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Accounting • Auditing • Consulting

# Shields Township, Illinois

Annual Financial Report

For the Year Ended February 28, 2021

# SHIELDS TOWNSHIP, ILLINOIS

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*Year Ended February 28, 2021*

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## INDEPENDENT AUDITOR'S REPORT

To the Township Supervisor and  
Members of the Shields Township Board  
Lake Bluff, Illinois

### Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shields Township, Illinois (Township) as of and for the year ended February 28, 2021, which collectively comprise the Township's basic financial statements as listed in the accompanying 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 as 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement 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, each major fund, and the aggregate remaining fund information of Shields Township, Illinois as of February 28, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

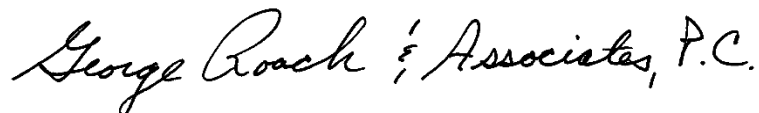
## Basis of Accounting

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 opinion is not modified with respect to that matter.

## Other Matters

### *Other Information*

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Shields Township, Illinois' financial statements. The other information (OI) as described in the accompanying table of contents, are the responsibility of management and presented for purposes of additional analysis and are not a required part of the 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.

A handwritten signature in black ink that reads "George Roach & Associates, P.C." in a cursive script.

George Roach & Associates, P.C.  
Crystal Lake, Illinois  
August 5, 2021

OTHER INFORMATION  
MANAGEMENT DISCUSSION  
AND ANALYSIS - UNAUDITED

# SHIELDS TOWNSHIP, ILLINOIS

*Management's Discussion and Analysis - Unaudited  
Year Ended February 28, 2021*

As management of Shields Township (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, 2021. The Management of the Township encourages the readers of this financial information presented in conjunction with the financial statements to obtain a better understanding of the Township's financial operations.

## FINANCIAL HIGHLIGHTS

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- The assets of the Township exceeded its liabilities at February 28, 2021 by \$2,303,627 (net position). Of this amount, \$646,137 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$83,681.
- At February 28, 2021, the Township's governmental funds reported combined ending fund balances of \$1,165,136, an increase of \$116,054 from the prior year.
- At February 28, 2021, the fund balance for the Town Fund was \$667,802.
- The Township's total net fixed assets decreased by \$49,755 during the year ended February 28, 2021.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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This discussion and analysis are 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. In addition to the basic financial statements, this report also contains other information (OI) and additional information for analysis.

### Government-wide financial statements

The government-wide financial statements are prepared using the modified cash basis of accounting and are designed to provide readers with a broad overview of the Township's finances, in a manner similar to private-sector businesses.

The statement of net position presents financial information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by property taxes and intergovernmental revenues (governmental activities)

# SHIELDS TOWNSHIP, ILLINOIS

*Management's Discussion and Analysis - Unaudited*

*Year Ended February 28, 2021*

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

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from other functions that are intended to recover a portion of the costs through user fees and charges. The governmental activities of the Township include general government, services for youth and family, seniors, general assistance and mental health, and road and bridge projects.

### Fund financial statements

All of the funds of the Township are governmental funds. The fund financial statements are prepared using the modified cash basis of accounting. 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. The fund financial statements report the Township's operations in more detail than the government-wide statements by providing information about the Township's three funds.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

### Notes to the financial statements

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements. Other information consists of more detailed data on budget to actual revenues and expenditures.

### Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain other information concerning Shields Township's progress in funding its obligation to provide pension benefits to its employees. Additionally, other information regarding a statement of revenues, expenditures, and changes in fund balance - budget vs. actual for each major fund is presented in this section. The Township adopts an annual budget for all funds. A budgetary comparison statement has been provided for the Town Fund and other governmental funds to demonstrate compliance with the budget.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of Shields Township, assets exceeded liabilities by \$2,303,627 for the year ended February 28, 2021. A portion of the Township's net position reflects its investment in capital assets; \$1,138,491. The Township uses these capital assets to provide services, and consequently these assets are not available to liquidate liabilities or for other spending. The remaining net position balance is \$1,165,136, of which \$518,999 is restricted and \$646,137 is unrestricted.

# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended February 28, 2021

## Shields Township Net Position

|                                  | <u>Governmental Activities</u> |                  |
|----------------------------------|--------------------------------|------------------|
|                                  | <u>2/28/2021</u>               |                  |
| <b>Assets</b>                    |                                |                  |
| Current and Other Assets         | \$                             | 1,169,136        |
| Fixed Assets                     |                                | 1,144,407        |
| <b>Total Assets</b>              | \$                             | <b>2,313,543</b> |
| <b>Liabilities</b>               |                                |                  |
| Customer Deposits                | \$                             | 4,000            |
| Long term debt                   |                                | 5,916            |
| <b>Total Liabilities</b>         |                                | <b>9,916</b>     |
| <b>Net Position:</b>             |                                |                  |
| Net Investment in Capital Assets |                                | 1,138,491        |
| Restricted - Road & Bridge       |                                | 468,885          |
| Restricted - IMRF                |                                | 13,664           |
| Restricted - Motor Fuel Tax      |                                | 36,450           |
| Unrestricted                     |                                | 646,137          |
| <b>Total Net Position</b>        | \$                             | <b>2,303,627</b> |

An additional portion of the Township's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$646,137) may be used to meet the Township's ongoing obligations to citizens and creditors.

At February 28, 2021, the Township is able to report positive balances in all three categories of net position. The Township's net position increased by \$83,681 in comparison with the prior year.



# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended February 28, 2021

## Governmental activities

Key elements of the changes to net position by governmental activities are as follows:

### Shields Township Changes in Net Position

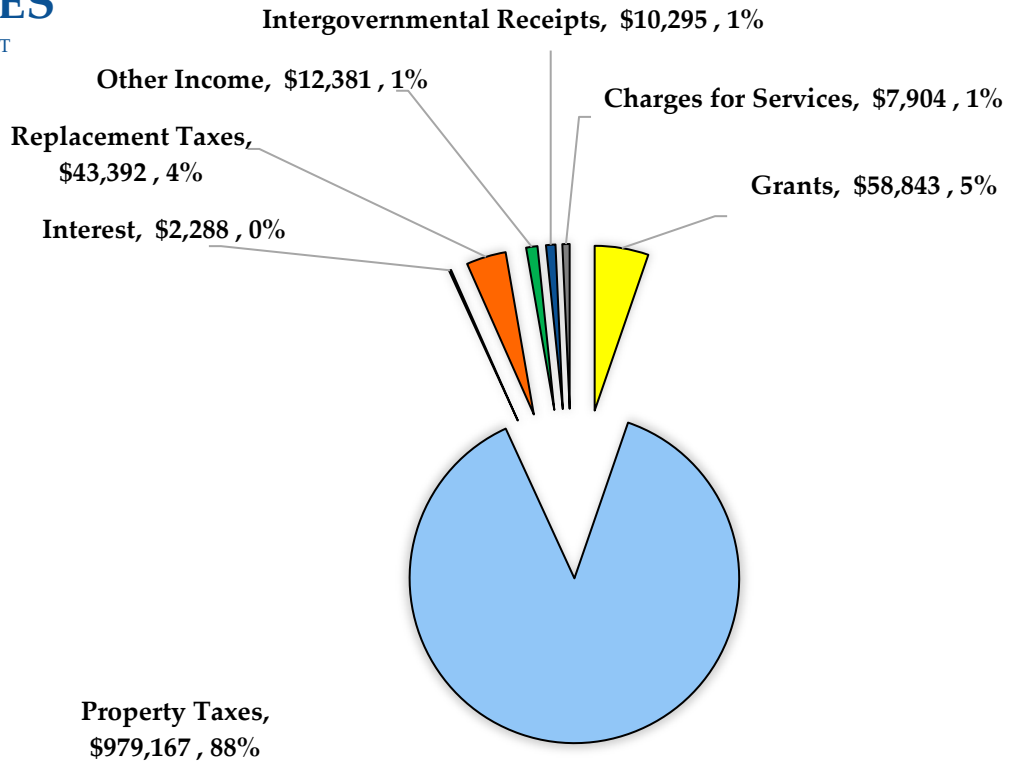
|   | <u>Governmental Activities</u> |
|---|--------------------------------|
|   | <u>February 28, 2021</u>       |
| <b>Revenues</b>                         |                                |
| Program Revenues                        |                                |
| Operating Grants                        | \$ 58,843                      |
| Charges for Services                    | 7,904                          |
| General Revenues                        |                                |
| Property Taxes                          | 979,167                        |
| Replacemnt Taxes                        | 43,392                         |
| Intergovernmental Receipts              | 10,295                         |
| Interest                                | 2,288                          |
| Other Income                            | 12,381                         |
| <b>Total Revenues</b>                   | <u>1,114,270</u>               |
| <b>Expenses</b>                         |                                |
| General Government                      | 384,389                        |
| Assessor                                | 307,187                        |
| General Assistance                      | 75,100                         |
| Road and Bridge                         | 263,913                        |
| <b>Total Expenses</b>                   | <u>1,030,589</u>               |
| <b>Change in Net Position</b>           | 83,681                         |
| <b>Net Position - Beginning of Year</b> | <u>2,219,946</u>               |
| <b>Net Position - End of Year</b>       | <u><u>\$ 2,303,627</u></u>     |

# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended February 28, 2021

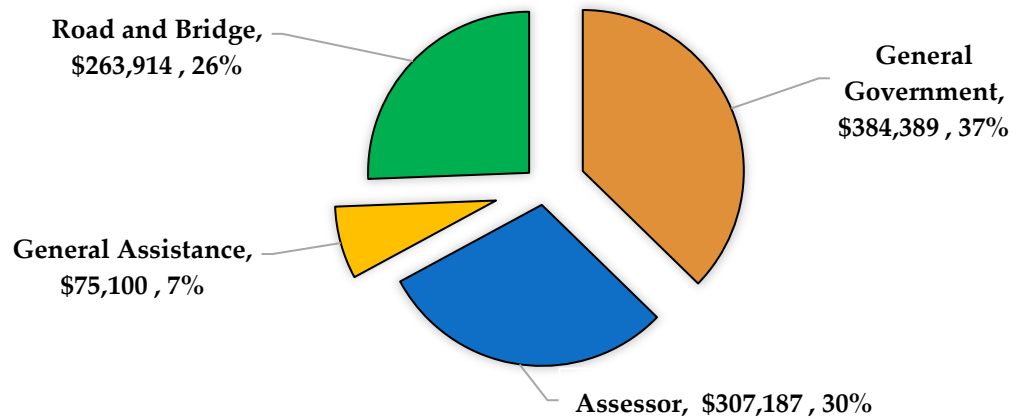
## 2021 REVENUES

ROUND TO NEAREST PERCENT



## 2021 EXPENSES

ROUND TO NEAREST PERCENT



# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended February 28, 2021

## FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

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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. At February 28, 2021, the Township's governmental funds reported combined ending fund balances of \$1,165,136, an increase of \$116,054 in comparison with the prior year.

The Town Fund is the main operating fund of the Township. At February 28, 2021, the fund balance of the Town Fund was \$667,802. This represents an increase of \$26,719 compared to the prior fiscal year.

### Town Fund Budgetary Highlights

Expenditures in the General Town Fund of \$713,576 were under revenues by \$26,719 and were \$5,042 more than the appropriation of \$708,534, due to transfers to the General Assistance Fund of \$22,000.

## CAPITAL ASSETS

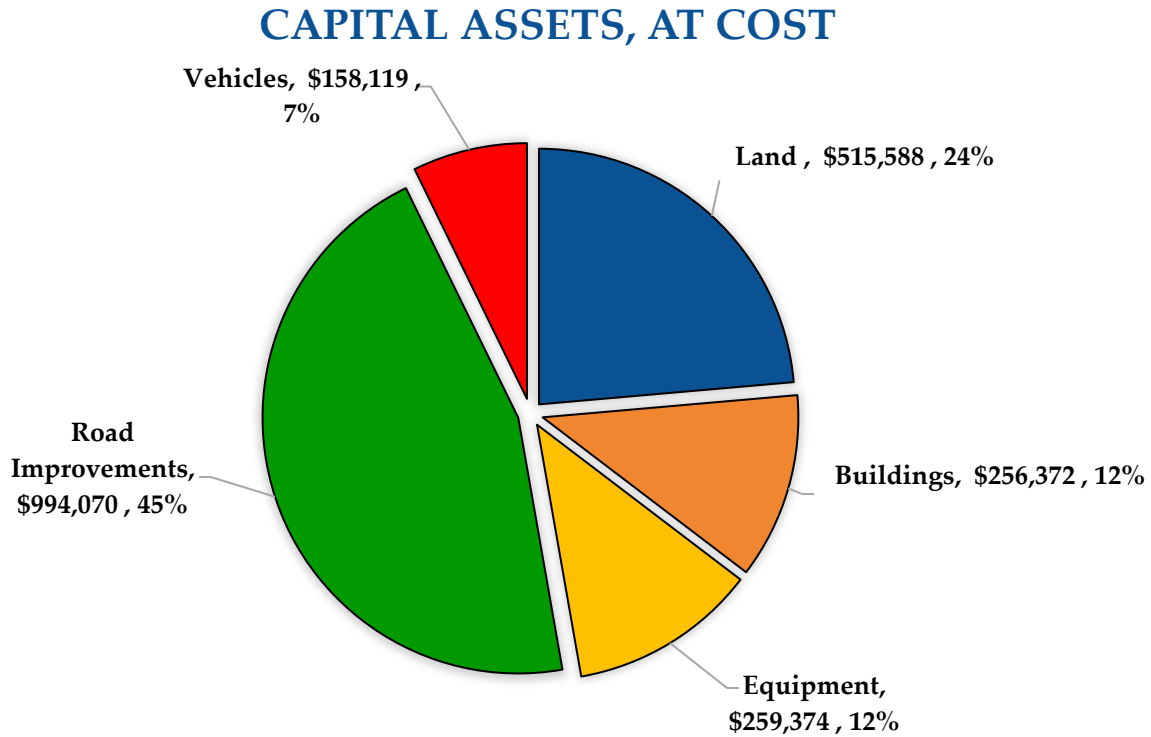
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The Township's capital fixed assets for its governmental activities as of February 28, 2021 amount to \$1,144,407 (net of accumulated depreciation). This investment in fixed assets includes land, roads and improvements, buildings and improvements, vehicles, and other equipment. Major fixed asset events during the current fiscal year included the following:

|                           | <b>Balance</b>       |                    |                  | <b>Balance</b>           |
|---------------------------|----------------------|--------------------|------------------|--------------------------|
|                           | <b>March 1, 2020</b> | <b>Increases</b>   | <b>Decreases</b> | <b>February 28, 2020</b> |
| <b>Fixed Assets</b>       |                      |                    |                  |                          |
| Land                      | \$ 515,588           | \$ -               | \$ -             | \$ 515,588               |
| Buildings                 | 256,372              | -                  | -                | 256,372                  |
| Equipment                 | 259,374              | -                  | -                | 259,374                  |
| Road Improvements         | 994,070              | -                  | -                | 994,070                  |
| Vehicles                  | 158,119              | -                  | -                | 158,119                  |
| <b>Total Fixed Assets</b> | <b>2,183,523</b>     | <b>-</b>           | <b>-</b>         | <b>2,183,523</b>         |
| Less: Accumulated         |                      |                    |                  |                          |
| Depreciation              | 989,361              | 49,755             | -                | 1,039,116                |
| <b>Fixed Assets (Net)</b> | <b>\$ 1,194,162</b>  | <b>\$ (49,755)</b> | <b>\$ -</b>      | <b>\$ 1,144,407</b>      |

# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended February 28, 2021



## ECONOMIC FACTORS AND PROPERTY TAXES

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The equalized assessed valuation (EAV) of the Township for 2020 is \$1,881,038,953. That represents a decrease in EAV of \$34,498,364 over the prior year's EAV. Taxes recorded in these financial statements are from the 2019 levy. A summary of the assessed valuations and extensions for tax years 2020, 2019 and 2018 is as follows:

# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended February 28, 2021

**Shields Township, Illinois**  
**Assessed Valuations, Extended Tax Rates,**  
**Percentage Allocations and Extensions by Fund**

| Tax Levy Year             | 2020             | 2019             | 2018             |
|---------------------------|------------------|------------------|------------------|
| <b>Assessed Valuation</b> |                  |                  |                  |
| Lake County               | \$ 1,881,038,953 | \$ 1,915,537,317 | \$ 1,909,637,243 |

**Tax Rates and Percentage Allocations by Fund**

| Funds         | Rate            | Percentage    | Rate            | Percentage    | Rate            | Percentage    |
|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| Corporate     | 0.035832        | 51.19         | 0.035708        | 52.61         | 0.034353        | 51.58         |
| IMRF          | 0.000798        | 1.14          | 0.000262        | 0.39          | 0.000995        | 1.49          |
| Road & Bridge | 0.033370        | 47.67         | 0.031898        | 47.00         | 0.031256        | 46.93         |
| <b>Totals</b> | <b>0.070000</b> | <b>100.00</b> | <b>0.067868</b> | <b>100.00</b> | <b>0.066604</b> | <b>100.00</b> |

