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***TOWN OF SHIELDS
LAKE COUNTY, ILLINOIS***

ANNUAL FINANCIAL REPORT

FEBRUARY 28, 2019

eder, casella & co.

TOWN OF SHIELDS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Shields
Lake Bluff, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Town of Shields (Township), Lake County, Illinois as of and for the year ended February 28, 2019, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 of 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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 Township'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 modified cash basis financial position of the governmental activities and each major fund of Town of Shields as of February 28, 2019, and the respective changes in modified cash basis financial position, for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Township's basic financial statements. The supplemental information as listed in the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Eder, Casella & Co.
EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
July 10, 2019

SUPPLEMENTAL INFORMATION

TOWN OF SHIELDS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Shields (Township), we offer readers of the Township's statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended February 28, 2019.

FINANCIAL HIGHLIGHTS

- The Township's total net position decreased \$123,598 compared to the prior year.
- Of the total capital assets of \$1,244,175, 58%, or \$723,813, are allocated to the Road and Bridge Fund. The remainder is allocated to the General Fund.
- At February 28, 2019, the General Fund and Road and Bridge Fund combine to report ending fund balances of \$945,800, a decrease of \$83,495 from the prior year. Of this total amount, \$37,852 is restricted, \$311,218 is assigned in the Road and Bridge Fund, and the balance (\$596,730) is available to meet the obligations of the Township (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

This Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

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 a private-sector business.

The Statement of Net Position – Modified Cash Basis presents information on all of the Township's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference 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 – Modified Cash Basis presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported on the cash basis as soon as cash is received or disbursed, regardless of when the underlying event giving rise to the change occurs.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, assessor, road and bridge, and community assistance and services. The Township does not have any business-type activities.

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

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are governmental 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 focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 Township's near-term financing decisions. Both the governmental fund Statement of Assets, Liabilities, and Fund Balance – Modified Cash Basis and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains two individual governmental funds. Information is presented separately in the governmental fund Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis for the General Fund and Road and Bridge Fund, both of which are considered to be major funds.

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 26 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information concerning the Township's progress in meeting its obligation to provide as fully adequate as possible services to all of its residents.

The Township adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

The budgetary comparison statements and related notes can be found on pages 29 through 40 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$2,151,351 at the close of the most recent fiscal year.

Town of Shields' Net Position

	Governmental Activities	
	2/28/2019	2/28/2018
Current and Other Assets	\$ 956,387	\$ 1,038,939
Capital Assets	1,244,175	1,298,738
Total Assets	<u>\$ 2,200,562</u>	<u>\$ 2,337,677</u>
Long-Term Liabilities Outstanding	\$ 38,624	\$ 53,084
Other Liabilities	10,587	9,644
Total Liabilities	<u>\$ 49,211</u>	<u>\$ 62,728</u>
Net Position		
Net Investment in Capital Assets	\$ 1,205,551	\$ 1,245,654
Restricted	37,852	138,646
Unrestricted	907,948	890,649
Total Net Position	<u><u>\$ 2,151,351</u></u>	<u><u>\$ 2,274,949</u></u>

The largest portion of the Township's net position (\$1,205,551) reflects its investment in capital assets (e.g., land, buildings, building improvements, leasehold improvements, infrastructure, furniture and fixtures, machinery and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. A majority of these assets (58%) are allocated to Road and Bridge.

An additional portion of the Township's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position for the Township as a whole.

The Township's net position decreased by \$123,598 during the current fiscal year. The difference is primarily attributable to an increase in capital outlay expenditure in the Road and Bridge Fund.

Governmental activities - Governmental activities decreased the Township's net position by \$123,598. Key elements of this decrease are as follows:

Town of Shields' Change in Net Position

	Governmental Activities	
	2/28/2019	2/28/2018
Revenues		
Program Revenues		
Charges for Services	\$ 24,608	\$ 25,177
Operating Grants and Contributions	65,075	200,577
General Revenues		
Property Taxes	976,247	950,820
Motor Fuel Tax	4,433	3,839
Personal Property Replacement Tax	43,002	44,411
Unrestricted Investment Earnings	23,547	1,071
Other	5,177	6,739
Total Revenues	<u>\$ 1,142,089</u>	<u>\$ 1,232,634</u>
Expenses		
General Government	\$ 369,708	\$ 392,491
Assessor	338,075	318,838
Road and Bridge	409,715	318,459
Community Assistance and Services	133,980	256,400
Interest and Fees on Long-Term Debt	2,712	3,205
Depreciation - Unallocated	11,497	11,497
Total Expenses	<u>\$ 1,265,687</u>	<u>\$ 1,300,890</u>
Increase/(Decrease) in Net Position	\$ (123,598)	\$ (68,256)
Net Position - Beginning of Year	2,274,949	2,343,205
Net Position - End of Year	<u>\$ 2,151,351</u>	<u>\$ 2,274,949</u>

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Township's net resources available for spending at the end of the fiscal year.

The fund balance of the Township's General Fund decreased by \$145,194 during the current fiscal year.

The fund balance of the Road and Bridge Fund increased by \$61,699 during the current fiscal year. The increase in the Road and Bridge Fund balance is primarily due to a transfer of \$150,000 from the Town Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant differences between the budget and actual revenues and expenditures are summarized as follows:

- HUD Grant revenues exceeded budgeted HUD Grant revenues by \$59,075. In total, actual revenues exceeded budgeted revenues by \$75,654.
- Actual expenditures exceeded budgeted expenditures by \$66,004. This was primarily attributable to expenditures related to the HUD Grant for which the Township did not budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Township’s investment in capital assets for its governmental activities as of February 28, 2019 amounts to \$1,244,175 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, leasehold improvements, infrastructure, furniture and fixtures, machinery and equipment, and vehicles. The net decrease in the Township’s investment in capital assets for the current fiscal year was \$54,563 and was primarily due to current year depreciation expense.

Town of Shields' Capital Assets
(net of depreciation)

	Governmental Activities	
	2/28/2019	2/28/2018
Land	\$ 515,588	\$ 515,588
Buildings	1,586	1,851
Building Improvements	15,547	16,415
Leasehold Improvements	3,652	14,611
Infrastructure	633,462	666,158
Furniture and Fixtures	1,125	1,967
Machinery and Equipment	70,468	73,908
Vehicles	2,747	8,240
Total	<u>\$ 1,244,175</u>	<u>\$ 1,298,738</u>

Additional information on the Township’s capital assets can be found in note 4 on pages 18 and 19 of this report.

Long-Term Debt

At February 28, 2019, the Township had total debt outstanding of \$38,624. All of this debt is collateralized by equipment.

