

TOWN OF BREMEN, ILLINOIS

ANNUAL FINANCIAL REPORT

MARCH 31, 2020

TOWN OF BREMEN, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

MARCH 31, 2020

The accompanying notes are an integral part of
these financial statements.

TOWN OF BREMEN, ILLINOIS
MARCH 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees:
Town of Bremen, Illinois
16361 S. Kedzie Parkway
Markham, IL 60428

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bremen, Illinois, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, each major fund, and the aggregate remaining fund information of the Town of Bremen, Illinois, as of March 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 30-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bremen, Illinois' basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the financial statements.

This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William R. Healy, CPA, PC

William R. Healy, CPA, PC
Certified Public Accountants

Orland Park, Illinois
October 25, 2020

TOWN OF BREMEN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020

INTRODUCTION

As management of the Town of Bremen ("Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2020. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Township's financial statements (beginning on page 8).

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

1. Government-wide financial statements including the Statement of Net Position and the Statement of Activities, which provide an overview of the Township's finances,
2. Fund financial statements that provide a greater level of detail of revenues and expenditures and focus on how well the Township has performed in the most significant funds, and
3. Notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on the Township's assets and liabilities reported on the accrual basis of accounting, with the differences 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 Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all of a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the Township's basic services, including general government, general assistance, road maintenance and youth and senior services.

The government-wide financial statements can be found on pages 8 and 9 of this report.

FUND FINANCIAL STATEMENTS

The Township's fund financial statements, which begin on page 10, provide detailed information about the most significant funds - not the Township 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 Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

TOWN OF BREMEN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020

The Township is required to provide detailed information for its major funds. Major funds are defined as the general fund and other funds where the assets, liabilities, revenues, or expenditures of that fund are at least ten percent of the corresponding total for all governmental funds since the Township has no enterprise funds. For the fiscal year ended March 31, 2020, all of the Township's funds are major funds, i.e., General Fund, General Assistance Fund, and Road and Bridge Fund.

All of the funds of the Township are governmental funds. The Township has no proprietary or fiduciary 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 short-term view of the Township's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The Township maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, General Assistance Fund, and Road and Bridge Fund, all of which are considered to be major funds. This Township has no non-major governmental funds.

The Township adopts an annual budget for the above three funds. Budgetary comparison statements have been provided on pages 30 through 37 to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

PROPRIETARY FUNDS

The Township maintains no proprietary funds.

FIDUCIARY FUNDS

The Township maintains no fiduciary funds.

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 14 of this report.

OTHER INFORMATION

Required supplementary information and additional statistical information can be found on pages 30 through 40 of this report.

TOWN OF BREMEN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

In accordance with GASB Statement No. 34, the Township has presented comparative financial information to better understand the Township's financial position and changes in financial position.

NET POSITION: The following table reflects the condensed Statement of Net Position (in millions):

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Current assets	\$ 6.38	\$ 5.74
Capital assets	1.69	1.68
Net pension asset	0.67	0.32
Total assets	<u>\$ 8.74</u>	<u>\$ 7.74</u>
Deferred outflow of resources	<u>\$ 0.26</u>	<u>\$ 0.40</u>
Current liabilities	\$ 0.16	\$ 0.12
Non current liabilities	-	0.09
Total liabilities	<u>\$ 0.16</u>	<u>\$ 0.21</u>
Deferred inflow of resources	<u>\$ 1.61</u>	<u>\$ 1.39</u>
Investment in capital assets, net of related debt	\$ 1.69	\$ 1.68
Restricted	0.67	0.32
Unrestricted	4.87	4.54
Total net position	<u>\$ 7.23</u>	<u>\$ 6.54</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$7.23 million as of March 31, 2020. The first portion of the Township's net position is its investment in capital assets (e.g., land, buildings, equipment, and vehicles); less any related debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The second portion of the Township's net position is the restricted assets in the amount of \$0.67 million. Restricted assets consist of the Township's net pension asset. The third portion of the Township's net position is the unrestricted assets in the amount of \$4.87 million. Overall, total net position at the end of fiscal year 2020 increased primarily due to the increases in property tax collections and investment income over the prior year.

CAPITAL ASSETS

The Township investment in capital assets as of March 31, 2020 amounts to \$1,696,509 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles. Increases to capital assets for the current year included a new garage, office and road equipment.

DEBT

In February, 2011, the Township issued \$800,000 General Obligation Limited Tax Debt Certificates - Series 2011 with an interest rate range of 1.55% - 4.50%. The proceeds from the sale of the bonds were used to construct a new building for youth and senior services, and to pay the cost of issuance of the bonds. The proceeds were used to provide \$784,000 for capital projects and to pay \$16,000 in bond issuance costs.

TOWN OF BREMEN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020

The newly constructed building was being leased to Bremen Youth Services. Terms of the 20 year lease called for Bremen Youth Services to pay all obligations of the February 28, 2011 debt certificates as a condition of its rental agreement with Bremen Township. During the current year, Bremen Youth Services defaulted on the lease and vacated the building.

ACTIVITIES: The following table reflects the condensed Statement of Activities (in millions):

	<u>Government Activities</u>	
	<u>2019</u>	<u>2019</u>
REVENUES:		
Program revenues:		
Charges for services	\$ 0.12	\$ 0.21
General revenues:		
Property taxes	2.08	1.99
Replacement taxes	0.10	0.07
Other	<u>0.13</u>	<u>0.11</u>
Total revenues	\$ 2.43	\$ 2.38
EXPENSES:		
Administration	\$ 0.75	\$ 0.71
Senior transportation	0.28	0.28
Assessor	0.09	0.08
Maintenance	0.47	0.42
Home relief	0.15	0.15
Other	<u>-</u>	<u>0.01</u>
Total expenses	\$ 1.74	\$ 1.65
Changes in net position	0.69	0.73
Net position, April 1,	<u>6.54</u>	<u>5.81</u>
Net position, March 31,	<u>\$ 7.23</u>	<u>\$ 6.54</u>

For the year ended March 31, 2020, revenues from governmental activities totaled \$2.43 million. Revenues from the Township's largest sources, property taxes and charges for services, amounted to \$2.08 million and \$0.12 million, respectively. The other general revenue classification includes revenue from replacement taxes, investment income, and grants.

GOVERNMENTAL-TYPE ACTIVITIES

For the current year, real estate tax was \$2.08 million compared to \$1.99 million for the fiscal year 2019. Replacement tax was increased to \$0.10 million for fiscal year 2020, and \$0.07 for fiscal year 2019. The other tax revenues for the fiscal year 2020 were relatively unchanged from the prior year.

The General Fund, General Assistance Fund, and Road and Bridge fund actual revenues were \$171,205, \$23,145 and \$12,117, respectively, less than the final budget. Actual expenditures for the General Fund, General Assistance Fund, and Road and Bridge Fund were \$1,223,200, \$247,070 and \$177,188 less than the final budget, respectfully.