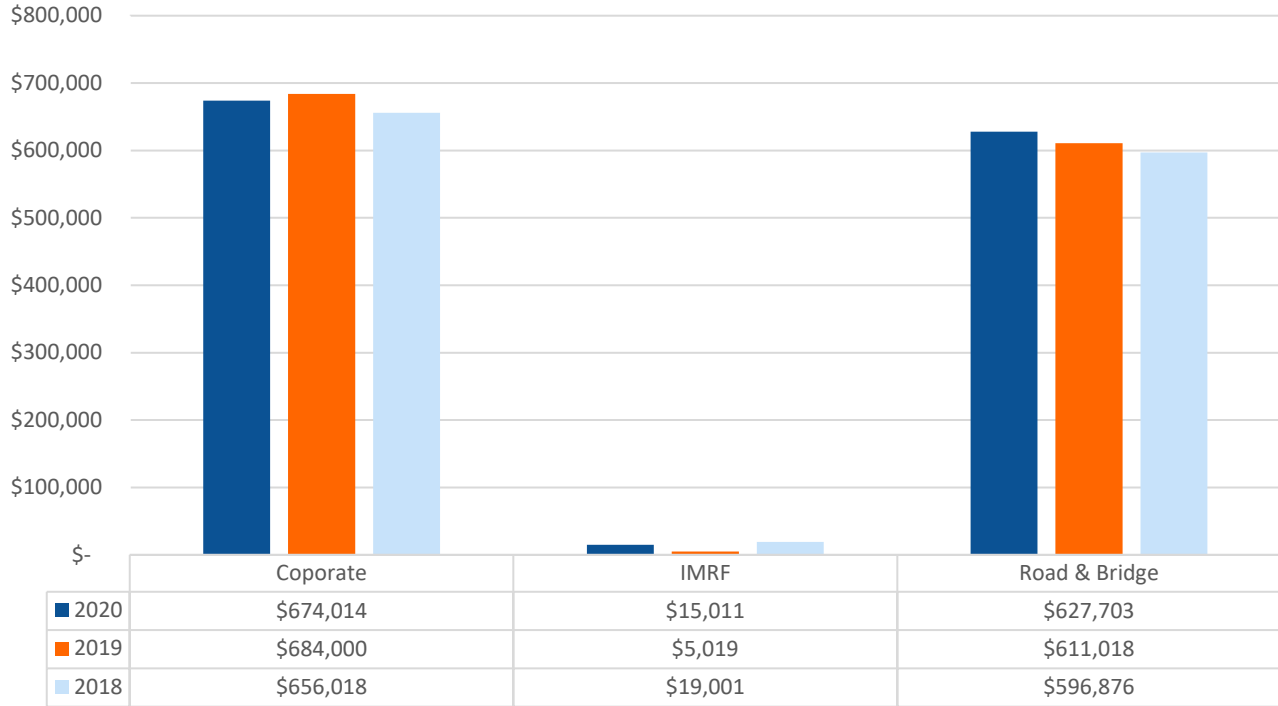
**Property Tax Extensions**

| Funds         | 2020                | 2019                | 2018                |
|---------------|---------------------|---------------------|---------------------|
| Corporate     | \$ 674,014          | \$ 684,000          | \$ 656,018          |
| IMRF          | 15,011              | 5,019               | 19,001              |
| Road & Bridge | 627,703             | 611,018             | 596,876             |
| <b>Totals</b> | <b>\$ 1,316,728</b> | <b>\$ 1,300,037</b> | <b>\$ 1,271,895</b> |

# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
 Year Ended February 28, 2021

## Property Tax Extensions



### Description of Current or Expected Conditions

Currently, management is not aware of any other significant changes in conditions that could have a significant effect on the financial position or results of activities of the Township in the near future. However, management continues to monitor items that may impact future receipts, especially noting a potential decline in state funds as well as losses due to the tax cap.

### 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 its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Supervisor, Shields Township, 906 W. Muir Ave. Lake Bluff, IL 60044.

# BASIC FINANCIAL STATEMENTS

# SHIELDS TOWNSHIP, ILLINOIS

Government-wide Statement of Net Position - Modified Cash Basis

February 28, 2021

| <b>Assets</b>                                  |                     |
|--|---------------------|
| Cash and investments - at cost                 | \$ 1,169,136        |
| Fixed assets - net of accumulated depreciation | 1,144,407           |
| <b>Total Assets</b>                            | <b>\$ 2,313,543</b> |
| <b>Current Liabilities</b>                     |                     |
| Customer deposits                              | \$ 4,000            |
| Current portion of long term debt              | 5,916               |
| <b>Total Current Liabilities</b>               | <b>9,916</b>        |
| <b>Total Liabilities</b>                       | <b>9,916</b>        |
| <b>Net Position</b>                            |                     |
| Net investment in capital assets               | 1,138,491           |
| Restricted - General Road & Bridge             | 468,885             |
| Restricted - IMRF                              | 13,664              |
| Restricted - Motor Fuel Tax                    | 36,450              |
| Unrestricted                                   | 646,137             |
| <b>Total Net Position</b>                      | <b>\$ 2,303,627</b> |

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



# SHIELDS TOWNSHIP, ILLINOIS

*Government-wide Statement of Activities and Changes in Net Position - Modified Cash Basis*

*For the Year Ended February 28, 2021*

| Functions/Programs                   | Program Revenues    |                      |                                    | Net (Expense) Revenue & Changes in Net Position |
|--------------------------------------|---------------------|----------------------|------------------------------------|---|
|                                      | Expenses            | Charges for Services | Operating Grants and Contributions |   |
| <b>Governmental Activities</b>       |                     |                      |                                    |   |
| General Government                   | \$ 384,389          | \$ 7,904             | \$ 10,467                          | \$ (366,018)                                    |
| Assessor                             | 307,187             | -                    | -                                  | (307,187)                                       |
| Road & Bridge                        | 263,913             | -                    | -                                  | (263,913)                                       |
| General Assistance                   | 75,100              | -                    | 48,376                             | (26,724)  |
| <b>Total Governmental Activities</b> | <b>\$ 1,030,589</b> | <b>\$ 7,904</b>      | <b>\$ 58,843</b>                   | <b>\$ (963,842)</b>                             |
|                                      |                     |                      |                                    |   |
| General Revenues:                    |                     |                      |                                    |   |
| Property taxes                       |                     |                      |                                    | 979,167   |
| Replacement taxes                    |                     |                      |                                    | 43,392  |
| Miscellaneous revenue                |                     |                      |                                    | 12,381  |
| Investment income                    |                     |                      |                                    | 2,288   |
| Intergovernmental                    |                     |                      |                                    | 10,295  |
| <b>Total Revenues</b>                |                     |                      |                                    | <b>1,047,523</b>                                |
| Changes in Net Position              |                     |                      |                                    | 83,681  |
| Net Position Beginning of Year       |                     |                      |                                    | 2,219,946                                       |
| <b>Total Net Position</b>            |                     |                      |                                    | <b>\$ 2,303,627</b>                             |

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

# SHIELDS TOWNSHIP, ILLINOIS

Governmental Funds - Combined Balance Sheet - Modified Cash Basis

February 28, 2021

|   | Town<br>Fund      | General<br>Assistance<br>Fund | Road &<br>Bridge<br>Fund | Total               |
|---|-------------------|-------------------------------|--------------------------|---------------------|
| <b>Assets</b>                             |                   |                               |                          |                     |
| Cash and equivalents                      | \$ 655,483        | \$ 818                        | \$ 512,835               | \$ 1,169,136        |
| Due from/(to) other funds                 | 12,320            | -                             | -                        | 12,320              |
| <b>Total Assets</b>                       | <b>\$ 667,803</b> | <b>\$ 818</b>                 | <b>\$ 512,835</b>        | <b>\$ 1,181,456</b> |
| <b>Liabilities</b>                        |                   |                               |                          |                     |
| Customer deposits                         | \$ -              | \$ -                          | \$ 4,000                 | \$ 4,000            |
| Due to other funds                        | -                 | 8,820                         | 3,500                    | 12,320              |
| <b>Total Liabilities</b>                  | <b>-</b>          | <b>8,820</b>                  | <b>7,500</b>             | <b>16,320</b>       |
| <b>Fund Balance</b>                       |                   |                               |                          |                     |
| Nonspendable                              | -                 | -                             | -                        | -                   |
| Restricted - General Assistance           | -                 | (8,002)                       | -                        | (8,002)             |
| Restricted - IMRF                         | 13,664            | -                             | -                        | 13,664              |
| Restricted - Road and Bridge              | -                 | -                             | 468,885                  | 468,885             |
| Restricted - Motor Fuel Tax               | -                 | -                             | 36,450                   | 36,450              |
| Committed                                 | -                 | -                             | -                        | -                   |
| Assigned                                  | -                 | -                             | -                        | -                   |
| Unassigned                                | 654,139           | -                             | -                        | 654,139             |
| <b>Total Fund Balance</b>                 | <b>667,803</b>    | <b>(8,002)</b>                | <b>505,335</b>           | <b>1,165,136</b>    |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 667,803</b> | <b>\$ 818</b>                 | <b>\$ 512,835</b>        | <b>\$ 1,181,456</b> |