Town of Shields' Outstanding Debt

	Governmental Activities	
	2/28/2019	2/28/2018
Equipment Loan	\$ 38,624	\$ 53,084
Total	<u>\$ 38,624</u>	<u>\$ 53,084</u>

The Township’s total debt decreased by \$14,460 during the year ended February 28, 2019. The key factor in the decrease was payments made on the loan.

Additional information on the Township's long-term debt can be found in note 5 on pages 19 and 20 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Trustees of the Township considered these factors in preparing the appropriations ordinance for the Township for the 2020 fiscal year:

- Decrease excess in the IMRF Fund
- Earn less interest in reserves
- Pay \$16,000 in employee settlement
- Increase in salaries

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Town of Shields, 906 Muir Ave., Lake Bluff, Illinois 60044.

BASIC FINANCIAL STATEMENTS

TOWN OF SHIELDS
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 FEBRUARY 28, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 547,405
Investments	378,402
Due from Other Governments	30,580
Capital Assets	
Land	515,588
Other Capital Assets, Net of Depreciation	728,587
Total Assets	\$ 2,200,562
LIABILITIES	
Unremitted Payroll Withholdings	\$ 6,587
Deposits	4,000
Long-Term Liabilities	
Due Within One Year	15,326
Due in More Than One Year	23,298
Total Liabilities	\$ 49,211
NET POSITION	
Net Investment in Capital Assets	\$ 1,205,551
Restricted for:	
Illinois Municipal Retirement	37,852
Unrestricted / (Deficit)	907,948
Total Net Position	\$ 2,151,351

The Notes to Financial Statements are an integral part of this statement.

TOWN OF SHIELDS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED FEBRUARY 28, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental Activities				
General Government	\$ 369,708	\$ 24,608	\$ -	\$ (345,100)
Assessor	338,075	-	-	(338,075)
Road and Bridge	409,715	-	-	(409,715)
Community Assistance and Services	133,980	-	65,075	(68,905)
Interest and Fees on Long-Term Debt	2,712	-	-	(2,712)
Depreciation - Unallocated	11,497	-	-	(11,497)
Total Governmental Activities	\$ 1,265,687	\$ 24,608	\$ 65,075	\$ (1,176,004)
Total Primary Government	\$ 1,265,687	\$ 24,608	\$ 65,075	\$ (1,176,004)
General Revenues				
Taxes				
Property Taxes				\$ 976,247
State Sales Tax				
Motor Fuel Tax				4,433
Personal Property Replacement Taxes				43,002
Unrestricted Investment Earnings				23,547
Other Income				5,177
Total General Revenues				\$ 1,052,406
Change in Net Position				\$ (123,598)
Net Position - Beginning of Year				2,274,949
Net Position - End of Year				\$ 2,151,351

The Notes to Financial Statements are an integral part of this statement.

TOWN OF SHIELDS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF ASSETS, LIABILITIES, AND
 FUND BALANCE - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 AS OF FEBRUARY 28, 2019

	General Fund	Road and Bridge Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 258,664	\$ 288,741	\$ 547,405
Investments	378,402	-	378,402
Due from Other Governments	-	30,580	30,580
Due from Other Funds	3,500	-	3,500
Total Assets	\$ 640,566	\$ 319,321	\$ 959,887
LIABILITIES AND FUND BALANCE			
Liabilities			
Unremitted Payroll Withholdings	\$ 5,984	\$ 603	\$ 6,587
Deposits	-	4,000	4,000
Due to Other Funds	-	3,500	3,500
Total Liabilities	\$ 5,984	\$ 8,103	\$ 14,087
Fund Balance			
Restricted			
Illinois Municipal Retirement	\$ 37,852	-	\$ 37,852
Assigned			
Road and Bridge	-	311,218	311,218
Unassigned	596,730	-	596,730
Total Fund Balance	\$ 634,582	\$ 311,218	\$ 945,800
Total Liabilities and Fund Balance	\$ 640,566	\$ 319,321	\$ 959,887

The Notes to Financial Statements are an integral part of this statement.

TOWN OF SHIELDS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,
 AND FUND BALANCE - MODIFIED CASH BASIS TO THE
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 FEBRUARY 28, 2019

Total Fund Balances - Governmental Funds	\$ 945,800
<p>Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>	
Capital Assets, net of accumulated depreciation	1,244,175
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>	
Loans Payable	<u>(38,624)</u>
Net Position of Governmental Activities	<u><u>\$ 2,151,351</u></u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF SHIELDS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED FEBRUARY 28, 2019

	General Fund	Road and Bridge Fund	Total Governmental Funds
REVENUE RECEIVED			
Local Taxes			
Property Taxes	\$ 670,485	\$ 305,762	\$ 976,247
Intergovernmental			
Motor Fuel Tax	-	4,433	4,433
Personal Property Replacement Taxes	31,567	11,435	43,002
U.S. Department of Housing and Urban Development Shelter Care Plus (HUD) Grant	65,075	-	65,075
Other Local Sources			
Interest	9,031	6,818	15,849
Net Increase/(Decrease) in Fair Value of Investments	7,698	-	7,698
Passports	22,347	-	22,347
Phoenix Rising Rental Income	2,261	-	2,261
Miscellaneous			
Other	3,990	1,187	5,177
	<u>\$ 812,454</u>	<u>\$ 329,635</u>	<u>\$ 1,142,089</u>
EXPENDITURES DISBURSED			
CURRENT			
General Government	\$ 335,593	\$ 33,810	\$ 369,403
Community Assistance and Services	133,980	-	133,980
Assessor	338,075	-	338,075
Road and Bridge	-	109,661	109,661
DEBT SERVICE			
Principal	-	14,460	14,460
Interest and Fees	-	2,712	2,712
CAPITAL OUTLAY			
	-	257,293	257,293
	<u>\$ 807,648</u>	<u>\$ 417,936</u>	<u>\$ 1,225,584</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	\$ 4,806	\$ (88,301)	\$ (83,495)
OTHER FINANCING SOURCES/(USES)			
Transfers	(150,000)	150,000	-
NET CHANGE IN FUND BALANCES	\$ (145,194)	\$ 61,699	\$ (83,495)
FUND BALANCE - MARCH 1, 2018	779,776	249,519	1,029,295
FUND BALANCE - FEBRUARY 28, 2019	<u>\$ 634,582</u>	<u>\$ 311,218</u>	<u>\$ 945,800</u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF SHIELDS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 YEAR ENDED FEBRUARY 28, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (83,495)

Amounts reported for governmental activities in the Statement of Activities - Modified
 Cash Basis are different because:

Governmental funds report capital outlays as expenditures. However, in the
 Statement of Activities - Modified Cash Basis the cost of those assets is allocated
 over their estimated useful lives and reported as depreciation expense. This is the
 amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (60,083)	
Capital Outlays	<u>5,520</u>	
		(54,563)

Repayment of long-term debt requires the use of current financial resources of
 governmental funds and is therefore shown as an expenditure in the Statement of
 Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis,
 but the repayment reduces long-term liabilities in the Statement of Net Position -
 Modified Cash Basis and is therefore not reported in the Statement of Activities -
 Modified Cash Basis.