TOWN OF BREMEN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020

The shortfall of revenue in the General Fund, General Assistance Fund and Road and Bridge Fund is due to a shortfall in collection of property taxes. The General Fund budget also included aggressive estimates for grant proceeds, which were not realized, and reduced rental revenue because of the tenant vacating the lease. Expenditures were significantly less than budgeted in the General Fund due to lower than expected building maintenance, youth services and capital outlay expenses; the General Assistance Fund is due to less general assistance for home relief; and the Road and Bridge Fund is due to less salaries, road maintenance and capital outlay expenses. These areas accounted for approximately 66% of the expenditures being less than budgeted. In addition, the Township has continued its practice of keeping general and administrative costs down. This area was less than budgeted by approximately 62%.

GOVERNMENTAL FUND BALANCES

Governmental funds are reported in the fund statement with a focus on short-term inflow, outflow, and balances of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. Governmental funds combined reported ending fund balances of \$5,182,694, which are increased from the prior year. The General Fund represents the only unassigned balance of \$3,405,516. The remainder of the fund balance is allocated to one of the following categories of fund balance:

Nonspendable:	
Prepaid items	\$ 6,711
Committed:	
Debt Service	98,263
Assigned:	
General Assistance	1,022,081
Road and Bridge Maintenance	650,123

THE FUTURE OF THE TOWNSHIP

Ninety percent of the Township's revenue is from property and replacement taxes. In 2020, the world has experienced an international pandemic due to COVID-19. Residents of the Township, like all other communities, saw record high unemployment due to shelter in place orders for all except essential workers. This will most likely negatively impact the residents ability to meet future tax obligations. Due to current economic conditions, it is anticipated that revenues from property taxes will either remain constant or decrease slightly next year. Based on this, the Board is being proactive in maintaining or reducing expenditures. Although it is anticipated that general assistance expenditures will increase, the goal of the Board is to offset that with reductions in general administrative expenses.

The Township continues to be prudent with the use of its resources with adequate funds in reserve. At March 31, 2020 the Township had cash and investments on hand to fund thirty-four months of the next three year's expenditures.

NEXT YEAR'S BUDGET

All of the above factors were considered in the preparation of the Township's budget for the fiscal year 2020.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Township's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Bremen Township at 16361 South Kedzie Parkway, Markham, Illinois 60428.

**BASIC
FINANCIAL
STATEMENTS**

TOWN OF BREMEN, ILLINOIS
STATEMENT OF NET POSITION
MARCH 31, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS:

Current assets:

Cash and cash equivalents	\$ 2,544,733
Investments	2,604,459
Property taxes receivable	1,220,988
Accrued interest receivable	9,546
Prepaid expenses	6,711
Total current assets	<u>6,386,437</u>

Noncurrent assets:

Capital assets:

Not being depreciated	197,651
Other capital assets, net of accumulated depreciation	1,498,858
Net pension asset	667,209
Total noncurrent assets	<u>2,363,718</u>
TOTAL ASSETS	<u>\$ 8,750,155</u>

DEFERRED OUTFLOW OF RESOURCES:

Deferred amount on pensions	\$ 258,119
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>\$ 258,119</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

LIABILITIES:

Current liabilities:

General obligation bonds	\$ 95,000
Accounts payable	39,399
Accrued wages	8,327
Accrued interest	1,425
Due to other governments	18,694
Total current liabilities	<u>162,845</u>
TOTAL LIABILITIES	<u>\$ 162,845</u>

DEFERRED INFLOW OF RESOURCES:

Unearned revenue - 2019 property tax	\$ 1,168,131
Deferred amount on pensions	443,164
TOTAL DEFERRED INFLOW OF RESOURCES	<u>\$ 1,611,295</u>

NET POSITION:

Net investment in capital assets	\$ 1,696,509
Restricted for pensions	667,209
Unrestricted	4,870,416
TOTAL NET POSITION	<u>\$ 7,234,134</u>

TOWN OF BREMEN, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

Functions/Programs	Expenditures	Program Revenues		Net (Expenditures) Revenue and Changes in Net Position
		Charges for Services	Operating Grant and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES:				
Administration	\$ 747,375	\$ 118,626	\$ -	\$ 628,749
Senior transportation	280,025	-	-	280,025
Assessor	88,358	-	-	88,358
Maintenance	474,485	-	-	474,485
Home relief	155,830	-	-	155,830
Interest expense	5,899	-	-	5,899
Total governmental activities	\$ 1,751,972	\$ 118,626	\$ -	\$ 1,633,346

GENERAL REVENUES:

Property taxes	\$ 2,083,313
Replacement taxes	102,433
Investment income	107,097
Miscellaneous income	<u>19,664</u>
Total general revenues	<u>2,312,507</u>

SPECIAL ITEMS:

Sale of equipment	<u>13,628</u>
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Change in net position 692,789

NET POSITION

April 1, 2019	<u>6,541,345</u>
March 31, 2020	<u>\$ 7,234,134</u>

TOWN OF BREMEN, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2020

	General Fund	General Assistance Fund	Road and Bridge Fund	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 1,536,038	\$ 504,970	\$ 503,725	\$ 2,544,733
Investments	2,002,984	447,652	153,823	2,604,459
Property tax receivable	771,028	179,498	270,462	1,220,988
Accrued interest receivable	7,866	1,351	329	9,546
Prepaid expenses	4,362	-	2,349	6,711
Due from other funds	-	61,644	3,083	64,727
TOTAL ASSETS	<u>\$ 4,322,278</u>	<u>\$ 1,195,115</u>	<u>\$ 933,771</u>	<u>\$ 6,451,164</u>
LIABILITIES:				
Accounts payable	\$ 6,785	\$ 437	\$ 1,369	\$ 8,591
Accrued wages	5,654	623	2,050	8,327
Due to other funds	64,727	-	-	64,727
Due to other governments	-	-	18,694	18,694
TOTAL LIABILITIES	77,166	1,060	22,113	100,339
DEFERRED INFLOW OF RESOURCES:				
Deferred 2019 property taxes	<u>736,971</u>	<u>171,974</u>	<u>259,186</u>	<u>1,168,131</u>
TOTAL DEFERRED INFLOW OF RESOURCES	736,971	171,974	259,186	1,168,131
FUND BALANCES:				
Nonspendable	4,362	-	2,349	6,711
Committed	98,263	-	-	98,263
Assigned	-	1,022,081	650,123	1,672,204
Unassigned	<u>3,405,516</u>	<u>-</u>	<u>-</u>	<u>3,405,516</u>
TOTAL FUND BALANCES	<u>3,508,141</u>	<u>1,022,081</u>	<u>652,472</u>	<u>5,182,694</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	<u>\$ 4,322,278</u>	<u>\$ 1,195,115</u>	<u>\$ 933,771</u>	<u>\$ 6,451,164</u>

TOWN OF BREMEN, ILLINOIS
RECONCILIATION OF TOTAL FUND BALANCE OF GOVERNMENTAL
FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES
MARCH 31, 2020

Total fund balance of governmental funds (Page 10) \$ 5,182,694

Amounts reported for governmental activities in the Statement
of Net Position are different because of the following:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in
governmental funds. These assets consist of:

Not being depreciated:

Land	\$ 197,651
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Being depreciated:

Building	1,332,068
Building improvements	594,502
Equipment	<u>736,806</u>
	2,861,027

Less: accumulated depreciation	<u>(1,164,518)</u>
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1,696,509

Some assets reported in the Statement of Net Position
are not available for use as current financial resources and,
therefore, are not reported as assets in governmental
funds. These activities consist of:

Net pension asset - net of deferred outflow and inflows	482,164
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Some liabilities reported in the Statement of Net Position
do not require the use of current financial resources and,
therefore, are not reported as liabilities in governmental
funds. These activities consist of:

Accrued interest	(1,425)
Equipment - installment purchase	(30,808)
General obligation bonds	<u>(95,000)</u>

Net position of governmental activities (Page 8) \$ 7,234,134

TOWN OF BREMEN, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2020

	General Fund	General Assistance Fund	Road and Bridge Fund	Total Governmental Funds
REVENUES:				
Property tax	\$ 1,345,009	\$ 295,770	\$ 442,534	\$ 2,083,313
Replacement tax	48,830	26,293	27,310	102,433
Rental income	16,672	-	-	16,672
Pace receipts	14,285	-	-	14,285
Senior programs	83,017	-	-	83,017
Traffic fines	-	-	4,652	4,652
Miscellaneous	13,287	2,275	4,102	19,664
Sale of equipment	-	-	15,000	15,000
Investment income	76,695	19,617	10,785	107,097
Total revenues	<u>1,597,795</u>	<u>343,955</u>	<u>504,383</u>	<u>2,446,133</u>
EXPENDITURES:				
Current:				
Administration	587,033	64,200	36,117	687,350
Senior transportation	259,347	-	-	259,347
Assessor	83,723	-	-	83,723
Maintenance	-	-	422,828	422,828
Home relief	-	155,830	-	155,830
Debt service:				
Principal	90,000	-	-	90,000
Interest and fees	7,198	-	-	7,198
Capital outlay:				
Administration	16,191	-	-	16,191
Senior transportation	1,169	-	-	1,169
Assessor	1,139	-	-	1,139
Maintenance	-	-	70,367	70,367
Total expenditures	<u>1,045,800</u>	<u>220,030</u>	<u>529,312</u>	<u>1,795,142</u>
Change in fund balances	551,995	123,925	(24,929)	650,991
Fund balances - April 1, 2019	<u>2,956,146</u>	<u>898,156</u>	<u>677,401</u>	<u>4,531,703</u>
Fund balances - March 31, 2020	<u>\$ 3,508,141</u>	<u>\$ 1,022,081</u>	<u>\$ 652,472</u>	<u>\$ 5,182,694</u>

TOWN OF BREMEN, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

Net change in fund balances - governmental funds (Page 12) \$ 650,991

Amounts reported for governmental activities in the Statement of
Activities are different because of the following:

Capital outlays are reported in governmental funds as
expenditures. However, in the Statement of Activities,
the cost of those assets are allocated over their estimated
useful lives as depreciation expense.

In the current year, these assets consist of:

Building improvements	\$	46,354	
Equipment		31,763	
Equipment disposals - net		(2,872)	
Depreciation expense		<u>(89,510)</u>	
			(14,265)

Other noncurrent assets are not available for use as
current financial resources and are not recorded in
government funds. These assets consist of:

Net pension asset	(35,236)
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The following are expenditures in the governmental funds,
but the repayment reduces long-term liabilities in the
Statement of Net Position.

In the current year, repayments were made on:

General obligation bonds	90,000
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Some expenses reported in the Statement of Activities do
not require the use of current financial resources and,
therefore, are not reported as expenditures in
governmental funds. These activities consist of:

Accrued interest	<u>1,299</u>
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Change in net position of governmental activities (Page 9)	<u>\$ 692,789</u>
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TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

FINANCIAL REPORTING ENTITY

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Township's reporting entity includes the Township's governing board and all related organizations for which the Township exercises oversight responsibility.

The Township has developed criteria to determine whether any outside agencies should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the Township exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

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

BASIS OF PRESENTATION

The Township's basic financial statements consist of both government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and the Fund Financial Statements which provide a more detailed level of financial information.

In June 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurement. This standard was implemented April 1, 2015.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities report the overall financial activity of the Township. Eliminations have been made to minimize the double counting of internal activities of the Township. These statements include the financial activities of the primary government, which are primarily supported by taxes and intergovernmental revenue.

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Position presents the financial condition of the governmental activities of the Township at year end. The Statement of Net Position includes all current assets and current liabilities and all capital assets, net of accumulated depreciation, and long-term debt associated with the operation of the Township. The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the Township's governmental activities.

Direct expenditures are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include both charges paid by the recipient of the goods or services offered by the program and grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Township.

FUND FINANCIAL STATEMENTS

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds.

A major fund is defined as the Township's General Fund as well as any other fund where the assets, liabilities, revenues, or expenditures of that fund are at least ten percent of the corresponding total for all governmental funds since the Township has no enterprise funds. The Township's management may select as a major fund any other fund not meeting the above criteria if they believe the fund is of particular importance to the user of the financial statements. All of the Township's funds are major funds, i.e., General Fund, General Assistance Fund, and Road and Bridge Fund. Each major fund is presented in a separate column. There are no non-major funds or fiduciary funds reported.

Since capital assets are concerned only with the measurement of financial position as of the date of the end of the reporting period, these assets are not reported in fund financial statements. They are included in the government-wide financial statements.

FUND ACCOUNTING

The accounts of the Township 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 asset, liabilities, fund balance, revenues, and expenditures. Township 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. Funds are classified as governmental funds.

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use, and balances of the Township's 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. The General Fund accounts for all financial resources except for those required to be accounted for in another fund.

The General Assistance Fund is used to account for all activities related to social services for the poor and aged.

The Road and Bridge Fund is used to account for all purposes relating to construction, repair, maintenance, financing, and supervision of the Township's roads and bridges.

BASIS OF ACCOUNTING

The government-wide financial statements are reported using the "economic resources measurement focus" and the "accrual basis of accounting". Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the year all eligibility requirements imposed by the provider are met.

Government fund financial statements are reported using the "current financial resources measurement focus" and the "modified accrual basis of accounting." Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which was implemented by the Township for the year ended March 31, 2016. GASB 68 and 71 establish accounting and financial reporting standards that record the net pension asset/liability, as well as the deferred outflows of resources and deferred inflows of resources related to pension contributions made after the measurement date. In accordance with GASB 68 and 71, the Township now reports a net pension asset, as well as both deferred inflows of resources and deferred outflows of resources related to pensions, on its statement of net position. .

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Differences between the government-wide financial statements and the fund financial statements are briefly explained in the reconciliations included in the fund financial statements.

BUDGETARY DATA

The budget is prepared on the modified accrual basis of accounting which is the same basis used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with the Illinois Revised Statutes.

