MANUAL
FOR
TOWNSHIP SCHOOL TRUSTEES
TOWNSHIP SCHOOL TREASURERS
CLASS II, COOK COUNTY, ILLINOIS
The Illinois General Assembly created the Township Trustee system whereby each township is a unit for common school purposes. The Township School Treasurer is appointed by the Township School Trustees who are responsible directly to the voters. The intent is to administer school finances and any other business that may present itself in the financial operations of the schools in the various townships. The Township School Treasurer has numerous duties to perform and needs considerable experience and training in conducting the fiscal operations of the school districts. The present system of checks and balances provides added security for the common school funds. The independence of the Treasurers is a virtue of the present system.

Accountability is demanded by the public. Each school district must have a proper accounting of all the operating monies of the district, proper control for its funds, and convenient and adequate access to financial information as a basis for decisions necessary to operate a school district. The Cook County Township Treasurer system contributes to the fulfillment of these requirements.

A Township School Treasurer shall perform the duties and obligations of this office as required by the Illinois Revised Statutes. The Township School Treasurer must possess sufficient knowledge of those duties to provide efficient services, and to work in harmony with the Regional Superintendent, the School District Superintendents, and the respective Boards of Education.

This manual is a guide to Township School Trustees, Township School Treasurers, School Board Members, and School Officials as to their responsibilities in the field of fiscal functioning, accounting and reporting related to school district finances.

The manual was prepared by a Subcommittee for Manual Revision in conjunction with the Illinois State Board of Education. The committee would like to extend their gratitude to the following individuals for their time and assistance:

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### Township School Treasurer

When school district monies are invested, the records for the appropriate district shall reflect a corresponding entry in the asset account, investments, and shall be segregated by fund. Therefore, any financial statements prepared for the school districts shall reflect the applicable investments by fund (Ch. 122, Secs. 8-5, 8-6, and 8-15).

### COMPUTERS

Applicable statutes and regulations do not prescribe the form of records nor the type of equipment which shall be used to maintain them. Sound business judgement should be exercised in analyzing the various recording and reporting requirements, together with the volume of transactions, to determine equipment and personnel needs. Because of the complexities involved (particularly the number of funds to be accounted for and the number of school districts served), computerization may prove to be economical for maintenance of the records because it may rapidly produce reports which set forth such data as monthly and year-to-date revenues, expenditures, budgeted amounts and unexpended balances, assets, liabilities, and fund balances.
**Township School Treasurer**

**INVESTMENT OF PUBLIC FUNDS.** Chapter 85, Sections 901 through 904, of the *Illinois Revised Statutes* contain guidelines and requirements for the investment of public funds. Chapter 102, Section 34, of the *Illinois Revised Statutes* mandates the investment of all public funds of any kind or character which, in the judgement of the governing body, will not be needed for expenditure within two working days.

Investments authorized by the *Illinois Revised Statutes* are as follows:

1. Bonds, notes, certificates, treasury bills, or other securities guaranteed by the full faith of the United States Government as to principal and interest (Ch. 85, Sec. 902).

2. Certificates of deposit or time deposits which constitute direct obligations of any bank as defined by the Illinois Banking Act. However, funds invested in excess of the limits insured by the Federal Deposit Insurance Corporation may be required to be collateralized by securities or mortgages held by that depositary. Collateralization requirements apply to all funds of the district in a depositary if the Treasurer or Trustees deem it advisable (Ch. 85, Secs. 902 and 906; Ch. 122, Sec. 8-7).

3. Short term discount obligations of the Federal National Mortgage Association (Ch. 85, Sec. 902).

4. Shares and securities legally issuable by Savings and Loan Associations incorporated under state or federal law. Investments in excess of the insured amount may be required to be collateralized by securities or mortgages held by that Savings and Loan Association if the Treasurer or Trustees deem it advisable (Ch. 85, Secs. 902 and 906; Ch. 122, Sec. 8-7).

5. Public Treasurer's Investment Pools (Ch. 130, Sec. 17).

6. Commercial papers of United States corporations with more than $500,000,000 in assets. However, these obligations must be within the three highest classifications of ratings as determined by at least two standard rating services at time of purchase, must mature not later than 180 days from the purchase date, must be no more than 25 percent of the total average balances from all funds available at the end of each month, and no purchase shall exceed ten percent of the outstanding obligations of that corporation (Ch. 85, Sec. 902).

**Duties of the Township School Trustees**

**ELECTION AND ELIGIBILITY.** Township School Trustees (hereinafter, collectively and/or individually, "Trustees") are elected to their positions for a six year term. Elections are held in November of odd numbered years (Ch. 122, Sec. 5-13). To be eligible for election as a Trustee, an individual must be a resident of the Township and at least 18 years of age (Ch. 122, Sec. 5-3).