Repayment of Long-Term Debt		<u>14,460</u>
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Change in Net Position of Governmental Activities		<u><u>\$ (123,598)</u></u>
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TOWN OF SHIELDS
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Town of Shields' (Township) financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the Township are discussed below.

A. Reporting Entity

The accompanying financial statements comply with the provisions of GASB statements, in that the financial statements include all organizations, activities, and functions that comprise the Township. Component units are legally separate entities for which the Township (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Township's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Township. Using these criteria, the Township has determined that the Shields Township News meets the above criteria. The Shields Township News is blended into the Township's primary government financial statements as part of the General Fund although it remains a separate legal entity. In addition, the Township is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. Basic Financial Statements – Government-Wide Financial Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund (reporting the Township's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental activities. The Township's general government, assessor, road and bridge, and community assistance and services are classified as governmental activities. The Township does not have any business-type activities.

In the government-wide Statement of Net Position – Modified Cash Basis, the governmental activities column (a) is presented on a consolidated basis by column, and (b) is reported on a modified cash, economic resource basis, which recognizes all long-term assets as well as long-term debt and obligations. The Township's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities – Modified Cash Basis reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, unrestricted investment earnings, etc.). The Statement of Activities – Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, assessor, road and bridge and community assistance and services). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The Township did not receive any capital grants during the year ended February 28, 2019.

NOTES TO FINANCIAL STATEMENTS (Continued)

The net costs (by function) are normally covered by general revenue (property taxes, personal property replacement taxes, unrestricted investment earnings, etc.).

The Township does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of all governmental funds) for the determination of major funds. The Township electively made all governmental funds major funds.

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Township reports these major governmental funds and fund types:

1. General Fund – The General Fund is the Township's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The Town and General Assistance Funds are included in this fund.
2. Special Revenue Funds – The Road and Bridge Fund is used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for road improvements and maintenance within the Township.

The activities reported in these funds are reported in the governmental activities in the government-wide financial statements.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

If the Township utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

E. *Cash and Cash Equivalents and Investments*

The Township has defined cash and cash equivalents to include cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

F. *Inventories*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the Township's inventories is not deemed to be material.

G. *Interfund Activities*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

H. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line half-year basis over the following estimated useful lives:

Buildings	75 years
Building Improvements	20 years
Leasehold Improvements	20 years
Infrastructure	25-40 years
Furniture and Fixtures	15-20 years
Machinery and Equipment	5-15 years
Vehicles	8-15 years

GASB No. 34 requires the Township to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Township. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. *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 Statement of Net Position – Modified Cash Basis. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis, rather than expensed in the current year. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures in the year they occur.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. *Government-Wide Net Position*

Net position is divided into three components:

- Net Investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – consists of net position that is restricted by the Township’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted Net Position – all other net positions are reported in this category.

K. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of a resolution of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by way of resolution. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by the Township’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. Pursuant to resolution #R-2012-01 by the Board of Trustees, the Supervisor has been delegated this authority. All assigned fund balances are the residual amounts of the fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Township itself.

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Township permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

L. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the Township’s district on or before the last Tuesday in December. The 2017 tax levies were passed by the Board on December 15, 2016. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year and are payable in two installments early in June and early in September of the following calendar year. The Township receives significant distributions of tax receipts approximately one month after these dates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the Township’s name.

The Township is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

NOTE 3 - FAIR VALUE MEASUREMENT

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. The Township has the following recurring fair value measurements as of February 28, 2019:

	2/28/2019	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
Certificates of Deposit	\$ 378,402	\$ -	\$ 378,402
Total Investments by fair value level	\$ 378,402	\$ -	\$ 378,402

All investments are priced using evaluated pricing.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended February 28, 2019 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance 3/1/2018	Increases	Decreases	Balance 2/28/2019
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 515,588	\$ -	\$ -	\$ 515,588
	<u>\$ 515,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,588</u>
Other Capital Assets				
Buildings	\$ 19,839	\$ -	\$ -	\$ 19,839
Building Improvements	17,355	-	-	17,355
Leasehold Improvements	219,178	-	-	219,178
Infrastructure	994,070	-	-	994,070
Furniture and Fixtures	19,404	-	-	19,404
Machinery and Equipment	234,450	5,520	-	239,970
Vehicles	158,119	-	-	158,119
	<u>\$ 1,662,415</u>	<u>\$ 5,520</u>	<u>\$ -</u>	<u>\$ 1,667,935</u>
Less Accumulated Depreciation for:				
Buildings	\$ 17,988	\$ 265	\$ -	\$ 18,253
Building Improvements	940	868	-	1,808
Leasehold Improvements	204,567	10,959	-	215,526
Infrastructure	327,912	32,696	-	360,608
Furniture and Fixtures	17,437	842	-	18,279
Machinery and Equipment	160,542	8,960	-	169,502
Vehicles	149,879	5,493	-	155,372
	<u>\$ 879,265</u>	<u>\$ 60,083</u>	<u>\$ -</u>	<u>\$ 939,348</u>
Other Capital Assets, Net	<u>\$ 783,150</u>	<u>\$ (54,563)</u>	<u>\$ -</u>	<u>\$ 728,587</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 1,298,738</u></u>	<u><u>\$ (54,563)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,244,175</u></u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 305
Road and Bridge	48,281
Unallocated	11,497
Total Governmental Activities Depreciation Expense	<u><u>\$ 60,083</u></u>

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended February 28, 2019 was as follows:

	Balance 3/1/2018	Additions	Retirement	Balance 2/28/2019	Amounts Due Within One Year
Governmental Activities					
Long-Term Debt					
Equipment Loan	\$ 53,084	\$ -	\$ 14,460	\$ 38,624	\$ 15,326
Total Long-Term Debt	<u>\$ 53,084</u>	<u>\$ -</u>	<u>\$ 14,460</u>	<u>\$ 38,624</u>	<u>\$ 15,326</u>
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 53,084</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,460</u></u>	<u><u>\$ 38,624</u></u>	<u><u>\$ 15,326</u></u>

Liabilities payable consist of the following at February 28, 2019:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities				
Equipment Loan	7/10/2021	5.83%	\$ 74,688	\$ 38,624

NOTES TO FINANCIAL STATEMENTS (Continued)

At February 28, 2019 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending February 28	Principal	Interest	Total
2020	\$ 15,326	\$ 1,847	\$ 17,173
2021	16,244	929	17,173
2022	7,054	102	7,156
	<u>\$ 38,624</u>	<u>\$ 2,878</u>	<u>\$ 41,502</u>

NOTE 6 - INTERFUND LOANS

There was an interfund loan of \$3,500 from Road & Bridge Fund to the Town Fund as of February 28, 2019 due for administrative costs.