A proposed budget is prepared annually and made available for public inspection at least thirty days prior to a public hearing and formal adoption. The Township may make transfers among the various items in any fund not exceeding, in the aggregate, ten percent of the total budget for a particular fund. The budget may be amended in other ways by the same procedures required for its original adoption.

The budget lapses at the end of each fiscal year. The Township does not utilize an encumbrance system.

CASH AND INVESTMENTS

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments which are considered highly liquid and available on demand.

The Township's investments are limited by the Illinois Public Funds Investment Act and the Illinois Compiled Statutes. The Township has investments in deposits and certificates of deposit in insured commercial banks, corporate and municipal bonds, and Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains \$1 per share value which is equal to fair value). The Township limits its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC coverage.

INVENTORIES AND PREPAID

The Township does not maintain inventories in amounts material to the financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CAPITAL ASSETS

The Township's policy is to capitalize items with an acquisition cost of at least \$2,500 for equipment, \$10,000 for buildings and improvements, and \$50,000 for infrastructure assets. Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Major additions are capitalized while replacements, maintenance, and repairs, which do not improve or extend the lives of the respective assets, are expensed currently. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the assets are expected to meet service demands. In the government-wide financial statements, straight-line depreciation is used based on the following estimated useful lives:

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS (continued)

	<u>Years</u>
Site improvements	20
Buildings	40
Leasehold improvements	20
Infrastructure	50
Permanent fixtures	20
Equipment	15
Office machines and devices	8
EDP equipment	5
Telephone system	10
Mobile equipment	12
Vehicles	8

DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. The Township recognizes deferred inflows of resources related to pensions.

Governmental funds report revenue that is unavailable as deferred inflows of resources. Governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as revenue in the period that the amounts become available. Deferred inflows of resources also arise when resources (rent revenue) are received by the Township before the period for which the rent pertains.

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time. The Township recognizes deferred outflows of resources related to pensions.

COMPENSATED ABSENCES

Employees are granted vacation and sick pay leave in varying amounts. The Township has no liability for unused vacation pay since all vacation leave is used or lost if not taken during each year. The Township does not allow employees to accumulate unused sick pay, and accordingly, employees can be paid sick leave only when sick. Since the employee's rights to receive sick pay is contingent upon the absences being caused by future illness and such amount cannot be reasonably estimated, a liability for unused sick pay is not recorded in the government-wide or fund financial statements. Vacation and sick pay are charged to current expenditures when taken by the employees of the Township.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond issuance costs are reported as expenses in the period incurred.

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND BALANCES/NET POSITION

It is the Township's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted fund balances are available, followed by committed and then assigned resources. Unassigned amounts are used only after the other categories of fund balance have been fully utilized.

Within the governmental fund types, the Township's fund balances are reported in one of the following classifications:

Nonspendable - includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted - includes amounts that are restricted for specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the Township's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Township removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - includes amounts that are constrained by the Township's intent to be used for specific purposes, but that are neither restricted nor committed. The Township Board of Trustees has been delegated to assign resources and amounts of fund balances for specific purposes. These assignments will follow Township policy.

Unassigned - includes the residual fund balance that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

In the government-wide statement of net position, equity is displayed in three components as follows:

Net Investment in Capital Assets - this consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets.

Restricted - this consists of a net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - this consists of a net position that does not meet the definition of "restricted" or "net investment in capital assets".

The Township first utilizes restricted resources to finance qualifying activities.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

2. CASH AND INVESTMENTS

As of March 31, 2020, the Township has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	Less than <u>one year</u>	<u>1-5 Years</u>
Illinois Funds	\$ 1,905,675	\$ 1,905,675	\$ -
Certificates of Deposit			
Negotiable	2,352,232	1,846,686	505,546
U.S. Treasuries	<u>252,227</u>	<u>252,227</u>	<u>-</u>
	<u>\$ 4,510,134</u>	<u>\$ 4,004,588</u>	<u>\$ 505,546</u>

Interest rate risk is the risk that changes in interest rates and will adversely affect the fair value of an investment. The Township has limited its exposure to interest rate risk by structuring the portfolios so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in short-term securities, money market funds and Illinois Funds.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Township limits its exposure to credit risk with investments to Illinois Funds. The Illinois Funds Money Market has earned Standard & Poor's highest rating (AAAm). The Township's other investments in debt securities were rated as follows:

<u>Investment Type</u>	<u>Moody's</u>	Standard & <u>Poor's</u>
U.S. Treasuries	Aaa	AA+

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Township's deposits may not be recovered. The Township's investment policy protects the Township from custodial credit risk by requiring funds on deposit (checking accounts, certificates of deposit, etc.), in excess of FDIC limits, to be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the Township.

The Township categorized 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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of March 31, 2020, the Township's investments are measured using the market valuation method and the following valuation inputs:

	March 31, <u>2020</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	\$ 2,352,232	\$ 2,352,232	\$ -	\$ -
U.S. Treasuries	<u>252,227</u>	<u>252,227</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,604,459</u>	<u>\$ 2,604,459</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

2. CASH AND INVESTMENTS (Continued)

Funds on deposit in excess of Federal Deposit Insurance Corporation (FDIC) limits are collateralized at no less than 105% of the fair market value of the net amount of public funds secured. As of March 31, 2020, the Township's bank balances were \$240,089 all of which was covered by the FDIC \$250,000. Securities in the amount of \$1,232,452 are held by the pledging financial institution trust department, which collateralizes the entire remaining bank balance in excess of FDIC limits. Illinois Funds are not subject to custodial credit risk.

3. PROPERTY TAXES-GENERAL

Property taxes for 2019 attach an enforceable lien on January 1, 2019 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2020 and August 1, 2020, and are payable in two installments, on or about March 1, 2020 and September 1, 2020. The 2019 levy is intended to partially fund expenditures for the fiscal year 2020 to the extent of collections through March 31, 2020 and 60 days subsequent to that date. The remainder of the 2019 levy is deferred as of March 31, 2020.

The 2020 tax levy, which attached as an enforceable lien on property as of January 1, 2020, has not been recorded as a receivable as of March 31, 2020, as the tax has not yet been levied by the Township and will not be levied until December, 2020 and therefore, the levy is not measurable at March 31, 2020.

4. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2020 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 197,651	\$ -	\$ -	\$ 197,651
Capital assets being depreciated:				
Buildings	1,332,068	-	-	1,332,068
Building improvements	548,148	46,354	-	594,502
Equipment and vehicles	731,967	62,571	57,732	736,806
	2,809,834	108,925	57,732	2,861,027
Less: accumulated depreciation	(1,129,868)	(89,510)	(54,860)	(1,164,518)
Total governmental activities	<u>\$ 1,679,966</u>	<u>\$ 19,415</u>	<u>\$ 2,872</u>	<u>\$ 1,696,509</u>

Depreciation was charged to the governmental activities functions/programs as follows:

Administration	\$ 37,602
Senior transportation	19,509
Maintenance	32,399
Total depreciation expense	<u>\$ 89,510</u>

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

5. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a public entity risk pool to administer property and liability coverage and employee compensation and liability insurance programs. The public entity risk pool does not transfer risk from the Township. There was no significant reductions in insurance coverage or settlement amounts exceeding insurance coverage during fiscal year 2020 or the three prior years. TOIRMA issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Township Officials of Illinois Risk Management Association, P.O. Cox 517, Astoria, IL 61501.