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

# SHIELDS TOWNSHIP, ILLINOIS

Governmental Funds - Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis

For the Year Ended February 28, 2021

|                                   | Town<br>Fund      | General<br>Assistance<br>Fund | Road &<br>Bridge<br>Fund | Total               |
|-----------------------------------|-------------------|-------------------------------|--------------------------|---------------------|
| <b>Revenues</b>                   |                   |                               |                          |                     |
| Property taxes                    | \$ 666,657        | \$ -                          | \$ 312,510               | \$ 979,167          |
| Replacement taxes                 | 31,886            | -                             | 11,506                   | 43,392              |
| Municipal transport income        | 7,904             | -                             | -                        | 7,904               |
| Intergovernmental receipts        | 10,295            | -                             | -                        | 10,295              |
| Grants and donations              | 10,467            | 48,376                        | -                        | 58,843              |
| Interest income                   | 705               | -                             | 1,583                    | 2,288               |
| Miscellaneous revenue             | 12,381            | -                             | -                        | 12,381              |
| <b>Total Revenues</b>             | <b>740,295</b>    | <b>48,376</b>                 | <b>325,599</b>           | <b>1,114,270</b>    |
| <b>Expenditures</b>               |                   |                               |                          |                     |
| Administrative                    | 384,389           | 61,266                        | 36,552                   | 482,207             |
| Assessor                          | 307,187           | -                             | -                        | 307,187             |
| Home relief                       | -                 | 13,834                        | -                        | 13,834              |
| Maintenance                       | -                 | -                             | 176,384                  | 176,384             |
| Debt Service -- principal         | -                 | -                             | 17,382                   | 17,382              |
| Debt Service -- interest          | -                 | -                             | 1,222                    | 1,222               |
| <b>Total Expenditures</b>         | <b>691,576</b>    | <b>75,100</b>                 | <b>231,540</b>           | <b>998,216</b>      |
| Operating Transfers In/(Out)      | (22,000)          | 22,000                        | -                        | -                   |
| <b>Net Change in Fund Balance</b> | <b>26,719</b>     | <b>(4,724)</b>                | <b>94,059</b>            | <b>116,054</b>      |
| Balance, beginning of year        | 641,084           | (3,278)                       | 411,276                  | 1,049,082           |
| <b>Total Fund Balance</b>         | <b>\$ 667,803</b> | <b>\$ (8,002)</b>             | <b>\$ 505,335</b>        | <b>\$ 1,165,136</b> |

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

# SHIELDS TOWNSHIP, ILLINOIS

Reconciliation of the Governmental Fund Balances to the  
Statement of Net Position and the Statement of Activities  
For the Year Ended February 28, 2021

## Reconciliation of the Governmental Fund Balance to the Statement of Net Position

|   |                            |
|---|----------------------------|
| <b>Total Fund Balances -Total Governmental Funds</b>  | \$ 1,165,136               |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.<br>Amount net of depreciation | 1,144,407                  |
| Long term debt is not recorded in the fund statement but is included as a liability in the Statement of Net Position                                  | <u>(5,916)</u>             |
| <b>Total Net Position of Governmental Activities</b>  | <u><u>\$ 2,303,627</u></u> |

## Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to Governmental Statement of Activities and Changes in Net Position

|   |                         |
|---|-------------------------|
| <b>Net Change in Fund Balance</b>   | \$ 116,054              |
| Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciated over their useful life.<br>(amount shown is net of depreciation) | (49,755)                |
| Governmental funds report the payment of debt and leases as an expenditure; however the Statement of Activities records the payment as a reduction in the debt liability.                                       | 17,382                  |
| <b>Changes in Net Position Governmental Funds</b>   | <u><u>\$ 83,681</u></u> |

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

NOTES TO THE BASIC  
FINANCIAL STATEMENTS

# SHIELDS TOWNSHIP, ILLINOIS

*Notes to the Basic Financial Statements*

*Year Ended February 28, 2021*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

The accounting policies of Shields Township (“Township”) 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 Township follows all Governmental Accounting Standards Board (GASB) pronouncements and pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements; to the extent they are applicable to the modified cash basis of accounting. The more significant accounting policies used by the Township are discussed below. In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments. Certain significant changes in the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Township’s overall financial position and results of operations.
- Financial statements prepared using modified cash basis accounting for all of the Township’s activities.
- A change in the fund financial statements to focus on the major funds. These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

### REPORTING ENTITY –

The Township is located in the Lake Bluff, Illinois and is governed by a board. The Township is primarily funded through a tax levy, operating grants, fines and fees, and charitable donations. Revenue is used to operate and staff the Township. The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Township, there are no component units to be included in these financial statements.

### MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION –

The Township’s basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township’s major funds).

### GOVERNMENT-WIDE FINANCIAL STATEMENTS –

The government-wide financial statements (i.e., the statement of net position and the statement of activities) are reported using the modified cash basis of accounting. Revenue is recorded when received and expenses are recorded when paid. Property taxes are recognized as revenue in the year received.

# SHIELDS TOWNSHIP, ILLINOIS

*Notes to the Basic Financial Statements*

*Year Ended February 28, 2021*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net position includes and recognizes all long-term assets and long-term debt and obligations. The Township's net position is reported in three parts – net investment in capital assets, restricted net position; and unassigned net position. Interfund activity is eliminated, as all fund activities are combined in the statement of net position.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to Township patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported as general revenue.

Governmental fund financial statements are reported using the modified cash basis of accounting. Revenue is recognized as soon as it is received. Expenditures generally are recorded when paid, as under cash basis accounting. Debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due. The primary sources of revenue are property taxes, state-shared revenue, and interest associated with the current fiscal period. All are considered to be susceptible to cash and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

### THE TOWNSHIP REPORTS ALL THE FUNDS AS MAJOR GOVERNMENTAL FUNDS –

The Town Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund, while the Township Road & Bridge Fund accounts for the resources associated with taxes levied specifically for the maintenance of the Township's road and bridges. General Assistance funds are administered by the Township Supervisor in accordance with the policies of the Township.

### FINANCIAL STATEMENT AMOUNTS –

Bank Deposits and Investments - The Township has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. The Township maintains a cash and investment pool which is available for use by the General and Special Revenue Funds.

The Township's investment policies are governed by state statutes. All funds are deposited in federally insured banks and savings and loans institutions. The cash and investments reflected in the combined balance sheet consist of demand accounts.

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

Receivables and Payables - In general, outstanding balances between funds are reported as “due to/from other funds” and are expected to be repaid within one year. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds.” Interfund balances are used to finance operations in the respective fund that holds the “due to” or “advances from” account.

### CAPITAL ASSETS –

Capital assets are defined by the Township as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at 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 basis over the following estimated useful lives:

|                                    |             |
|------------------------------------|-------------|
| Building and improvements          | 20-50 years |
| Equipment, furniture, and fixtures | 5-20 years  |

Compensated Absences (Vacation and Sick Leave) - It is the Township’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay any amounts when employees separate from service with the Township. A liability for unused vacation pay benefit is reported in the governmental fund - General Fund only for employee terminations as of yearend.

### 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.

The Township has a pension plan covering substantially all the full-time employees. Employees are covered by the Illinois Municipal Retirement Fund.

### FUND BALANCE CLASSIFICATION –

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy and is based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:



# SHIELDS TOWNSHIP, ILLINOIS

*Notes to the Basic Financial Statements*

*Year Ended February 28, 2021*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

### NONSPENDABLE –

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Township has not classified any items as being Nonspendable.

### RESTRICTED –

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure Projects are restricted by State Statute and County laws and are legally segregated for funding of infrastructure improvements.

### COMMITTED –

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Township Board. These amounts cannot be used for any other purpose unless the Township Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Township did not have any committed resources as of February 28, 2021.

### ASSIGNED –

This classification includes amounts that are constrained by the Township's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Township Board or through the Township Board delegating this responsibility to the Township Supervisor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the Town Fund.