An individual seeking election must file a petition with the Township School Treasurer signed by a minimum of 25 voters of the respective School Township (Ch. 122, Sec. 5-4).

**ORGANIZATION AND MEETINGS.** Trustees shall enter upon the duties of their office on the first Monday of December after their election (Ch. 122, Sec. 5-14).

Within ten days following commencement of their terms, the Trustees shall meet and organize by appointing one of their number President, who shall serve for a two-year period (Ch. 122, Sec. 5-15).

The Trustees shall meet four times annually on the first Mondays of January, April, July and October, or if such Monday falls on a holiday, then on the following Monday. Special meetings may be called by the President of the Trustees, or by two Trustees. Two Trustees constitute a quorum for the transaction of business (Ch. 122, Sec. 5-16).

**TITLE TO PROPERTY.** The Trustees hold legal title to all public school buildings and sites in the township. At the request of a School District's Board of Education it becomes the duty of the Trustees to sell school property (Ch. 122, Sec. 5-22, 5-23, 5-24).

This sale is conducted by the Trustees. It is the duty of the Trustees to publish legal notice of the sale. The proceeds of such sale are to be credited to the school district which has requested the sale. If a school district decides to purchase a piece of property by direct purchase or through condemnation proceedings, the transaction must be performed in the name of the Trustees. All insurance policies covering lands or buildings shall be in the name of the Trustees.

**DEPOSITARIES TO BE DESIGNATED.** The Trustees shall designate the depositaries to be used by the Township School Treasurer (hereinafter, "Treasurer") (Ch. 122, Sec. 8-7).
Township School Trustees

1. Banks or savings and loan associations to be designated as depositaries shall be insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation and shall have furnished the Trustees with copies of the last two sworn statements of resources and liabilities which were required by the Commissioner of Bank and Trust Companies or the Comptroller of the Currency or the Commissioner of Savings and Loan Associations or the Federal Home Loan Bank Board.

2. Banks or savings and loan associations, designated as depositaries and acting as such, shall furnish the Trustees with a copy of all statements of resources and liabilities which are required by the Commissioner of Bank and Trust Companies or the Comptroller of the Currency or the Commissioner of Savings and Loan Associations or the Federal Home Loan Bank Board.

3. The Trustees may pre-approve collateralization agreements between the Treasurer and the depositary to insure that the market value of the securities or mortgages deposited as collateral should be continuously maintained at an amount equal to the monies invested in certificates of deposit which exceeds the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation limitation.

4. When a new depositary is designated, the Trustees shall notify the sureties of the Treasurer of that fact, in writing, at least five days prior to the transfer of any monies.

5. A bank of savings and loan association which has been designated as a depositary shall continue as such for ten days after a new depositary is designated.

6. Financial institutions to be used as depositaries for school funds should be located for the convenience of the school district offices to provide for deposit of local school funds. When such deposits are made, a duplicate copy of the deposit slip shall be provided to the Treasurer.

Township School Treasurer

AUDIT REPORT CONTENT. The report on the audit of the Treasurer’s books and records shall contain the following:

1. The financial statements of each school district separately stated;
2. All particulars relating to each Bond Issue;
3. All particulars of Tax Anticipation Warrants for each fund;
4. All particulars of Tax Anticipation Notes for each fund;
5. All particulars of General State Aid Anticipation Certificates;
6. All particulars of Corporate Personal Property Replacement Tax Anticipation Notes;
7. All particulars of Teachers’ Orders;
8. All particulars of interfund loans; and
9. Other pertinent data pertaining to each school district; such as: fund balance restrictions and investments.

DISTRIBUTION OF AUDIT REPORTS. (122-3-7)

1. One copy is to be filed with the Regional Superintendent;
2. One copy is to be filed with the State Board of Education;
3. One copy is to be retained in the Treasurer’s files;
4. One copy is to be provided to each of the Trustees;
5. One copy is to be filed with the Treasurer’s Surety Company; and
6. One copy is to be provided to each school district in the township consisting of that part of the audit report pertaining to that school district’s financial operation.
REGISTER OF BONDS, TAX ANTICIPATION WARRANTS, AND SIMILAR DEBT.

The Treasurer shall maintain, by district and fund, a complete register showing, if applicable, the amount of principal and interest, maturity date(s), interest rate(s), purpose, payee, levy provisions, interest paid, and principal outstanding and retired for each of the following:

1. Bonds (Ch. 122, Sec. 29-5).
2. Tax Anticipation Warrants (Ch. 122, Sec. 8-7).
3. Tax Anticipation Notes (Ch. 122, Sec. 8-7).
4. Personal Property Replacement Tax Anticipation Notes (Ch. 122-8-7).
5. General State Aid Anticipation Certificates (Ch. 122, Sec. 8-7).
6. Teachers' Orders (Ch. 122, Sec. 8-16).