6. LONG-TERM DEBT

The following is a summary of long-term obligation activity for the Township for the year ended March 31, 2020:

	Outstanding Debt as of <u>April 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding Debt as of <u>March 31, 2020</u>	Due Within <u>One Year</u>
General obligation bonds					
financed through					
governmental					
funds	\$ 185,000	\$ -	\$ (90,000)	\$ 95,000	\$ 95,000

Outstanding debt as of March 31, 2020, consists of the following:

General obligation limited tax debt bonds dated February 28, 2011, provide for the retirement of principal of \$70,000 in 2012, and 2013, \$75,000 in 2014, \$80,000 in 2015, 2016, and 2017, \$90,000 in 2018, and 2019, and \$95,000 in 2020. Interest is payable on December 1, and June 1, of each year at rates varying between 1.55% and 4.50%.	\$ 95,000
Total general obligation bonds	\$ 95,000

The future debt service requirements to amortize the outstanding debt, including interest of \$3,263, are as follows:

Year Ending	<u>General Obligation Bonds</u>		
<u>March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 95,000	\$ 3,263	\$ 98,263

The Township has pledged revenue to repay certain bond issues. The pledges will remain until all bonds are retired. The amount of the pledges remaining as of March 31, 2020 is as follows:

Debt <u>Issue</u>	<u>Pledged Revenue Source</u>	Pledge <u>Remaining</u>	Commitment <u>End Date</u>
2011	Bremen Youth Building - rental income	\$ 95,000	10/1/2020

During the current year, the building tenant defaulted on the lease agreement and vacated the building. The Township will not receive any more revenue on this commitment.

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

6. LONG-TERM DEBT (Continued)

On February 28, 2011, the Township issued \$800,000 in General Obligation Limited Tax Debt Certificates - Series 2011 with an interest rate range of 1.55% - 4.50%. The proceeds from the sale of the bonds were used to construct a new building for youth services and to pay the cost of issuance of the bonds. The proceeds were used to provide \$784,000 for capital projects and to pay \$16,000 in bond issuance costs.

The building was being leased to Bremen Youth Services. Terms of the 20 year lease called for Bremen Youth Services to pay all obligations of the February 28, 2011 debt certificates as a condition of its rental agreement with Bremen Township. During the current year, Bremen Youth Services defaulted on the lease agreement and vacated the building.

7. FUND BALANCES

At March 31, 2020, the Township's governmental funds fund balances were classified as follows:

	<u>General Fund</u>	<u>General Assistance Fund</u>	<u>Road and Bridge Fund</u>	<u>Total</u>
<u>Nonspendable:</u>				
Prepaid items	\$ 4,362	\$ -	\$ 2,349	\$ 6,711
Total nonspendable	4,362	-	2,349	6,711
<u>Committed:</u>				
Debt obligations	98,263	-	-	98,263
Total committed	98,263	-	-	98,263
<u>Assigned:</u>				
General assistance	-	1,022,081	-	1,022,081
Road & bridge maintenance	-	-	650,123	650,123
Total assigned	-	1,022,081	650,123	1,672,204
<u>Unassigned</u>	<u>3,405,516</u>	<u>-</u>	<u>-</u>	<u>3,405,516</u>
Total fund balances	<u>\$ 3,508,141</u>	<u>\$ 1,022,081</u>	<u>\$ 652,472</u>	<u>\$ 5,182,694</u>

8. GRANTS

The Township has been awarded a \$50,000 grant from the Illinois Department of Commerce & Economic Opportunity to construct a parking garage at the Bremen Senior Center. \$46,400 has been received on the grant as of March 31, 2020. Grant expenditures as of March 31, 2020 totaled \$50,153.

The Township has also been awarded two additional grants from the Illinois Department of Commerce & Economic Opportunity to construct a three season room and a new parking lot at the Bremen Senior Center. The three season room grant award is \$25,000. The parking lot grant award is \$100,000. No monies have been received from or expended on either grant as of March 31, 2020.

9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the financial statements, of certain information concerning individual funds as follows:

1. The General Fund owes inter-fund payables to the General Assistance Fund and the Road and Bridge Fund in the amounts of \$61,487 and \$3,239, respectfully, as of March 31, 2020.
2. The Road and Bridge Fund owes inter-fund payables to the General Assistance Fund in the amounts of \$157 as of March 31, 2020.
3. There are no deficit fund balances at March 31, 2020.

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

10. PENSION PLAN

PLAN DESCRIPTION

The Township's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Township's plan is managed by the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public pension fund. Benefit provisions are established by statute and may only be changed by General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report may be obtained on-line at www.imrf.org

BENEFITS PROVIDED

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. The Township's members only participate in the Regular Plan.

Both IMRF plans have a two tier plan. Members who first participate in IMRF or an Illinois Reciprocal System prior to January 1, 2011, participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 48 consecutive month's earnings during the last 10 years) for credited service up to 15 years and 2% for each year thereafter, for a maximum of 75% of their final rate of earnings. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at \$106,800) for credited service up to 15 years and 2% for each year after thereafter. An employees pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30-35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67, or 1/2% for each month of service credit less than 35 years. 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

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

10. PENSION PLAN (Continued)

EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2019, the measurement date, the membership of the plan was as follows:

Number of:

Retirees and Beneficiaries	19
Inactive, Non-Retired Members	2
Active Members	9
Total	<u>30</u>

Covered Valuation Payroll	<u>\$ 355,200</u>
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CONTRIBUTIONS

As set by state statute, the Township's 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 Township's actuarially determined contribution rate for calendar year 2019 was .91% of annual covered payroll. For the fiscal year ended March 31, 2020, the Township contributed \$3,547 to the plan. The Township 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 Township's net pension asset/liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - PENSION PLAN

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Regular Plan and additions to/deduction from the Regular Plan's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

Actuarial Cost Method

Entry Age Normal

Asset Valuation Method

Market Value of Assets

Actuarial Assumptions:

• Price Inflation	2.50%
• Salary Increases	3.35% to 14.25% including inflation
• Investment Rate of Return	7.25%

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

10. PENSION PLAN (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

- **Projected Retirement Age** was derived from the Experienced-based tables of rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to the experience study from years 2014 to 2016.

- **Mortality:**

For **non-disabled retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

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 adjustments 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 experiences.

- The **Long-Term Expected Rate of Return** on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were 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 as of December 31, 2017 are as follows:

<u>Asset Class</u>	<u>Portfolio Target Projection</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.75%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60 - 7.60%
Cash Equivalents	1%	1.85%
Total	100%	

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

10. PENSION PLAN (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 plan members' contributions will be made at the current contribution rate, and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%. The year ended December 31, 2015 is the last year in the 2016-2015 projection period for which projected benefit payments are fully funded.