NOTE 7 - DEFICIT FUND BALANCES

There were no funds with a deficit fund balance as of February 28, 2019.

NOTE 8 - PROPERTY TAXES

Property taxes recorded in these financial statements are from the 2017 tax levies. A summary of the assessed valuation, rates, and extensions for the years 2017, 2016, and 2015 follows:

Tax Year	2017		2016		2015	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
Assessed Valuation	\$1,906,304,728		\$1,829,815,385		\$1,733,267,357	
Corporate	0.0334	\$ 636,229	0.0337	\$ 616,007	0.0355	\$ 616,003
Illinois Municipal Retirement	0.0020	37,974	0.0022	40,018	0.0023	40,004
*Road and Bridge	0.0305	307,452	0.0310	298,568	0.0322	293,936
	<u>0.0659</u>	<u>\$ 981,655</u>	<u>0.0669</u>	<u>\$ 954,593</u>	<u>0.0700</u>	<u>\$ 949,943</u>

* Extensions for Road and Bridge are shown net, after deducting the portion of the taxes extended which are allocable to the underlying municipalities within the Township.

NOTE 9 - OPERATING LEASES

The Township had a rental agreement with the Board of Education of School District No. 65 for the second floor of the West Elementary School Building. The agreement is for 30 years beginning July 1, 1999 and ending June 30, 2029. The building has since been sold and payments are now being made to the Korogluyan Family Trust. The annual rent during the first year of the lease was \$26,116 and each year thereafter rent shall increase at the lesser of the Consumer Price Index – Urban rate for each July 1 to June 30 period or five percent. Total rent expense for the year ended February 28, 2019 was \$37,505.

The Township has a copier lease for 36 months which began on September 26, 2018 with payments of \$325 per month, which took over the previous copier lease. Total equipment leasing expense for the year ended February 28, 2019 was \$4,340.

Future minimum rental payments to cover outstanding lease agreements at February 28, 2019 are:

NOTES TO FINANCIAL STATEMENTS (Continued)

<u>Year Ending February 28</u>	<u>Amount</u>
2020	\$ 41,404
2021	41,404
2022	40,105
2023	37,505
2024	37,505
2025-2029	187,525
2030	12,502
	<u>\$ 397,950</u>

NOTE 10 - RETIREMENT FUND COMMITMENTS

A. Illinois Municipal Retirement Fund

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), the administrator of a multiple-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position and required supplementary information. This report may be obtained on-line at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. 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. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

NOTES TO FINANCIAL STATEMENTS (Continued)

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2018, the measurement date, the Township’s membership consisted of:

Retirees and Beneficiaries	10
Inactive, Non-Retired Members	4
Active Members	<u>7</u>
Total	<u><u>21</u></u>

Contributions

As set by statute, the Township’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Township’s annual contribution rate for calendar year 2018 was 10.92%. For the fiscal year ended February 28, 2019, the Township contributed \$42,972 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 components of the net pension liability of the IMRF as of December 31, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 3,262,018
IMRF Fiduciary Net Position	3,010,483
Township's Net Pension Liability	251,535
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	92.29%

See the Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios in the Supplemental Information following the notes to the financial statements for additional information related to the funded status of the Plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Assumptions	
Inflation	2.50%
Salary Increases	3.39% - 14.25% including inflation
Interest Rate	7.50%
Asset Valuation Method	Market Value of assets

Projected Retirement Age Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016

NOTES TO FINANCIAL STATEMENTS (Continued)

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 experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
Equities	37.00%	7.15%
International Equities	18.00%	7.25%
Fixed Income	28.00%	3.75%
Real Estate	9.00%	6.25%
Alternatives	7.00%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash	1.00%	2.50%
	<u>100.00%</u>	

Single Discount Rate

The projection of cash flow used to determine this Single Discount Rate assumed that the Plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
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 this discount rate, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71%; and resulting single discount rate is 7.25%.

NOTES TO FINANCIAL STATEMENTS (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Position Liability (A)-(B)
Balances at December 31, 2017	\$ 3,066,421	\$ 3,217,082	\$ (150,661)
Changes for the year:			
Service Cost	\$ 39,103	\$ -	\$ 39,103
Interest on the Total Pension Liability	225,805	-	225,805
Differences Between Expected and Actual Experience of the Total Pension Liability	(4,590)	-	(4,590)
Changes of Assumptions	85,757	-	85,757
Contributions - Employer	-	42,009	(42,009)
Contributions - Employee	-	17,312	(17,312)
Net Investment Income	-	(171,257)	171,257
Benefit Payments, including Refunds of Employee Contributions	(150,478)	(150,478)	-
Other (Net Transfer)	-	55,815	(55,815)
Net Changes	\$ 195,597	\$ (206,599)	\$ 402,196
Balances at December 31, 2018	\$ 3,262,018	\$ 3,010,483	\$ 251,535

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability/(Asset)	\$ 635,373	\$ 251,535	\$ (70,021)

Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended February 28, 2019, the Township's pension expense/(income) is \$138. At February 28, 2019, the Township's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were as follows:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Expense in Future Periods			
Differences between expected and actual experience	\$ -	\$ 5,176	\$ (5,176)
Changes of Assumptions	45,652	13,529	32,123
Net difference between projected and actual earnings on pension plan investments	372,942	179,418	193,524
Total deferred amounts to be recognized in pension expense in future periods	\$ 418,594	\$ 198,123	\$ 220,471
Pension contributions made subsequent to the measurement date	4,340	-	4,340
Total deferred amounts related to pensions	\$ 422,934	\$ 198,123	\$ 224,811

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows Resources
2019	\$ 85,328
2020	30,465
2021	22,437
2022	82,241
	<u>\$ 220,471</u>

B. Social Security

All employees are covered under Social Security. The Township paid the total required contribution for the current fiscal year.

NOTE 11 - INTERFUND TRANSFERS

There was an interfund transfer of \$150,000 from the Town Fund to Road & Bridge Fund for the year ended February 28, 2019 due to excess of funds in the Town Fund.

NOTE 12 - 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; injuries to employees; and natural disasters.

The Township is a member of the Township Officials of Illinois Risk Management Association (TOIRMA), a joint risk management pool of townships through which property, general liability, automobile liability, uninsured motorists, underinsured motorists, public officials and employees liability, employee benefits liability, and workers' compensation and employers' liability coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the Township and TOIRMA is governed by a contract and bylaws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions for TOIRMA, to report claims on a timely basis, cooperate with TOIRMA, its claims administrator, and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by TOIRMA. Members have a contractual obligation to fund any deficit of TOIRMA attributable to a membership year during which they were a member. TOIRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. TOIRMA also provides its members with risk management services, including the defense and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

During the year ended February 28, 2019 there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage. The Township is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended February 28, 2019, there were no significant adjustments in premiums based on actual experience.