The interest rate(s) on bonds or other evidences of indebtedness, including tax anticipation warrants, shall not exceed the greater of nine percent per annum or 125 percent of the 20 General Obligation Bonds Index of average municipal bond yields as published in the most recent edition of The Bond Buyer, published in New York, New York, at the time the contract is made for the sale of bonds or other evidences of indebtedness (Ch. 17, Sec. 6602).

BONDED DEBT-INTEREST PAYMENTS. The Treasurer shall insure that monies are on deposit with the paying agents before or at the prescribed date necessary to meet the interest and principal payments. The Treasurer shall cause written notice to be given on all optional bonds for redemption (Ch. 122, Sec. 19-5).

ANNUAL AUDIT REQUIRED. The Treasurer's books and records shall be audited at least annually. Auditing activities are not limited to an annual audit. Arrangements may be made to have the auditor come periodically during the year, to either provide interim reports or to do preliminary work on the annual audit, or both. (Ch. 122, Sec. 3-7).

SCOPE OF AUDIT CONTENT. The scope of the audit shall be determined by compliance with regulations set forth by the State Board of Education. (Ch. 122-5-18 122-8-5).

OFFICE SPACE AND FACILITIES. The Trustees shall provide for adequate office space and other facilities, including sufficient storage space, which provides security and protection of records. The necessary personnel to assist the Treasurer are to be provided. All salaries and expenses of maintaining the Treasurer's Office shall have the approval of the Trustees (Ch. 122, Sec. 8-5).

APPOINTMENT OF TOWNSHIP SCHOOL TREASURER. It shall be the duty of the Trustees to set the salary and select and appoint a qualified person as Treasurer on the basis of experience and training. This appointment is for a period of two years. In case the Treasurer is unable to serve the two year period, a new Treasurer shall be appointed for the unexpired term. Each Treasurer appointed for a first term shall have had financial or related experience or at least 12 semester hours of credit of college level accounting courses (Ch. 122, Sec. 8-1).

SURETY BONDS. Before assuming the duties of Treasurer, the Treasurer shall be bonded (Ch. 122, Secs. 8-2 and 19-6).

1. Such bond shall be executed by two or more freeholders (property owners) who are not Trustees, or by a surety company which is authorized to conduct business in Illinois.
2. If individuals act as sureties, the amount of the penalty shall be at least twice the amount of all bonds, notes, mortgages, monies and effects of which the Treasurer is to have custody.
3. If a surety company provides the surety, the amount of the penalty shall be at least equal to the amount of all bonds, notes, mortgages, monies and effects of which the Treasurer is to have custody.
4. Increases or decreases in the amount of the penalty are subject to the direction of the Regional Superintendent or the Trustees.
5. The bond shall be approved by at least a majority of the Trustees.
6. The bond shall be filed with the Regional Superintendent.
EXAMINATION OF THE TREASURER'S RECORDS. The Trustees shall examine the Treasurer's records and accounts at least twice a year, at the regular meeting in April and October, or direct that the examination be conducted by a Registered or Certified Public Accountant (Ch. 122, Sec. 8-14).

ANNUAL AUDIT OF THE TREASURER'S ACCOUNTS. The Trustees shall also provide for an annual audit of the Treasurer's accounts and approve the auditing firm who will perform the examination (Ch. 122, Sec. 3-7).

OTHER INSURANCE TO BE PROVIDED. The Trustees shall require that the equipment and the other contents in the Treasurer's Office be insured (State recommended practice).

BALANCES BY FUNDS. The Treasurer shall maintain cash balances, by fund, for each district which is served by the Treasurer and shall reconcile such balances with the respective cash balances shown by each district (Ch. 122, Sect. 8-6).

STATEMENT OF DISTRICT ACCOUNTS. The Treasurer shall furnish to the School Board of each district which he serves as Treasurer a monthly reconciliation required by the preceding paragraph. The Treasurer shall comply with any lawful demand the Trustees or School Board, as the case may be, may make as to the verification of any balances reported. (Ch. 122, Sec. 8-15).

PUBLICATION OF REPORTS. The Treasurer shall publish annually a financial and statistical report for each district according to regulations of the State Board of Education and approved by the Regional Superintendent of Schools (Ch. 122, Sec. 10-17).

PREPARATION OF REPORTS. As the responsible fiscal officer, the Treasurer prepares and forwards the Local Education Agency Annual Financial Report to the State Board of Education and to the Regional Superintendent of Schools (Ch. 122, Sec. 3-15.1).

MAINTENANCE OF RECORDS. The Treasurer is sole custodian and shall maintain records and documents pertaining to the functions of the Trustees such as title to property, township maps, loanable fund mortgages and notes. The Treasurer shall record the earnings derived from the investment of these funds and the earnings from the Loanable Fund shall be transferred to the Distributive Fund annually. (Ch. 122, Sec. 5-17).