CHANGES IN NET PENSION LIABILITY/(ASSET)

The Township's changes in its' net pension asset for the calendar year ended December 31, 2018 are as follows:

	Increase/(Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/ (Asset) (A-B)
Balance at December 31, 2018	\$ 2,189,447	\$ 2,512,893	\$ (323,446)
Changes for the year:			
Service cost	39,248	-	39,248
Interest on total pension liability	154,145	-	154,145
Changes in benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(77,148)	-	(77,148)
Changes in assumptions	-	-	-
Contributions - Township	-	3,232	(3,232)
Contributions - Employees	-	15,984	(15,984)
Net investment income	-	514,799	(514,799)
Benefit payments, including refunds of employee contributions	(165,857)	(165,857)	-
Other (net transfer)	-	(74,007)	74,007
Net changes	(49,612)	294,151	(343,763)
Balance at December 31, 2019	<u>\$ 2,139,835</u>	<u>\$ 2,807,044</u>	<u>\$ (667,209)</u>

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

10. PENSION PLAN (Continued)

DISCOUNT RATE SENSITIVITY

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The following table presents the Township's net pension liability/(asset), calculated using the single discount rate of 7.25%, as well as what the Township's net pension liability/(asset) would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Decrease	Current Single Discount Rate	1% Increase
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Total Pension Liability	\$ 2,371,697	\$ 2,139,835	\$ 1,943,789
Plan Fiduciary Net Position	<u>2,807,044</u>	<u>2,807,044</u>	<u>2,807,044</u>
Net Pension Liability/(Asset)	<u>\$ (435,347)</u>	<u>\$ (667,209)</u>	<u>\$ (863,255)</u>

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended March 31, 2020, the Township recognized pension expense of \$38,468. The Township reports deferred outflow and inflow of resources related to pension from the following sources:

	Deferred Outflows of <u>Resource</u>	Deferred Inflows of <u>Resources</u>
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ -	\$ (44,874)
Changes in assumptions	7,685	-
Net difference between projected and actual earnings on pension plan investments	249,342	(398,291)
Contributions subsequent to the measurement date	<u>1,091</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>\$ 258,118</u>	<u>\$ (443,165)</u>

TOWN OF BREMEN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE

10. PENSION PLAN (Continued)

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ended December 31,	Net Deferred Outflows of Resource
2020	\$ (73,050)
2021	(57,879)
2022	14,003
2023	(68,121)
2024	-
	<u>\$ (185,047)</u>

11. CONTINGENCIES

The Township is involved in lawsuits arising in the ordinary course of activities. While these cases may have future financial effect, management, based on advice from the attorneys, believes that their ultimate outcome will not be material to the basic financial statements. In addition, the Township has received funds from the state in the current year that are subject to audit by the granting agency. The Board believes any adjustment that might arise from an audit would be insignificant to the Township.

12. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. Although many of the Township's services are considered essential, the Township offices were closed to the public and because the Township's major sources of revenue, mainly real estate taxes, are impacted by these events, it is probable that the matter will negatively impact the Township. However, the ultimate financial impact cannot be estimated at this time.

REQUIRED
SUPPLEMENTARY
INFORMATION

TOWN OF BREMEN, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property tax	\$ 1,470,000	\$ 1,470,000	\$ 1,345,009	\$ (124,991)
Replacement tax	40,000	40,000	48,830	8,830
Rental income	100,000	100,000	16,672	(83,328)
Grants	30,000	30,000	-	(30,000)
Pace receipts	20,000	20,000	14,285	(5,715)
Senior programs	92,000	92,000	83,017	(8,983)
Miscellaneous	10,000	10,000	13,287	3,287
Investment income	<u>7,000</u>	<u>7,000</u>	<u>76,695</u>	<u>69,695</u>
Total revenues	<u>1,769,000</u>	<u>1,769,000</u>	<u>1,597,795</u>	<u>(171,205)</u>
EXPENDITURES:				
Current:				
Administration	1,590,000	1,590,000	587,033	1,002,967
Senior transportation	315,000	315,000	259,347	55,653
Assessor	89,000	89,000	83,723	5,277
Debt service:				
Principal	90,000	90,000	90,000	-
Interest	10,000	10,000	7,198	2,802
Capital outlay:				
Administration	170,000	170,000	16,191	153,809
Senior transportation	4,000	4,000	1,169	2,831
Assessor	<u>1,000</u>	<u>1,000</u>	<u>1,139</u>	<u>(139)</u>
Total expenditures	<u>2,269,000</u>	<u>2,269,000</u>	<u>1,045,800</u>	<u>1,223,200</u>
Excess of revenue over expenditures	(500,000)	(500,000)	551,995	1,051,995
OTHER FINANCING SOURCES (USES):				
Transfer from Illinois Funds	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	551,995	<u>\$ 551,995</u>
Fund balance - April 1, 2019			<u>2,956,146</u>	
Fund balance - March 31, 2020			<u>\$3,508,141</u>	

TOWN OF BREMEN, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
ADMINISTRATION:				
Current:				
Salaries	\$ 425,000	\$ 425,000	\$ 352,280	\$ 72,720
Health insurance	100,000	100,000	46,804	53,196
Payroll tax and retirement	36,500	36,500	27,075	9,425
Unemployment compensation insurance	10,000	10,000	2,264	7,736
Insurance - workman's compensation	5,000	5,000	-	5,000
Maintenance - building	405,000	405,000	28,999	376,001
Maintenance - equipment	4,000	4,000	3,637	363
Accounting and auditing	30,000	30,000	14,993	15,007
Legal	75,000	75,000	19,236	55,764
Postage	5,000	5,000	477	4,523
Telephone	7,000	7,000	6,403	597
Printing and publishing	56,000	56,000	7,339	48,661
Youth services	200,000	200,000	-	200,000
Dues - professional organizations	6,000	6,000	4,221	1,779
Travel, meetings, and seminars	4,500	4,500	909	3,591
Data processing services	1,000	1,000	691	309
Utilities	20,000	20,000	21,517	(1,517)
General and liability insurance	15,000	15,000	8,677	6,323
Office supplies	10,000	10,000	3,691	6,309
Operating supplies	5,000	5,000	4,861	139
Miscellaneous	2,000	2,000	677	1,323
Disabled services	40,000	40,000	26,000	14,000
Contingencies	22,000	22,000	-	22,000
Management fee	6,000	6,000	6,232	(232)
Community outreach and special event	100,000	100,000	50	99,950
Capital outlay:				
Building improvements	135,000	135,000	8,696	126,304
Vehicles	25,000	25,000	-	25,000
Equipment	10,000	10,000	7,495	2,505
	<u>\$1,760,000</u>	<u>\$ 1,760,000</u>	<u>\$ 603,224</u>	<u>\$ 1,156,776</u>