NOTE 13 – TAX ABATEMENT AGREEMENT

The Township negotiates economic development incentives and property tax abatement agreements on an individual basis. All abatement agreements are entered into under the authority of the Board of

NOTES TO FINANCIAL STATEMENTS (Continued)

Trustees. The Township has a tax abatement agreement with one entity as of February 28, 2019 as follows:

Name of Abatement Agreement	Type of Taxes Abated	Eligibility Criteria and Mechanism of Abatement	Amount of Taxes Abated During the Fiscal Year
Sheridan Crossing Development JV LLC Economic Development Incentives And Property Tax Abatement Agreement	Property taxes	Abate real estate taxes through the year 2031, so that the total taxes abated will equal the lessor of a 90% reduction of the property's total taxable equalized assessed value or the equivalent of a 100% reduction of the equalized assessed value of the improvement. Beginning with 2032, the abatement shall equal the following percentages of the total property including the land: 2032 - 80%, 2033 - 60%, 2034 - 40%, 2035 - 20%, 2036 and thereafter - 0%.	-

NOTE 14 - CONTINGENCIES

The Township is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

SUPPLEMENTAL INFORMATION

TOWN OF SHIELDS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
FEBRUARY 28, 2019

	<u>2/28/19 *</u>	<u>2/28/18*</u>	<u>2/29/17 *</u>
TOTAL PENSION LIABILITY			
Service Cost	\$ 39,103	\$ 40,719	\$ 41,980
Interest on the Total Pension Liability	225,805	226,272	218,944
Differences Between Expected and Actual Experience	(4,590)	(21,083)	(23,910)
Changes of Assumptions	85,757	(104,381)	(14,315)
Benefit Payments, Including Refunds of Member Contributions	<u>(150,478)</u>	<u>(143,423)</u>	<u>(136,608)</u>
Net Change in Total Pension Liability	<u>\$ 195,597</u>	<u>\$ (1,896)</u>	<u>\$ 86,091</u>
Total Pension Liability - Beginning	<u>3,066,421</u>	<u>3,068,317</u>	<u>2,982,226</u>
Total Pension Liability - Ending	<u>\$ 3,262,018</u>	<u>\$ 3,066,421</u>	<u>\$ 3,068,317</u>
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 42,010	\$ 42,139	\$ 45,652
Contributions - Member	17,312	16,781	16,278
Net Investment Income	(171,257)	507,187	186,888
Benefit Payments, Including Refunds of Member Contributions	(150,478)	(143,423)	(136,608)
Other (Net Transfers)	55,815	(46,547)	28,749
Net Change in Plan Fiduciary Net Position	<u>\$ (206,598)</u>	<u>\$ 376,137</u>	<u>\$ 140,959</u>
Plan Net Position - Beginning	<u>3,217,082</u>	<u>2,840,945</u>	<u>2,699,986</u>
Plan Net Position - Ending	<u>\$ 3,010,484</u>	<u>\$ 3,217,082</u>	<u>\$ 2,840,945</u>
Township's Net Pension Liability	<u>\$ 251,534</u>	<u>\$ (150,661)</u>	<u>\$ 227,372</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92.29%	104.91%	92.59%
Covered-Valuation Payroll	\$ 384,706	\$ 372,915	\$ 361,743
Employer's Net Pension Liability as a percentage of Covered-Valuation Payroll	65.38%	-40.40%	62.85%

* The information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

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

TOWN OF SHIELDS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
FEBRUARY 28, 2019

	2/28/19 *	2/28/18*	2/29/17 *
Actuarially-Determined Contribution	\$ 42,010	\$ 42,139	\$ 45,652
Contributions in relation to Actuarially-Determined Contribution	42,009	42,139	45,652
Contribution deficiency/(excess)	\$ 1	\$ -	\$ -
Covered-Valuation Payroll	\$ 388,120	\$ 372,915	\$ 361,743
Contributions as a percentage of Covered-Valuation Payroll	10.82%	11.30%	12.62%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2018 Contribution Rate *

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 25-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 3.5%

Price Inflation: 2.75%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 3.75% to 14.50%, including inflation

Investment Rate of Return: 7.50%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

Mortality: RP-2014 Blue Collar Health Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag between valuation and rate setting.

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

TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS
	ORIGINAL AND FINAL		AMOUNTS
REVENUE RECEIVED			
Local Taxes			
Property Taxes	\$ 675,000		\$ 670,485
Intergovernmental			
Personal Property Replacement Taxes	24,000		31,567
U.S. Department of Housing and Urban Development Shelter Care Plus (HUD) Grant	6,000		65,075
Other Local Sources			
Interest	6,000		9,031
Net Increase/(Decrease) in Fair Value of Investments	-		7,698
Passports	20,000		22,347
Phoenix Rising Rental Income	1,800		2,261
Miscellaneous			
Other	4,000		3,990
	\$ 736,800		\$ 812,454
EXPENDITURES DISBURSED			
CURRENT			
General Government			
Salaries			
Administration	\$ 116,400		\$ 139,388
Assessor	50,000		30,000
Highway Commissioner	30,000		25,000
Town Clerk	6,000		3,000
Health and Dental Insurance			
Administration	13,500		13,377
Payroll Taxes			
Administration	15,500		10,801
Assessor	-		2,295
Highway Commissioner	-		1,913
Town Clerk	-		230
IMRF Contributions	19,000		18,340
Unemployment Compensation	500		130
Worker's Compensation	8,000		7,741
Maintenance - Building	4,800		4,840
Maintenance - Landscape	825		715
Maintenance - Traffic Signals	1,300		1,040
Accounting Services	4,000		4,008
Legal Services	6,000		11,377
Postage	900		1,191
Telephone	3,600		3,500
Computer Software	800		388
Website Management	1,800		2,531
Publishing	500		215
Printing	200		160
Dues and Conferences	2,100		1,718
Travel Expense	1,000		807
Training	1,000		25
Utilities	5,000		4,087
Liability Insurance	8,600		8,150
Office Rental	20,000		18,752
Real Estate Taxes	3,500		2,945