### UNASSIGNED –

This classification includes the residual fund balance for the General Fund and the amount established for Minimum Funding which represents the portion of the General Fund balance that has been established by the board to be used for debt service or in emergency situations. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

---

The Township would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

### PROPERTY TAX CALENDAR –

The Township's property tax is levied each calendar year on all taxable real estate property located in the Township's district on or before the last Tuesday in December. The 2020 Town levy was passed by the board on December 17, 2020 and the Road levy was passed by the board on December 17, 2020. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for 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 – CASH AND INVESTMENTS

---

The Township's investment policies are governed by state statutes whereby Township money must be deposited in FDIC insured banks located within the state. Permissible investments include demand accounts and certificates of deposits.

At February 28, 2021, the carrying amount of the Township's deposits totaled \$1,169,136 and the bank balances totaled \$1,162,966. All cash is short-term in nature and is stated at cost, which approximates market value.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from interest rates, the Township's cash was invested in bank demand accounts.

*Credit Risk.* Statutes authorized the Township to invest in obligations of the U.S. Treasury and U.S. Agencies' accounts and any other investments constituting direct obligations of any bank as defined by the Illinois Bank Act, certain short-term commercial paper, accounts of federally insured savings and loans, and the state treasurers' investment pool. During fiscal year ended February 28, 2021, the Township invested its cash in bank demand accounts.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the Township will not be able to recover the value of its deposits or collateral securities. Of the Township's cash, \$1,169,136 is FDIC insured or collateralized.

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT

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### IMRF 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 multi-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. The report is available for download at [www.imrf.org](http://www.imrf.org).

### BENEFITS PROVIDED

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). 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 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

### EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2020, the following employees were covered by the benefit terms:

|   | <u>IMRF</u> |
|---|-------------|
| Retirees and Beneficiaries currently receiving benefits         | 10          |
| Inactive Plan Members entitled to but no yet receiving benefits | 6           |
| Active Plan Member  | <u>6</u>    |
| <b>Total</b>  | <b>22</b>   |

### 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 2020 was 8.74%. For the fiscal year ended February 28, 2021, the Township contributed \$32,222 to the plan. The Township also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### NET PENSION LIABILITY

The Township’s net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

### ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.

- The IMRF-specific rates for **Mortality** (for non-disabled retirees) the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- 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:

| <u>Asset Class</u>      | <u>Portfolio<br/>Target<br/>Percentage</u> | <u>Long-Term<br/>Expected<br/>Real Rate<br/>of Return</u> |
|-------------------------|--|---|
| Domestic Equity         | 37%  | 5.00%   |
| International Equity    | 18%  | 6.00%   |
| Fixed Income            | 28%  | 1.30%   |
| Real Estate             | 9%   | 6.20%   |
| Alternative Investments | 7%   | 2.85-6.95%  |
| Cash Equivalents        | <u>1%</u>                                  | .70%  |
| Total                   | 100%                                       |   |

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

### Executive Summary as of December 31, 2020

|   |              |
|---|--------------|
| Actuarial Valuation Date  | 12/31/2020   |
| Measurement Date of the Net Pension Liability   | 12/31/2020   |
| Fiscal Year End   | 2/28/2021    |
| <b>Membership</b>   |              |
| Number of   |              |
| - Retirees and Beneficiaries  | 10           |
| - Inactive, Non-Retired Members   | 6            |
| - Active Members  | 6            |
| - Total   | 22           |
| Covered Valuation Payroll (1)   | \$ 368,677   |
| <b>Net Pension Liability</b>  |              |
| Total Pension Liability/(Asset)   | \$ 3,420,717 |
| Plan Fiduciary Net Position   | 3,806,074    |
| Net Pension Liability/(Asset)   | \$ (385,357) |
| Plan Fiduciary Net Position as a Percentage<br>of Total Pension Liability   | 111.27%      |
| Net Pension Liability as a Percentage<br>of Covered Valuation Payroll   | (104.52%)    |
| <b>Development of the Single Discount Rate as of December 31, 2020</b>  |              |
|   | 7.25%        |
| Long-Term Municipal Bond Rate (2)   | 2.00%        |
| Last year ending December 31 in the 2021 to 2120 projection period<br>for which projected benefit payments are fully funded | 2120         |
| Resulting Single Discount Rate based on the above development   | 7.25%        |
| Single Discount Rate calculated using December 31, 2019<br>Measurement Date   | 7.25%        |
| <b>Total Pension Expense/(Income)</b>   | \$ (57,743)  |

### Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Difference between expected and actual experience                                | \$ 3,761                                      | \$ 7,476                                     |
| Changes in assumptions   | -   | 21,001                                       |
| Net difference between projected and actual earnings on pension plan investments | 164,484                                       | 458,661                                      |
| Total  | <u>\$ 168,245</u>                             | <u>\$ 487,138</u>                            |

(1) Does not necessarily represent Covered Employee Payroll as defined in GASB Statement Nos. 68.

(2) Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported to Fidelity Index's "20-Year Municipal Go AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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### SINGLE DISCOUNT RATE

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

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 the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00%, and the resulting single discount rate is 7.25%.

### 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:

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

### Schedule of Changes in Net Pension Liability and Related Ratios - Current Period

Calendar Year Ended December 31, 2020

#### A. Total pension liability

|  |                            |
|--|----------------------------|
| 1. Service Cost  | \$ 43,559                  |
| 2. Interest on the Total Pension Liability   | 237,718                    |
| 3. Changes of benefit terms  | -                          |
| 4. Difference between expected and actual experience<br>of the Total Pension Liability | 6,685                      |
| 5. Changes of assumptions  | (37,332)                   |
| 6. Benefit payments, including refunds<br>of employee contributions                    | <u>(174,013)</u>           |
| 7. Net change in total pension liability   | 76,617                     |
| 8. Total pension liability – beginning   | <u>3,344,100</u>           |
| 9. Total pension liability – ending  | <u><u>\$ 3,420,717</u></u> |

#### B. Plan fiduciary net position

|   |                            |
|---|----------------------------|
| 1. Contributions – employer   | \$ 32,222                  |
| 2. Contributions – employee   | 16,590                     |
| 3. Net investment income  | 485,085                    |
| 4. Benefit payments, including refunds<br>of employee contributions | (174,013)                  |
| 5. Other (Net Transfer)   | <u>(42,621)</u>            |
| 6. Net change in plan fiduciary net position                        | 317,263                    |
| 7. Plan fiduciary net position – beginning                          | <u>3,488,811</u>           |
| 8. Plan fiduciary net position – ending                             | <u><u>\$ 3,806,074</u></u> |

#### C. Net pension liability/(asset)

\$ (385,357)

#### D. Plan fiduciary net position as a percentage

of the total pension liability 111.27%

#### E. Covered Valuation payroll

\$ 368,677

#### F. Net pension liability as a percentage

of covered valuation payroll (104.52%)

#### Sensitivity of Net Pension Liability/(Asset) to the Single discount rate Assumption

|                               | 1% Decrease<br>6.25%      | Current Single<br>Discount Rate<br>Assumption 7.25% | 1% Increase<br>8.25%       |
|-------------------------------|---------------------------|---|----------------------------|
| Total Pension Liability       | \$ 3,794,976              | \$ 3,420,717  | \$ 3,123,397               |
| Plan Fiduciary Net Position   | <u>3,806,074</u>          | <u>3,806,074</u>                                    | <u>3,806,074</u>           |
| Net Pension Liability/(Asset) | <u><u>\$ (11,098)</u></u> | <u><u>\$ (385,357)</u></u>                          | <u><u>\$ (682,677)</u></u> |



# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

### Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended February 28, 2021, the Township recognized pension income of \$57,743. At February 28, 2021, the Township reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| <b>Deferred Amounts Related to Pensions</b><br><i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i> | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual  | \$ 3,761                              | \$ 7,476                             |
| Changes of assumptions   | -                                     | 21,001                               |
| Net difference between projected and actual earnings on pension plan investments   | <u>164,484</u>                        | <u>458,661</u>                       |
| Total Deferred Amounts to be recognized in pension expense in future periods   | <u>168,245</u>                        | <u>487,138</u>                       |
| <b>Total Deferred Amounts Related to Pensions</b>  | <b><u><u>\$ 168,245</u></u></b>       | <b><u><u>\$ 487,138</u></u></b>      |

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

| <u>Year Ending December 31</u> | <u>Net Deferred Outflows of Resources</u> |
|--------------------------------|---|
| 2021                           | \$ (115,515)                              |
| 2022                           | (38,661)                                  |
| 2023                           | (117,071)                                 |
| 2024                           | (47,646)                                  |
| 2025                           | -   |
| Thereafter                     | -   |
| Total                          | <u><u>\$ (318,893)</u></u>                |

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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### Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 Contribution Rate \*

**Valuation Date:**

**December 31, 2020** Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior contributions are reported.

Notes

**Methods and Assumptions Used to Determine 2020 Contribution Rates:**

Actuarial Cost Method Aggregate Entry Age Normal  
Amortization Method Level Percentage of Payroll, Closed  
Remaining Amortization Non-Taxing bodies: 10-year rolling period.  
Period Taxing bodies (Regular, SLEP and ECO groups): 23-year closed period  
Early Retirement Incentive Plan liabilities:  
a period up to 10 years selected by the employer upon adoption of ERI.  
SLEP supplemental liabilities attributable to Public Act 94-712 were  
financed over 18 years for most employers (three employers were financed  
over 27 years and four others were finance over 28 years).