TOWN OF BREMEN, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
SENIOR TRANSPORTATION:				
Current:				
Salaries	\$ 160,000	\$ 160,000	\$ 143,586	\$ 16,414
Payroll tax	14,000	14,000	11,073	2,927
Auto insurance	15,000	15,000	6,952	8,048
Auto maintenance	16,000	16,000	7,453	8,547
Fuel	25,000	25,000	17,067	7,933
Miscellaneous	1,000	1,000	423	577
Operating supplies	1,000	1,000	771	229
Office supplies	2,000	2,000	1,578	422
Printing	7,000	7,000	4,106	2,894
Senior drop-in	8,000	8,000	7,744	256
Senior lunch program	36,000	36,000	32,501	3,499
Senior services	1,000	1,000	-	1,000
Senior social activities	19,000	19,000	16,968	2,032
Telephone	6,000	6,000	6,725	(725)
Vehicle lease	4,000	4,000	2,400	1,600
Capital outlay:				
Furniture	2,000	2,000	-	2,000
Equipment	2,000	2,000	1,169	831
	<u>\$ 319,000</u>	<u>\$ 319,000</u>	<u>\$ 260,516</u>	<u>\$ 58,484</u>
ASSESSOR:				
Current:				
Salaries	\$ 75,000	\$ 75,000	\$ 72,747	\$ 2,253
Payroll tax and retirement	6,300	6,300	5,923	377
Maintenance - equipment	1,500	1,500	195	1,305
Travel	700	700	408	292
Training	1,000	1,000	743	257
Postage	500	500	500	-
Dues	500	500	250	250
Sidewell replacement sheets	400	400	-	400
Office supplies	600	600	570	30
Publications	100	100	156	(56)
Printing	400	400	-	400
Seminar	500	500	250	250
Miscellaneous	500	500	106	394
Computer	1,000	1,000	1,875	(875)
Capital outlay:				
Equipment	1,000	1,000	1,139	(139)
	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 84,862</u>	<u>\$ 5,138</u>

TOWN OF BREMEN, ILLINOIS
GENERAL ASSISTANCE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property tax	\$ 325,000	\$ 325,000	\$ 295,770	\$ (29,230)
Replacement tax	25,000	25,000	26,293	1,293
Miscellaneous	7,100	7,100	2,275	(4,825)
Investment income	10,000	10,000	19,617	9,617
Total revenues	<u>367,100</u>	<u>367,100</u>	<u>343,955</u>	<u>(23,145)</u>
EXPENDITURES:				
Current:				
Administration	84,000	84,000	64,200	19,800
Home relief	375,600	375,600	155,830	219,770
Contingency	5,000	5,000	-	5,000
Capital outlay				
Administration	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total expenditures	<u>467,100</u>	<u>467,100</u>	<u>220,030</u>	<u>247,070</u>
Excess (Deficiency) of revenues over expenditures	(100,000)	(100,000)	123,925	223,925
OTHER FINANCING SOURCES (USES)				
Transfer from Illinois Funds	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	123,925	<u>\$ 123,925</u>
Fund balance - April 1, 2019			<u>898,156</u>	
Fund balance - March 31, 2020			<u>\$ 1,022,081</u>	

TOWN OF BREMEN, ILLINOIS
GENERAL ASSISTANCE FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
ADMINISTRATION:				
Current:				
Salaries	\$ 40,500	\$ 40,500	\$ 39,796	\$ 704
Health insurance	15,000	15,000	-	15,000
Payroll tax and retirement	7,000	7,000	3,308	3,692
Insurance	1,000	1,000	10,500	(9,500)
Accounting and auditing	1,500	1,500	3,457	(1,957)
Legal	3,000	3,000	-	3,000
Miscellaneous	500	500	185	315
Postage	2,000	2,000	794	1,206
Telephone	2,000	2,000	1,268	732
Printing and publishing	2,000	2,000	436	1,564
Office supplies	2,500	2,500	1,849	651
Operating supplies	2,500	2,500	963	1,537
Training	500	500	50	450
Travel	1,500	1,500	58	1,442
Management fee	2,000	2,000	1,486	514
Dues and professional organizations	500	500	50	450
Capital outlay				
Equipment	2,500	2,500	-	2,500
	<u>\$ 86,500</u>	<u>\$ 86,500</u>	<u>\$ 64,200</u>	<u>\$ 22,300</u>
HOME RELIEF:				
Current:				
Physicians	\$ 9,600	\$ 9,600	\$ -	\$ 9,600
Hospital in-patient	10,000	10,000	-	10,000
Other medical services	10,000	10,000	-	10,000
Drugs	5,000	5,000	107	4,893
Dental care	1,000	1,000	-	1,000
Funeral and burial	5,000	5,000	1,675	3,325
Fuel	20,000	20,000	15,969	4,031
Utilities	100,000	100,000	53,102	46,898
Shelter	101,000	101,000	80,908	20,092
Food, household, and personal	5,000	5,000	2,864	2,136
Wearing apparel	2,000	2,000	-	2,000
Transient expense	5,000	5,000	37	4,963
Travel	1,000	1,000	1,168	(168)
Emergency assistance	100,000	100,000	-	100,000
Co-payments support	1,000	1,000	-	1,000
	<u>\$ 375,600</u>	<u>\$ 375,600</u>	<u>\$ 155,830</u>	<u>\$ 219,770</u>
CONTINGENCY:				
Current	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>

TOWN OF BREMEN, ILLINOIS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property tax	\$ 470,000	\$ 470,000	\$ 442,534	\$ (27,466)
Replacement tax	20,000	20,000	27,310	7,310
Traffic fines	4,000	4,000	4,652	652
Miscellaneous	500	500	4,102	3,602
Investment income	7,000	7,000	10,785	3,785
Total revenues	<u>501,500</u>	<u>501,500</u>	<u>489,383</u>	<u>(12,117)</u>
EXPENDITURES:				
Current:				
Administration	40,100	40,100	36,117	3,983
Maintenance	575,900	575,900	422,828	153,072
Capital outlay:				
Administration	500	500	-	500
Maintenance	90,000	90,000	70,367	19,633
Total expenditures	<u>706,500</u>	<u>706,500</u>	<u>529,312</u>	<u>177,188</u>
Excess (Deficiency) of revenues over expenditures	(205,000)	(205,000)	(39,929)	165,071
OTHER FINANCING SOURCES (USES)				
Transfer from Illinois Funds	205,000	205,000	-	(205,000)
Sale of equipment	-	-	15,000	15,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(24,929)</u>	<u>\$ (24,929)</u>
Fund balance - April 1, 2019			<u>677,401</u>	
Fund balance - March 31, 2020			<u>\$ 652,472</u>	

TOWN OF BREMEN, ILLINOIS
ROAD AND BRIDGE FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
ADMINISTRATION:				
Current:				
Salaries	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Payroll tax and retirement	500	500	-	500
Accounting and auditing	1,000	1,000	3,427	(2,427)
Legal	5,000	5,000	2,750	2,250
Postage	200	200	174	26
Telephone	4,500	4,500	3,011	1,489
Printing and publishing	250	250	-	250
General and liability insurance	14,000	14,000	14,069	(69)
Office supplies	250	250	228	22
Miscellaneous	200	200	130	70
Municipal replacement tax	11,000	11,000	10,741	259
Travel	300	300	-	300
Training	600	600	-	600
Management fee	1,000	1,000	472	528
Dues	300	300	115	185
Capital outlay				
Equipment	500	500	-	500
	<u>\$ 40,600</u>	<u>\$ 40,600</u>	<u>\$ 36,117</u>	<u>\$ 4,483</u>