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	BUDGETED AMOUNTS	ACTUAL AMOUNTS
	ORIGINAL AND FINAL	
EXPENDITURES DISBURSED (Continued)		
CURRENT (Continued)		
General Government (Continued)		
Computer Assistance	\$ 2,000	\$ 1,320
Bank Fees	300	449
Equipment Leasing	4,000	3,706
Office and Operating Supplies	1,500	1,392
Camera/Sound Equipment	1,500	-
Employment Contract Services	5,000	5,000
Miscellaneous	6,000	5,062
	\$ 345,125	\$ 335,593
Community Assistance and Services		
Rent - HUD	\$ -	\$ 71,962
Senior Snow & Grass Program	4,000	2,366
Foss Park Senior Center	10,000	10,000
Lake Forest Senior Care	10,000	10,000
E/A Partnership Fund	10,000	10,000
Sr. Citizen Taxi Program	9,000	8,019
Prescriptions	200	-
Utilities	6,000	8,508
Shelter	11,000	8,912
Transient/Auto Fuel	1,700	755
Transportation	1,000	-
Food	100	700
Personal Incidentals	2,300	103
Miscellaneous	4,300	2,655
	\$ 69,600	\$ 133,980
Assessor		
Salaries	\$ 205,900	\$ 214,587
Health and Dental Insurance		
Assessor and Staff	19,000	22,366
Payroll Taxes	15,751	16,109
Unemployment Compensation	200	221
IMRF Contributions	22,500	21,687
Maintenance - Building	4,300	4,940
Maintenance - Landscape	875	1,149
Accounting Services	4,000	3,808
Legal Services	500	1,683
Postage	250	-
Telephone	3,600	3,582
Computer Software	1,050	2,427
Website Management	600	529
Printing	50	46
Dues and Conferences	320	150
Travel Expense	2,500	880
Training	2,200	1,280
Utilities	4,700	3,457
Open Tax File	7,200	4,920
Office Rental	20,000	18,753
Real Estate Taxes	3,450	2,945
Professional Services	4,280	4,953

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS
	ORIGINAL AND FINAL		
EXPENDITURES DISBURSED (Continued)			
CURRENT (Continued)			
Assessor (Continued)			
Computer Assistance	\$ 4,500		\$ 4,763
Office and Operating Supplies	1,500		1,429
Equipment Leasing	1,500		1,242
Miscellaneous	1,200		169
	\$ 331,926		\$ 338,075
 TOTAL EXPENDITURES DISBURSED	 \$ 746,651		 \$ 807,648
 EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	 \$ (9,851)		 \$ 4,806
 OTHER FINANCING SOURCES/(USES)			
Transfer to Road and Bridge Fund	-		(150,000)
	-		-
NET CHANGE IN FUND BALANCE	\$ (9,851)		\$ (145,194)
 FUND BALANCE - MARCH 1, 2018			 779,776
 FUND BALANCE - FEBRUARY 28, 2019			 \$ 634,582

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	BUDGETED AMOUNTS	ACTUAL AMOUNTS
	ORIGINAL AND FINAL	AMOUNTS
REVENUE RECEIVED		
Local Taxes		
Property Taxes	\$ 302,000	\$ 305,762
Intergovernmental		
Motor Fuel Tax	4,000	4,433
Personal Property Replacement Taxes	12,000	11,435
Other Local Sources		
Interest	1,000	6,818
Miscellaneous		
Other	1,000	1,187
	\$ 320,000	\$ 329,635
EXPENDITURES DISBURSED		
CURRENT		
General Government		
Salaries	\$ 4,500	\$ 4,500
Health Insurance	500	505
Unemployment Insurance	150	117
Worker's Compensation	5,000	5,840
Payroll Taxes	7,300	5,278
Medical - Drug Testing	400	360
Accounting Services	4,800	3,808
Legal Services	5,000	1,301
Postage	400	-
Telephone	2,200	2,030
Publishing	400	70
Printing	150	-
Travel	200	-
Training	250	38
Liability Insurance	9,000	8,431
Dues and Conferences	300	160
Julie Fees	450	157
NPDES Fees	1,000	1,000
Office and Operating Supplies	400	215
Municipal Replacement Tax	1,000	-
	\$ 43,400	\$ 33,810
Road and Bridge		
Salaries	\$ 95,000	\$ 68,999
Maintenance - Building	17,000	5,762
Maintenance - Equipment	6,000	3,095
Utilities	1,800	2,165
Rentals	1,500	-
Street Lighting	14,000	13,826
Scavenger	1,100	1,470
Truck Testing	150	141
Maintenance Supplies - Building	1,000	754
Maintenance Supplies - Equipment	2,000	289

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TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS
	ORIGINAL AND FINAL		
EXPENDITURES DISBURSED (Continued)			
CURRENT (Continued)			
Road and Bridge (Continued)			
Small Tools	\$ 1,500		\$ 403
Automotive - Fuel, Oil, Etc.	2,500		2,728
Tree Removal	8,000		-
Uniforms	500		232
Road Salt	5,000		9,490
Road Signs	1,000		307
Miscellaneous	2,500		-
	\$ 160,550		\$ 109,661
DEBT SERVICE			
Principal	\$ 17,200		\$ 14,460
Interest	-		2,712
	\$ 17,200		\$ 17,172
CAPITAL OUTLAY			
General Government	\$ 200		-
Road and Bridge	315,500		257,293
	\$ 315,700		\$ 257,293
 TOTAL EXPENDITURES DISBURSED	 \$ 536,850		 \$ 417,936
 EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	 \$ (216,850)		 \$ (88,301)
 OTHER FINANCING SOURCES/(USES)			
Transfer from General Fund	-		150,000
	-		150,000
 NET CHANGE IN FUND BALANCE	 \$ (216,850)		 \$ 61,699
 FUND BALANCE - MARCH 1, 2018			249,519
 FUND BALANCE - FEBRUARY 28, 2019			\$ 311,218

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
 COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND
 FUND BALANCE - MODIFIED CASH BASIS - GENERAL FUND
 YEAR ENDED FEBRUARY 28, 2019

	Town Fund	General Assistance Fund	General Fund Total
ASSETS			
Cash and Cash Equivalents	\$ 259,618	\$ (954)	\$ 258,664
Investments	378,402	-	378,402
Due from Other Funds	3,500	-	3,500
Total Assets	\$ 641,520	\$ (954)	\$ 640,566
LIABILITIES AND FUND BALANCE			
Liabilities			
Unremitted Payroll Withholdings	\$ 5,984	\$ -	\$ 5,984
Total Liabilities	\$ 5,984	\$ -	\$ 5,984
Fund Balance			
Restricted			
Illinois Municipal Retirement	\$ 37,852	\$ -	\$ 37,852
Unassigned	597,684	(954)	596,730
Total Fund Balance	\$ 635,536	\$ (954)	\$ 634,582
Total Liabilities and Fund Balance	\$ 641,520	\$ (954)	\$ 640,566