Asset Valuation Method 5-Year smoothed market; 20% corridor

Wage growth 3.25%

Price Inflation 2.50%

Salary Increases 3.35% to 14.25% including inflation

Investment Rate of Return 7.25%

Retirement Age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality 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 (based on 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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.

**Other Information:**

Notes There were no benefit changes during the year

\* Based on Valuation Assumptions used in the December 31, 2018 actuarial valuation

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONCLUDED)

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### Summary of Actuarial Methods and Assumptions Used in the Calculation of the Total Pension Liability

#### Methods and Assumptions Used to Determine Total pension Liability:

|                           |  |
|---------------------------|--|
| Actuarial Cost Method     | Entry Age Normal   |
| Asset Valuation Method    | Market Value of Assets   |
| Price Inflation           | 2.25%  |
| Salary Increases          | 2.85% to 13.75%  |
| Investment Rate of Return | 7.25%  |
| Retirement Age            | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.   |
| Mortality                 | For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. |

#### Other Information:

Notes There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2020 Illinois Municipal Retirement annual actuarial valuation report.

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 4 – CHANGES IN FIXED ASSETS

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|                            | Balance       |           |           | Balance           |
|----------------------------|---------------|-----------|-----------|-------------------|
| Fixed Assets               | March 1, 2020 | Increases | Decreases | February 28, 2021 |
| Land                       | \$ 515,588    | \$ -      | \$ -      | \$ 515,588        |
| Buildings and Improvements | 37,194        | -         | -         | 37,194            |
| Leasehold Improvements     | 219,178       | -         | -         | 219,178           |
| Road Improvements          | 994,070       | -         | -         | 994,070           |
| Furniture and Equipment    | 19,404        | -         | -         | 19,404            |
| Machinery and Equipment    | 239,970       | -         | -         | 239,970           |
| Vehicles                   | 158,119       | -         | -         | 158,119           |
| Total Fixed Assets         | 2,183,523     | -         | -         | 2,183,523         |
| Less: Accumulated          |               |           |           |                   |
| Depreciation               | 989,361       | 49,755    | -         | 1,039,116         |
| Fixed Assets (Net)         | \$ 1,194,162  | (49,755)  | -         | \$ 1,144,407      |

### Depreciation by Governmental Activity

|                               |           |
|-------------------------------|-----------|
| General Government            | \$ 14,002 |
| Road & Bridge                 | 35,753    |
| Total Governmental Activities | \$ 49,755 |

## NOTE 5 – RISK MANAGEMENT

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Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## NOTE 6 – SUBSEQUENT EVENTS

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Subsequent events are events or transactions that occur after the balance sheet date but before the financial Statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between February 28, 2021 and the date of this audit report requiring disclosure in the financial statements.

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2021

## NOTE 7 – LONG TERM DEBT

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Long-term liability activity for the year ended February 28, 2021 were as follows:

| <b>Long-Term Debt</b>              | Balance<br>Mar. 1, 2020 | Additions   | Retiremens       | Balance<br>Feb. 28, 2021 | Amounts<br>Due Within<br>One Year |
|------------------------------------|-------------------------|-------------|------------------|--------------------------|-----------------------------------|
| Equipment Loan                     | \$ 23,298               | \$ -        | \$ 17,382        | \$ 5,916                 | \$ 5,916                          |
| <b>Total Long Term Obligations</b> | <b>\$ 23,298</b>        | <b>\$ -</b> | <b>\$ 17,382</b> | <b>\$ 5,916</b>          | <b>\$ 5,916</b>                   |

| <b>Long-term liabilities at<br/>February 28, 2021</b> | Maturity<br>Dates | Interest<br>Rates | Face<br>Amount | Carrying<br>Amount |
|---|-------------------|-------------------|----------------|--------------------|
| <b>Governmental Activities:</b>                       |                   |                   |                |                    |
| Equipment Loan  | 7/10/2021         | 5.83%             | \$ 74,688      | \$ 5,916           |

## OTHER INFORMATION

# SHIELDS TOWNSHIP, ILLINOIS

Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended February 28, 2021

|                                   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Modified<br/>Cash<br/>Basis</b> |
|-----------------------------------|----------------------------|-------------------------|------------------------------------|
| <b>Revenues</b>                   |                            |                         |                                    |
| Property taxes                    | \$ 689,000                 | \$ 689,000              | \$ 666,657                         |
| Replacement taxes                 | 30,000                     | 30,000                  | 31,886                             |
| Intergovernmental agreement       | -                          | -                       | 10,295                             |
| Grants and donations              | -                          | -                       | 10,467                             |
| Interest income                   | 6,000                      | 6,000                   | 705                                |
| Passport fees                     | 18,000                     | 18,000                  | 7,904                              |
| Miscellaneous revenue             | 5,000                      | 5,000                   | 12,381                             |
| <b>Total Revenues</b>             | <b>748,000</b>             | <b>748,000</b>          | <b>740,295</b>                     |
| <b>Expenditures</b>               |                            |                         |                                    |
| <b>General and Administrative</b> |                            |                         |                                    |
| <b>Personnel</b>                  |                            |                         |                                    |
| Staff salaries                    | 123,160                    | 123,160                 | 119,798                            |
| Elected officials salaries        | 83,000                     | 83,000                  | 83,000                             |
| Health & dental ins-staff         | 14,000                     | 14,000                  | 18,449                             |
| Employers FICA                    | 15,800                     | 15,800                  | 15,576                             |
| Employers IMRF                    | 16,000                     | 16,000                  | 11,886                             |
| Employers SUTA                    | 500                        | 500                     | 998                                |
| Employers workers comp            | 8,000                      | 8,000                   | 7,528                              |
| <b>Total Personnel</b>            | <b>260,460</b>             | <b>260,460</b>          | <b>257,235</b>                     |
| <b>Contractual Services</b>       |                            |                         |                                    |
| COVID expenses                    | -                          | -                       | 2,265                              |
| Senior snow and grass program     | 4,000                      | 4,000                   | 5,560                              |
| Building maintenance              | 4,800                      | 4,800                   | 5,569                              |
| Liability insurance               | 7,000                      | 7,000                   | 5,729                              |
| Phoenix Rising Fund               | -                          | -                       | 4,742                              |
| Dail-a-ride                       | 9,000                      | 9,000                   | 11,279                             |
| Legal services                    | 9,000                      | 9,000                   | 6,289                              |
| Computer assistance               | 2,000                      | 2,000                   | 8,779                              |
| Computer maintenance              | 800                        | 800                     | 4,799                              |
| Dues & conferneces                | 2,000                      | 2,000                   | 2,106                              |
| Equipment rental                  | 3,000                      | 3,000                   | 2,408                              |
| Accounting                        | 4,000                      | 4,000                   | 6,833                              |
| Postage                           | 1,000                      | 1,000                   | 181                                |
| Printing                          | 200                        | 200                     | 162                                |
| Publishing                        | 500                        | 500                     | 303                                |
| Office rental                     | 20,000                     | 20,000                  | 20,316                             |
| Real estate taxes                 | 3,000                      | 3,000                   | 3,099                              |