TOWN OF BREMEN, ILLINOIS
ROAD AND BRIDGE FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
MAINTENANCE:				
Current:				
Salaries	\$ 215,000	\$ 215,000	\$ 157,146	\$ 57,854
Health insurance	12,600	12,600	5,795	6,805
Payroll tax and retirement	20,100	20,100	12,853	7,247
Maintenance - vehicles	7,500	7,500	7,084	416
Maintenance - equipment	12,000	12,000	3,859	8,141
Maintenance - roads	257,700	257,700	197,959	59,741
Rentals	2,000	2,000	-	2,000
Lighting of roads	16,800	16,800	18,035	(1,235)
Maintenance supplies - equipment	1,000	1,000	96	904
Maintenance supplies - building	-	-	439	(439)
Maintenance supplies - salt	15,400	15,400	9,811	5,589
Maintenance supplies - vehicles	1,000	1,000	31	969
Safety equipment supplies	1,000	1,000	83	917
Automotive fuel and oil	12,000	12,000	9,044	2,956
Miscellaneous	1,000	1,000	10	990
Uniforms	800	800	583	217
Capital outlay:				
Building	50,000	50,000	48,917	1,083
Equipment	40,000	40,000	21,450	18,550
	<u>\$ 665,900</u>	<u>\$ 665,900</u>	<u>\$ 493,195</u>	<u>\$ 172,705</u>

TOWN OF BREMEN, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED MARCH 31, 2020

Calendar Year Ended December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Service cost	\$ 39,248	\$ 43,574	\$ 42,612	\$ 41,179	\$ 37,930
Interest on the total pension liability	154,145	154,448	160,373	140,401	139,237
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience of the total pension liability	(77,148)	(12,365)	(29,427)	242,681	(3,533)
Changes in assumptions	-	52,539	(80,930)	-	-
Benefit payments, including refunds of employee contributions	<u>(165,857)</u>	<u>(172,543)</u>	<u>(171,669)</u>	<u>(145,691)</u>	<u>(173,783)</u>
Net change in total pension liability	(49,612)	65,653	(79,041)	278,570	(149)
Total pension liability - beginning	<u>2,189,447</u>	<u>2,123,794</u>	<u>2,202,835</u>	<u>1,924,265</u>	<u>1,924,414</u>
Total pension liability - ending (A)	<u>\$2,139,835</u>	<u>\$2,189,447</u>	<u>\$2,123,794</u>	<u>\$2,202,835</u>	<u>\$1,924,265</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 3,232	\$ 3,398	\$ 4,060	\$ 3,648	\$ 3,247
Contributions - employee	15,984	16,994	18,647	16,751	15,880
Net investment income	514,799	(201,256)	500,689	171,215	13,531
Benefit payments, including refunds of employee contributions	(165,857)	(172,543)	(171,669)	(145,691)	(173,783)
Other (net transfers)	<u>(74,007)</u>	<u>(2,964)</u>	<u>(78,908)</u>	<u>14,866</u>	<u>(106,686)</u>
Net change in plan fiduciary net position	294,151	(356,371)	272,819	60,789	(247,811)
Plan fiduciary net position - beginning	<u>2,512,893</u>	<u>2,869,264</u>	<u>2,596,445</u>	<u>2,535,656</u>	<u>2,783,467</u>
Plan fiduciary net position - ending (B)	<u>\$2,807,044</u>	<u>\$2,512,893</u>	<u>\$2,869,264</u>	<u>\$2,596,445</u>	<u>\$2,535,656</u>
Net pension (Asset)/Liability - ending (A) - (B)	<u>\$ (667,209)</u>	<u>\$ (323,446)</u>	<u>\$ (745,470)</u>	<u>\$ (393,610)</u>	<u>\$ (611,391)</u>
Plan fiduciary net position as a percentage of the total pension liability	131.18%	114.77%	135.10%	117.87%	131.77%
Covered valuation payroll	\$ 355,200	\$ 377,634	\$ 414,372	\$ 372,240	\$ 352,892
Net pension liability as a percentage of covered valuation payroll	(187.84%)	(85.65%)	(179.90%)	(105.74%)	(173.25%)

Notes to schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available. The Township implemented GASB Statement No. 68 for the fiscal year ended March 31, 2016. Information prior to calendar year 2015 is not available.

TOWN OF BREMEN, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2020

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 3,247	\$ 3,247	\$ -	\$ 352,892	0.92%
2016	3,648	3,648	-	372,240	0.98%
2017	4,061	4,060	(1)	414,372	0.98%
2018	3,399	3,398	(1)	377,634	0.90%
2019	3,232	3,232	-	355,200	0.91%

Notes to schedule:

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

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 period in which contributions are reported.

Methods and assumptions used to determine 2019 contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	24-year closed period
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	7.50%
Retirement Age	Experienced-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	<p>Non-disabled retirees: an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.</p> <p>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 adjustments that were applied for non-disabled lives.</p> <p>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.</p>

Other information:

Notes	There were no benefit changes during the year.
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TOWN OF BREMEN, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2020

NOTE

A. BUDGETS

The budget is prepared on the modified cash basis of accounting which is the same basis used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with the Illinois Revised Statutes.

A proposed budget is prepared annually and made available for public inspection at least thirty days prior to a public hearing and formal adoption. The Township may make transfers among the various items in any fund not exceeding, in the aggregate, ten percent of the total budget for a particular fund. The budget may be amended in other ways by the same procedures required for its original adoption.

The budget lapses at the end of each fiscal year. The Township does not utilize an encumbrance system.

B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

None of the three funds had an excess of actual expenditures over budget for the fiscal year ended March 31, 2020.

STATISTICAL
SECTION

TOWN OF BREMEN, ILLINOIS
 SCHEDULE OF ASSESSED VALUATIONS, TAX RATES,
 TAX EXTENSIONS, AND TAX COLLECTIONS
 MARCH 31, 2020

	Tax Levy Year <u>2019</u>
EQUALIZED ASSESSED VALUATIONS	<u>\$ 1,640,287,556</u>
TAX RATES:	
General Fund	0.0878
Road and Bridge Fund	0.0579
General Assistance Fund	<u>0.0194</u>
	<u>0.1651</u>
TAX EXTENSIONS:	
General Fund	\$ 1,443,453
Road and Bridge Fund	487,154
General Assistance Fund	<u>328,057</u>
	<u>\$ 2,258,664</u>
COLLECTIONS:	
General Fund	\$ 672,425
Road and Bridge Fund	224,249
General Assistance Fund	<u>148,559</u>
	<u>\$ 1,045,233</u>
PERCENTAGE OF EXTENSIONS COLLECTED	<u>46.28%</u>