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED FEBRUARY 28, 2019

	Town Fund	General Assistance Fund	General Fund Total
REVENUE RECEIVED			
Local Taxes			
Property Taxes	\$ 670,485	\$ -	\$ 670,485
Intergovernmental			
Personal Property Replacement Taxes	31,567	-	31,567
U.S. Department of Housing and Urban Development Shelter Care Plus (HUD) Grant	65,075	-	65,075
Other Local Sources			
Interest	9,031	-	9,031
Net Increase/(Decrease) in Fair Value of Investments	7,698	-	7,698
Passports	22,347	-	22,347
Police Protection - Tickets	2,261	-	2,261
Miscellaneous			
Other	3,990	-	3,990
	<u>\$ 812,454</u>	<u>\$ -</u>	<u>\$ 812,454</u>
EXPENDITURES DISBURSED			
CURRENT			
General Government	\$ 333,233	\$ 2,360	\$ 335,593
Community Assistance and Services	112,347	21,633	133,980
Assessor	338,075	-	338,075
	<u>\$ 783,655</u>	<u>\$ 23,993</u>	<u>\$ 807,648</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	\$ 28,799	\$ (23,993)	\$ 4,806
OTHER FINANCING SOURCES/(USES)			
Transfers	(171,840)	21,840	(150,000)
NET CHANGE IN FUND BALANCES	\$ (143,041)	\$ (2,153)	\$ (145,194)
FUND BALANCE - MARCH 1, 2018	778,577	1,199	779,776
FUND BALANCE - FEBRUARY 28, 2019	<u>\$ 635,536</u>	<u>\$ (954)</u>	<u>\$ 634,582</u>

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
TOWN FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	<u>BUDGETED</u>	
	<u>ORIGINAL</u>	<u>ACTUAL</u>
	<u>AND FINAL</u>	<u>AMOUNTS</u>
REVENUE RECEIVED		
Local Taxes		
Property Taxes	\$ 675,000	\$ 670,485
Intergovernmental		
Personal Property Replacement Taxes	24,000	31,567
U.S. Department of Housing and Urban Development Shelter Care Plus (HUD) Grant	6,000	65,075
Other Local Sources		
Interest	6,000	9,031
Net Increase/(Decrease) in Fair Value of Investments	-	7,698
Passports	20,000	22,347
Phoenix Rising Rental Income	1,800	2,261
Miscellaneous		
Other	4,000	3,990
	<u>\$ 736,800</u>	<u>\$ 812,454</u>
EXPENDITURES DISBURSED		
CURRENT		
General Government		
Salaries		
Administration	\$ 116,400	\$ 139,388
Assessor	50,000	30,000
Highway Commissioner	30,000	25,000
Town Clerk	6,000	3,000
Health and Dental Insurance		
Administration	13,500	13,377
Payroll Taxes		
Administration	15,500	10,801
Assessor	-	2,295
Highway Commissioner	-	1,913
Town Clerk	-	230
IMRF Contributions	19,000	18,340
Unemployment Compensation	500	130
Worker's Compensation	8,000	7,741
Maintenance - Building	4,800	4,840
Maintenance - Landscape	825	715
Maintenance - Traffic Signals	1,300	1,040
Accounting Services	4,000	4,008
Legal Services	6,000	11,377
Postage	900	1,191
Telephone	3,600	3,500
Computer Software	800	388
Website Management	1,800	2,531
Publishing	500	215
Printing	200	160
Dues and Conferences	2,100	1,718
Travel Expense	1,000	807
Training	1,000	25
Utilities	5,000	4,087
Liability Insurance	6,200	5,790
Office Rental	20,000	18,752
Real Estate Taxes	3,500	2,945

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
TOWN FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	<u>BUDGETED AMOUNTS</u>	
	<u>ORIGINAL AND FINAL</u>	<u>ACTUAL AMOUNTS</u>
EXPENDITURES DISBURSED (Continued)		
CURRENT (Continued)		
General Government (Continued)		
Computer Assistance	\$ 2,000	\$ 1,320
Bank Fees	300	449
Equipment Leasing	4,000	3,706
Office and Operating Supplies	1,500	1,392
Camera/Sound Equipment	1,500	-
Employment contract Services	5,000	5,000
Miscellaneous	6,000	5,062
	<u>\$ 342,725</u>	<u>\$ 333,233</u>
Community Assistance and Services		
Rent - HUD	\$ -	\$ 71,962
Senior Snow & Grass Program	4,000	2,366
Foss Park Senior Center	10,000	10,000
Lake Forest Senior Care	10,000	10,000
E/A Partnership Fund	10,000	10,000
Sr. Citizen Taxi Program	9,000	8,019
	<u>\$ 43,000</u>	<u>\$ 112,347</u>
Assessor		
Salaries	\$ 205,900	\$ 214,587
Health and Dental Insurance		
Assessor and Staff	19,000	22,366
Payroll Taxes	15,751	16,109
Unemployment Compensation	200	221
IMRF Contributions	22,500	21,687
Maintenance - Building	4,300	4,940
Maintenance - Landscape	875	1,149
Accounting Services	4,000	3,808
Legal Services	500	1,683
Postage	250	-
Telephone	3,600	3,582
Computer Software	1,050	2,427
Website Management	600	529
Printing	50	46
Dues and Conferences	320	150
Travel Expense	2,500	880
Training	2,200	1,280
Utilities	4,700	3,457
Open Tax File	7,200	4,920
Office Rental	20,000	18,753
Real Estate Taxes	3,450	2,945
Professional Services	4,280	4,953
Computer Assistance	4,500	4,763
Office and Operating Supplies	1,500	1,429
Equipment Leasing	1,500	1,242
Miscellaneous	1,200	169
	<u>\$ 331,926</u>	<u>\$ 338,075</u>
TOTAL EXPENDITURES DISBURSED	<u>\$ 717,651</u>	<u>\$ 783,655</u>

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 TOWN FUND
 FOR THE YEAR ENDED FEBRUARY 28, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS
	ORIGINAL AND FINAL		AMOUNTS
EXCESS OR (DEFICIENCY) OF REVENUE (Continued) RECEIVED OVER EXPENDITURES DISBURSED	\$ 19,149		\$ 28,799
OTHER FINANCING SOURCES/(USES)			
Transfer to Road and Bridge Fund	\$ -		\$ (150,000)
Transfer to General Assistance Fund	-		(21,840)
	\$ -		\$ (171,840)
NET CHANGE IN FUND BALANCE	\$ 19,149		\$ (143,041)
FUND BALANCE - MARCH 1, 2018			778,577
FUND BALANCE - FEBRUARY 28, 2019			\$ 635,536

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL ASSISTANCE FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	BUDGETED AMOUNTS	ACTUAL AMOUNTS
	ORIGINAL AND FINAL	
REVENUE RECEIVED	\$ -	\$ -
EXPENDITURES DISBURSED		
CURRENT		
General Government		
Liability Insurance	\$ 2,400	\$ 2,360
	\$ 2,400	\$ 2,360
Community Assistance and Services		
Prescriptions	\$ 200	\$ -
Utilities	6,000	8,508
Shelter	11,000	8,912
Transient/Auto Fuel	1,700	755
Transportation	1,000	-
Food	100	700
Personal Incidentals	2,300	103
Miscellaneous	4,300	2,655
	\$ 26,600	\$ 21,633
TOTAL EXPENDITURES DISBURSED	\$ 29,000	\$ 23,993
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	\$ (29,000)	\$ (23,993)
OTHER FINANCING SOURCES/(USES)		
Transfer from Town Fund	-	21,840
NET CHANGE IN FUND BALANCE	\$ (29,000)	\$ (2,153)
FUND BALANCE - MARCH 1, 2018		1,199
FUND BALANCE - FEBRUARY 28, 2019		\$ (954)

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
 NOTES TO SUPPLEMENTAL INFORMATION
 FEBRUARY 28, 2019

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The Township Board of Trustees adopts the budgets for all governmental fund types; however, two separate budgets are prepared. The Township and Road District budgets were passed on February 15, 2018.

