.31%
FYE 6/30/99	\$433.8 Thousand	\$139.6 Million	0.31%
FYE 6/30/98	\$429.5 Thousand	\$133.3 Million	0.32%
FYE 6/30/97	\$429.4 Thousand	\$136.1 Million	0.32%
FYE 6/30/96	\$352.6 Thousand	\$109.5 Million	0.32%

BREMEN TOWNSHIP SCHOOL TREASURER

Total Interest Earnings vs. Cost

	Cumulative Interest Earnings from Pooled Funds 1996 thru 2010	Cumulative Treasurer's Office Cost Allocation 1996 thru 2010	Interest Earnings over Cost Allocation 1996 thru 2010
District 142	3,644,449	668,174	2,976,275
District 143	7,029,770	703,539	6,326,231
District 143 1/2	1,338,556	655,179	683,377
District 144	4,520,547	1,326,730	3,193,817
District 145	4,723,480	653,200	4,070,280
District 160	2,154,465	659,597	1,494,868
District 228	32,018,697	3,113,993	28,904,704
SWCASE	3,113,365	606,780	2,506,585
CDS	62,975	35,504	27,471
TOTALS	58,606,304	8,422,696	50,183,608

Cumulative Increase in Interest Earnings Pooled Funds vs. Cost of Treasurer's Office



CLOSING COMMENTS

- Cost of operating the Bremen Township School Treasurer's Office has been 1/3 of 1% of total School Districts' expenditures over last 14 years.
- Interest earned by the Treasurer's Office represents 2 1/4% of total School Districts' revenues over last 14 years.
- This analysis does not include cost savings associated with the consolidation of services performed by the Treasurer's Office.

CLOSING COMMENTS

- The excess interest earnings received by the School Districts' over the past 15 fiscal years, by utilizing the pooled funds concept available only in this type of system, far exceeded the cost of services paid to the Treasurer's Office.
- Excess interest earnings has been consistent.
- Without the services provided by the Treasurer's Office, the districts would experience significant increases in its cost of personnel, audits, outside services, financial system software and hardware costs, investment management fees, banking fees and other various supply costs.

CLOSING COMMENTS

- The Bremen Township School Treasurer's Office operates as an efficient system where consolidation of services provides benefits to the School Districts, the taxpayers, and most importantly, to the students - who benefit, not only from cost savings, but increased revenues as well.