It is the Treasurer's duty to personally examine the School Board Minutes twice annually, in April and October, or have it done by an authorized representative (Ch. 122, Sec. 8-17).

The Treasurer shall see that the Minutes are properly signed by the president and secretary of the School Board.
3. The school board shall establish rules and regulations governing conditions under which school classes, clubs and associations may collect or acquire funds in the name of any school; and, under such regulations as the State Superintendent of Education may prescribe, provide for the safeguarding of such funds for the educational, recreational, or cultural purposes they are designed to serve.

4. It shall be lawful for the clerk or secretary of the board to certify to the school treasurer the amount of the obligation for Social Security taxes as required by the Social Security Enabling Act showing the amount and to whom payment is to be made and what budgetary item or items the payment shall be debited from and such certification shall serve as full authority to the treasurer to make such payment.

CUSTODIAN OF ALL SCHOOL FUNDS. The Treasurer in Class II County School Units (Cook County) shall be the only lawful custodian of all school funds and shall demand receipt for and safely keep according to law all bonds, mortgages, notes, monies, effects, books, and papers belonging to any school district or township, as the case may be, which he/she serves as Treasurer. The Treasurer shall be discharged from responsibility for such funds and monies as are deposited in a depository designated as such by the Trustees while such funds and monies are so deposited. However, the Treasurer shall not be discharged from responsibility for any funds or monies deposited in a financial institution if the amount of such deposit exceeds 75 percent of the capital stock and surplus of the bank, or 75 percent of the net worth of the savings and loan association as defined by the Federal Savings and Loan Insurance Corporation (Ch. 122, Sec. 8-7).

RESPONSIBLE FOR RECEIPTS. The Treasurer shall be responsible for all receipts, disbursements, and investments arising out of the operation of all the school districts being served by such Treasurer (Ch. 122, Sec. 8-17).

RECORD OF TRANSACTIONS. The Treasurer shall keep a complete record of all school district financial transactions including distribution of receipts to, and expenditures from the proper district funds (Ch. 122, Sec. 8-5).

ACCOUNTING PRACTICES. The Treasurer shall keep accounts in the manner directed by the State Board of Education, the Regional Superintendent of Schools, or the Trustees. They shall be subject at all times to the inspection of the Trustees, School Board Members, or other persons authorized by law or any committee appointed by the voters of the township at the annual election of Trustees to examine them (Ch. 122, Sec. 8-5).

FORM OF ORDERS. The Treasurer shall pay all lawful orders issued by the School Board of any school district in the Township (Ch. 122, Sec. 8-17).

Section 10-18 of The School Code of Illinois, "Orders," states:

"Every order issued by the School Board shall state for what purpose or on what account it is issued, and shall be in the following form:
PAYMENT OF ORDERS. Section 10-20.19, The School Code of Illinois, "Payment of orders," states: The school board shall pay all orders in accordance with Section 10-18 of this Act, except as herein provided:

1. It shall be lawful for the school board to submit to the treasurer a certified copy of those portions of the board minutes, properly signed by the secretary and president, or a majority of the board, showing all bills approved for payment by the board and clearly showing to whom, and for what purpose each payment is to be made by the treasurer, and to what budgetary item each payment shall be debited, and such certified copy shall serve as full authority to the treasurer to make the payments as thus approved; this shall not preclude the use of a voucher system, or any other system or sound accounting and business procedure, provided that such system reflects the facts and that the same is in accordance with the regulations prescribed by or approved by the State Superintendent of Education.

2. It shall be lawful for the school board by resolution to establish revolving funds (imprest funds) for school cafeterias, lunch rooms, athletics, petty cash or similar purposes, provided such funds are in the custody of an employee who shall be bonded as provided in Section 8-2, The School Code of Illinois for bonding school treasurers and who shall be responsible to the board and to the treasurer, subject to regular annual audit by licensed public accountants and other such examinations as the school board shall deem advisable and kept in accordance with regulations prescribed by the State Superintendent of Education.

A monthly report and an annual summary of all receipts and expenditures of the fund shall be submitted to the school board and the treasurer. All funds advanced by the treasurer to operate such revolving funds shall be carried on the treasurer’s books as cash obligations due to the district and all receipts of such revolving funds shall be deposited daily in a bank to be approved by the treasurer, unless there is no bank in the community, in which event receipts shall be deposited intact not less than once each week in the bank approved by the treasurer. All reimbursements to any such revolving funds from the district funds shall be completely itemized as to whom paid, for what purpose, and against what budgetary item the expenditure is chargeable.

An order paid in full and properly endorsed shall be sufficient receipt for the purposes of this Act. The School Board shall issue no order, except for the teachers’ wages, unless at the time there are sufficient funds in the hand of the Treasurer to pay it". [Ch. 122, Sec. 10-18].