Road and Bridge Fund

1. The tentative budget is prepared by the Highway Commissioner and filed with the Town Clerk.
2. The Town Clerk makes the tentative budget conveniently available for public inspection for a period of at least thirty days prior to final action.
3. At least thirty days prior, notice of the public hearing is published in a newspaper published in the town.
4. The tentative budget is adopted by the Town Board of Trustees prior to May 31.

Town Funds (General Town and General Assistance)

1. The tentative budget is prepared by the Board of Trustees and filed with the Town Clerk.
2. The Town Clerk makes the tentative budget conveniently available for public inspection for a period of at least thirty days prior to final action.
3. At least thirty days prior, notice of the public hearing is published in a newspaper published in the town.
4. The tentative budget is adopted by the Town Board of Trustees prior to May 31.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The budgets are adopted using the modified cash basis method of accounting.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended February 28, 2019 the expenditures of the following fund exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General Fund	\$ 746,651	\$ 807,648	\$ 60,997

The General Fund excess is primarily attributable to expenses related to a U.S. Department of Housing and Urban Development Shelter Care Plus Grant received in the Town Fund.

TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - NOT INCLUDING GRANTS
TOWN FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>
	<u>ORIGINAL AND FINAL</u>		<u>AMOUNTS</u>
REVENUE RECEIVED			
Local Taxes			
Property Taxes	\$ 675,000	\$	670,485
Intergovernmental			
Personal Property Replacement Taxes	24,000		31,567
Other Local Sources			
Interest	6,000		9,031
Net Increase/(Decrease) in Fair Value of Investments	-		7,698
Passports	20,000		22,347
Phoenix Rising Rental Income	1,800		2,261
Miscellaneous			
Other	4,000		3,990
	<u>\$ 730,800</u>	<u>\$</u>	<u>747,379</u>
EXPENDITURES DISBURSED			
CURRENT			
General Government			
Salaries			
Administration	\$ 116,400	\$	139,388
Assessor	50,000		30,000
Highway Commissioner	30,000		25,000
Town Clerk	6,000		3,000
Health and Dental Insurance			
Administration	13,500		13,377
Payroll Taxes			
Administration	15,500		10,801
Assessor	-		2,295
Highway Commissioner	-		1,913
Town Clerk	-		230
IMRF Contributions	19,000		18,340
Unemployment Compensation	500		130
Worker's Compensation	8,000		7,741
Maintenance - Building	4,800		4,840
Maintenance - Landscape	825		715
Maintenance - Traffic Signal	1,300		1,040
Accounting Services	4,000		4,008
Legal Services	6,000		11,377
Postage	900		1,191
Telephone	3,600		3,500
Computer Software	800		388
Website Management	1,800		2,531
Publishing	500		215
Printing	200		160
Dues and Conferences	2,100		1,718
Travel Expense	1,000		807
Training	1,000		25
Utilities	5,000		4,087
Liability Insurance	6,200		5,790
Office Rental	20,000		18,752
Real Estate Taxes	3,500		2,945
Computer Assistance	2,000		1,320

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - NOT INCLUDING GRANTS
TOWN FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	BUDGETED AMOUNTS	
	ORIGINAL AND FINAL	ACTUAL AMOUNTS
EXPENDITURES DISBURSED (Continued)		
CURRENT (Continued)		
General Government (Continued)		
Bank Fees	\$ 300	\$ 449
Equipment Leasing	4,000	3,706
Office and Operating Supplies	1,500	1,392
Camera/Sound Equipment	1,500	-
Employment contract Services	5,000	5,000
Miscellaneous	6,000	5,062
	<u>\$ 342,725</u>	<u>\$ 333,233</u>
Community Assistance and Services		
Senior Snow & Grass Program	\$ 4,000	\$ 2,366
Foss Park Senior Center	10,000	10,000
Lake Forest Senior Care	10,000	10,000
E/A Partnership Fund	10,000	10,000
Sr. Citizen Taxi Program	9,000	8,019
	<u>\$ 43,000</u>	<u>\$ 40,385</u>
Assessor		
Salaries	\$ 205,900	\$ 214,587
Health and Dental Insurance		
Assessor and Staff	19,000	22,366
Payroll Taxes	15,751	16,109
Unemployment Compensation	200	221
IMRF Contributions	22,500	21,687
Maintenance - Building	4,300	4,940
Maintenance - Landscape	875	1,149
Accounting Services	4,000	3,808
Legal Services	500	1,683
Postage	250	-
Telephone	3,600	3,582
Computer Software	1,050	2,427
Website Management	600	529
Printing	50	46
Dues and Conferences	320	150
Travel Expense	2,500	880
Training	2,200	1,280
Utilities	4,700	3,457
Open Tax File	7,200	4,920
Office Rental	20,000	18,753
Real Estate Taxes	3,450	2,945
Professional Services	4,280	4,953
Computer Assistance	4,500	4,763
Office and Operating Supplies	1,500	1,429
Equipment Leasing	1,500	1,242
Miscellaneous	1,200	169
	<u>\$ 331,926</u>	<u>\$ 338,075</u>
TOTAL EXPENDITURES DISBURSED	<u>\$ 717,651</u>	<u>\$ 711,693</u>

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TOWN OF SHIELDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - NOT INCLUDING GRANTS
TOWN FUND
FOR THE YEAR ENDED FEBRUARY 28, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS
	ORIGINAL AND FINAL		
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	\$ 13,149		\$ 35,686
OTHER FINANCING SOURCES/(USES)			
Transfer to Road and Bridge Fund	\$ -		\$ (150,000)
Transfer to General Assistance Fund	-		(21,840)
	\$ -		\$ (171,840)
NET CHANGE IN FUND BALANCE	\$ 13,149		\$ (136,154)
FUND BALANCE - MARCH 1, 2018			668,364
FUND BALANCE - FEBRUARY 28, 2019			\$ 532,210

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