# SHIELDS TOWNSHIP, ILLINOIS

Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended February 28, 2021

|   | Original<br>Budget | Final<br>Budget | Modified<br>Cash<br>Basis |
|---|--------------------|-----------------|---------------------------|
| <b>General and Administrative</b>       |                    |                 |                           |
| <b>Contractual Services (Continued)</b> |                    |                 |                           |
| Website management                      | \$ 1,800           | \$ 1,800        | \$ 1,050                  |
| Telephone                               | 3,800              | 3,800           | 4,653                     |
| Travel                                  | 1,000              | 1,000           | -                         |
| Training                                | 500                | 500             | 40                        |
| Bank fees                               | 500                | 500             | 1,133                     |
| Maintenance services/refuse             | 100                | 100             | 900                       |
| Utilities                               | 5,000              | 5,000           | 5,273                     |
| Foss Park Senior Center                 | 10,000             | 10,000          | -                         |
| E/A Partnership Fund                    | 10,000             | 10,000          | 10,000                    |
| Lake Forest Senior Center               | 10,000             | 10,000          | 10,000                    |
| Discretionary - supervisor              | 5,000              | 5,000           | -                         |
| Miscellaneous                           | 1,000              | 1,000           | 1,821                     |
| <b>Total Contractual Services</b>       | <b>119,000</b>     | <b>119,000</b>  | <b>125,289</b>            |
| <b>Commodities</b>                      |                    |                 |                           |
| Office supplies                         | 1,500              | 1,500           | 1,805                     |
| Traffic light maintenance               | 1,300              | 1,300           | -                         |
| Miscellaneous expense                   | -                  | -               | 60                        |
| <b>Total Commodities</b>                | <b>2,800</b>       | <b>2,800</b>    | <b>1,865</b>              |
| <b>Total General and Administrative</b> | <b>382,260</b>     | <b>382,260</b>  | <b>384,389</b>            |
| <b>Assessor Office</b>                  |                    |                 |                           |
| <b>Personnel</b>                        |                    |                 |                           |
| Staff salaries                          | 190,653            | 190,653         | 188,840                   |
| Employers FICA                          | 14,600             | 14,600          | 14,414                    |
| Health & dental insurance               | 25,581             | 25,581          | 25,232                    |
| Employers IMRF                          | 16,660             | 16,660          | 16,778                    |
| Employers SUTA                          | 200                | 200             | 1,126                     |
| <b>Total Personnel</b>                  | <b>247,694</b>     | <b>247,694</b>  | <b>246,390</b>            |
| <b>Contractual Services</b>             |                    |                 |                           |
| Building maintenance                    | 4,300              | 4,300           | 5,193                     |
| Legal services                          | 500                | 500             | 195                       |
| Other professional                      | -                  | -               | 5,176                     |
| Maintenance service/refuse              | 1,200              | 1,200           | -                         |
| Website management                      | 600                | 600             | 700                       |
| Computer assistance                     | 4,500              | 4,500           | 2,260                     |
| Printing                                | 50                 | 50              | 70                        |
| Utilities                               | 4,700              | 4,700           | 4,488                     |



# SHIELDS TOWNSHIP, ILLINOIS

Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended February 28, 2021

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Modified<br/>Cash<br/>Basis</b> |
|--|----------------------------|-------------------------|------------------------------------|
| <b>Assessor Office</b>                   |                            |                         |                                    |
| <b>Contractual Services ( Concluded)</b> |                            |                         |                                    |
| Accounting                               | \$ 4,000                   | \$ 4,000                | \$ 4,168                           |
| Office rental                            | 20,000                     | 20,000                  | 20,315                             |
| Real estate taxes                        | 3,000                      | 3,000                   | 3,099                              |
| Telephone                                | 3,600                      | 3,600                   | 4,355                              |
| Training                                 | 2,000                      | 2,000                   | 1,240                              |
| Travel                                   | 4,000                      | 4,000                   | 561                                |
| <b>Total Contractual Services</b>        | <b>52,450</b>              | <b>52,450</b>           | <b>51,820</b>                      |
| <b>Commodities</b>                       |                            |                         |                                    |
| Office supplies                          | 1,700                      | 1,700                   | 1,666                              |
| Postage                                  | 250                        | 250                     | -                                  |
| Dues & confernces                        | 480                        | 480                     | -                                  |
| Miscellaneous expense                    | 500                        | 500                     | -                                  |
| <b>Total Commodities</b>                 | <b>2,930</b>               | <b>2,930</b>            | <b>1,666</b>                       |
| <b>Capital Expenditures</b>              |                            |                         |                                    |
| Computer software/hardware               | 5,000                      | 5,000                   | 5,728                              |
| Equipment                                | 1,000                      | 1,000                   | 1,583                              |
| <b>Total Capital Expenditures</b>        | <b>6,000</b>               | <b>6,000</b>            | <b>7,311</b>                       |
| <b>Other Expenditures</b>                |                            |                         |                                    |
| Open tax file                            | 8,100                      | 8,100                   | -                                  |
| Professional services                    | 9,100                      | 9,100                   | -                                  |
| <b>Total Other Expenditures</b>          | <b>17,200</b>              | <b>17,200</b>           | <b>-</b>                           |
| <b>Total Assessor Office</b>             | <b>326,274</b>             | <b>326,274</b>          | <b>307,187</b>                     |
| <b>Total Expenditures Town Fund</b>      | <b>708,534</b>             | <b>708,534</b>          | <b>691,576</b>                     |
| <b>Transfers In/(Out)</b>                | <b>-</b>                   | <b>-</b>                | <b>(22,000)</b>                    |
| <b>Net Change in Fund Balance</b>        | <b>\$ 39,466</b>           | <b>\$ 39,466</b>        | <b>\$ 26,719</b>                   |

# SHIELDS TOWNSHIP, ILLINOIS

## General Assistance Fund - Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended February 28, 2021

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Modified<br/>Cash<br/>Basis</b> |
|---|----------------------------|-------------------------|------------------------------------|
| <b>Revenues</b>                                   |                            |                         |                                    |
| Grants and donations                              | \$ -                       | \$ -                    | \$ 48,376                          |
| <b>Total Revenues</b>                             | <b>-</b>                   | <b>-</b>                | <b>48,376</b>                      |
| <b>Expenditures</b>                               |                            |                         |                                    |
| <b>Home Relief</b>                                |                            |                         |                                    |
| Catastrophoc medical insurance                    | 2,400                      | 2,400                   | 2,360                              |
| Utilites  | 2,000                      | 2,000                   | 1,970                              |
| Shelter   | 3,000                      | 3,000                   | 52,302                             |
| Transporation                                     | 1,000                      | 1,000                   | -                                  |
| Food  | 1,000                      | 1,000                   | 960                                |
| Personal incidentals                              | 100                        | 100                     | 977                                |
| Employment services                               | 1,500                      | 1,500                   | 1,500                              |
| Miscellaneous expense                             | 1,000                      | 1,000                   | 1,197                              |
| <b>Total Home Relief</b>                          | <b>12,000</b>              | <b>12,000</b>           | <b>61,266</b>                      |
| <b>Emergency Assistance</b>                       |                            |                         |                                    |
| Miscellaneous expense                             | 1,800                      | 1,800                   | 1,351                              |
| Personal incidentals                              | 1,300                      | 1,300                   | -                                  |
| Transporation                                     | 1,700                      | 1,700                   | 600                                |
| Shelter   | 8,000                      | 8,000                   | 8,500                              |
| Prescriptions                                     | 200                        | 200                     | 68                                 |
| Utilities   | 4,000                      | 4,000                   | 3,315                              |
| <b>Total Emergency Assistance</b>                 | <b>17,000</b>              | <b>17,000</b>           | <b>13,834</b>                      |
| <b>Total Expenditures General Assistance Fund</b> | <b>29,000</b>              | <b>29,000</b>           | <b>75,100</b>                      |
| <b>Transfers In/(Out)</b>                         | <b>-</b>                   | <b>-</b>                | <b>22,000</b>                      |
| <b>Net Change in Fund Balance</b>                 | <b>\$ (29,000)</b>         | <b>\$ (29,000)</b>      | <b>\$ (4,724)</b>                  |

# SHIELDS TOWNSHIP, ILLINOIS

Road & Bridge Fund - Statement of Revenue, Expenditures and  
and Changes in Fund Balance - Budget and Actual

For the Year Ended February 28, 2021

|                                   | Original<br>Budget | Final<br>Budget | Modified<br>Cash<br>Basis |
|-----------------------------------|--------------------|-----------------|---------------------------|
| <b>Revenues</b>                   |                    |                 |                           |
| Property taxes                    | \$ 317,000         | \$ 317,000      | \$ 312,510                |
| Replacement taxes                 | 12,000             | 12,000          | 11,506                    |
| Interest income                   | 1,000              | 1,000           | 1,583                     |
| Motor Fuel tax                    | 4,000              | 4,000           | -                         |
| Miscellaneous income              | 1,000              | 1,000           | -                         |
| <b>Total Revenues</b>             | <u>335,000</u>     | <u>335,000</u>  | <u>325,599</u>            |
| <b>Expenditures</b>               |                    |                 |                           |
| <b>General and Administrative</b> |                    |                 |                           |
| <b>Personnel</b>                  |                    |                 |                           |
| Admin. salaries                   | 4,500              | 4,500           | 4,500                     |
| Health & dental insurance         | 500                | 500             | 210                       |
| Employer's FICA                   | 7,300              | 7,300           | 5,452                     |
| Unemployment insurance            | 150                | 150             | 937                       |
| Workmen compensation              | 6,000              | 6,000           | 5,615                     |
| IMRF contribution                 | -                  | -               | 5,184                     |
| <b>Total Personnel</b>            | <u>18,450</u>      | <u>18,450</u>   | <u>21,898</u>             |
| <b>Contractual Services</b>       |                    |                 |                           |
| Liability insurance               | 9,000              | 9,000           | 8,647                     |
| Accounting services               | 4,800              | 4,800           | 1,500                     |
| Legal services                    | 3,000              | 3,000           | 390                       |
| Julie fees                        | 450                | 450             | 198                       |
| NPDES fees                        | 1,000              | 1,000           | 1,000                     |
| Medical/drug testing              | 400                | 400             | 95                        |
| Postage                           | 200                | 200             | -                         |
| Telephone                         | 2,200              | 2,200           | 2,180                     |
| Publishing                        | 400                | 400             | -                         |
| Printing                          | 150                | 150             | -                         |
| Dues & conferences                | 300                | 300             | -                         |
| Travel                            | 200                | 200             | -                         |
| Training                          | 250                | 250             | -                         |
| Replacement tax sharing           | 1,000              | 1,000           | -                         |
| <b>Total Contractual Services</b> | <u>23,350</u>      | <u>23,350</u>   | <u>14,010</u>             |

# SHIELDS TOWNSHIP, ILLINOIS

*Road & Bridge Fund - Statement of Revenue, Expenditures and  
and Changes in Fund Balance - Budget and Actual*

*For the Year Ended February 28, 2021*

|   | Original<br>Budget | Final<br>Budget | Modified<br>Cash<br>Basis |
|---|--------------------|-----------------|---------------------------|
| <b>General and Administrative (Continued)</b> |                    |                 |                           |
| <b>Commodities</b>                            |                    |                 |                           |
| Office supplies                               | \$ 400             | \$ 400          | \$ 141                    |
| Office equipment                              | 200                | 200             | -                         |
| <b>Total Commodities</b>                      | 400                | 400             | 141                       |
| <b>Other Expenditures</b>                     |                    |                 |                           |
| Miscellaneous expense                         | -                  | -               | 503                       |
| <b>Total Other Expenditures</b>               | -                  | -               | 503                       |
| <b>Total General and Administrative</b>       | 42,200             | 42,200          | 36,552                    |
| <b>Maintenance Department</b>                 |                    |                 |                           |
| <b>Personnel</b>                              |                    |                 |                           |
| Saff salaries                                 | 95,000             | 95,000          | 64,241                    |
| Uniforms                                      | 500                | 500             | -                         |
| <b>Total Personnel</b>                        | 95,500             | 95,500          | 64,241                    |
| <b>Contractual Services</b>                   |                    |                 |                           |
| Maintenance services - building               | 5,000              | 5,000           | 93                        |
| Maintenance services - equipment              | 5,000              | 5,000           | 6,294                     |
| Maintenance services - vehicles               | 150                | 150             | 117                       |
| Maintenance services - roads                  | 400,000            | 400,000         | 66,856                    |
| Maintenance services - traffic                | -                  | -               | 911                       |
| Maintenance services - tree services          | 8,000              | 8,000           | 3,900                     |
| Street lighting                               | 14,000             | 14,000          | 15,076                    |
| Utilities                                     | 2,000              | 2,000           | 1,964                     |
| Engineering service                           | 3,500              | 3,500           | -                         |
| Rentals                                       | 1,500              | 1,500           | -                         |
| <b>Total Contractual Services</b>             | 439,150            | 439,150         | 95,211                    |
| <b>Maintenance Department</b>                 |                    |                 |                           |
| <b>Commodities</b>                            |                    |                 |                           |
| Maintenance supplies - building               | 1,000              | 1,000           | 1,225                     |
| Maintenance supplies - equipment              | 2,000              | 2,000           | 1,253                     |
| Maintenance supplies - vehicle                | 3,000              | 3,000           | -                         |
| Maintenance supplies - road                   | 1,000              | 1,000           | 4,598                     |

# SHIELDS TOWNSHIP, ILLINOIS

Road & Bridge Fund - Statement of Revenue, Expenditures and  
and Changes in Fund Balance - Budget and Actual

For the Year Ended February 28, 2021

|  | Original<br>Budget  | Final<br>Budget     | Modified<br>Cash<br>Basis |
|--|---------------------|---------------------|---------------------------|
| <b>Maintenance Department (Concluded)</b>      |                     |                     |                           |
| <b>Commodities</b>                             |                     |                     |                           |
| Maintenance supplies - snow removal            | \$ 15,000           | \$ 15,000           | \$ 5,904                  |
| Scavenger                                      | 1,500               | 1,500               | -                         |
| Fuel   | -                   | -                   | 3,794                     |
| Small tools                                    | 1,500               | 1,500               | 158                       |
| <b>Total Commodities</b>                       | <b>25,000</b>       | <b>25,000</b>       | <b>16,932</b>             |
| <b>Other Expenditures</b>                      |                     |                     |                           |
| Miscellaneous                                  | 2,500               | 2,500               | -                         |
| Equipment lease                                | 17,200              | 17,200              | -                         |
| <b>Total Other Expenditures</b>                | <b>19,700</b>       | <b>19,700</b>       | <b>-</b>                  |
| <b>Capital Expenditures</b>                    |                     |                     |                           |
| Road drainage/improvements                     | 12,000              | 12,000              | -                         |
| <b>Total Capital Expenditures</b>              | <b>12,000</b>       | <b>12,000</b>       | <b>-</b>                  |
| <b>Debt Service</b>                            |                     |                     |                           |
| Debt service - principal                       | -                   | -                   | 17,382                    |
| Debt service - interest                        | -                   | -                   | 1,222                     |
| <b>Total Debt Service</b>                      | <b>-</b>            | <b>-</b>            | <b>18,604</b>             |
| <b>Total Maintenance Department</b>            | <b>591,350</b>      | <b>591,350</b>      | <b>194,988</b>            |
| <b>Total Expenditures Road and Bridge Fund</b> | <b>633,550</b>      | <b>633,550</b>      | <b>231,540</b>            |
| <b>Net Change in Fund Balance</b>              | <b>\$ (298,550)</b> | <b>\$ (298,550)</b> | <b>\$ 94,059</b>          |

**SHIELDS TOWNSHIP, ILLINOIS**  
**Schedule of Required Supplemental Information**  
**Multi-year Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last 10 Calendar Years**

*(schedule to be built prospectively from 2015)*

| Calendar Year Ending  | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014 | 2013 | 2012 | 2011 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|------|------|------|------|
| <b>Total Pension Liability</b>  |              |              |              |              |              |              |      |      |      |      |
| Service Cost  | \$ 43,559    | \$ 43,765    | \$ 39,103    | \$ 40,719    | \$ 41,980    | \$ 43,066    |      |      |      |      |
| Interest on the Total Pension Liability                                       | 237,718      | 232,628      | 225,805      | 226,272      | 218,944      | 215,973      |      |      |      |      |
| Benefit Changes   | -            | -            | -            | -            | -            | -            |      |      |      |      |
| Difference between Expected and Actual Experience                             | 6,685        | (43,846)     | (4,590)      | (21,083)     | (23,910)     | (82,727)     |      |      |      |      |
| Assumption Changes  | (37,332)     | -            | 85,757       | (104,381)    | (14,315)     | 10,745       |      |      |      |      |
| Benefit Payments and Refunds  | (174,013)    | (150,465)    | (150,478)    | (143,423)    | (136,608)    | (133,578)    |      |      |      |      |
| <b>Net Change in Total Pension Liability</b>                                  | 76,617       | 82,082       | 195,597      | (1,896)      | 86,091       | 53,479       |      |      |      |      |
| <b>Total Pension Liability - Beginning</b>                                    | 3,344,100    | 3,262,018    | 3,066,421    | 3,068,317    | 2,982,226    | 2,928,747    |      |      |      |      |
| <b>Total Pension Liability - Ending (a)</b>                                   | \$ 3,420,717 | \$ 3,344,100 | \$ 3,262,018 | \$ 3,066,421 | \$ 3,068,317 | \$ 2,982,226 |      |      |      |      |
| <b>Plan Fiduciary Net Position</b>  |              |              |              |              |              |              |      |      |      |      |
| Employer Contributions  | 32,222       | 28,625       | 42,009       | 42,139       | 45,652       | 36,554       |      |      |      |      |
| Employee Contributions  | 16,590       | 18,888       | 17,312       | 16,781       | 16,278       | 16,238       |      |      |      |      |
| Pension Plan Net Investment Income  | 485,085      | 562,332      | (171,257)    | 507,187      | 186,888      | 13,821       |      |      |      |      |
| Benefit Payments and Refunds  | (174,013)    | (150,465)    | (150,478)    | (143,423)    | (136,608)    | (133,578)    |      |      |      |      |
| Other   | (42,621)     | 18,948       | 55,815       | (46,547)     | 28,749       | (37,600)     |      |      |      |      |
| <b>Net Change in Plan Fiduciary Net Position</b>                              | 317,263      | 478,328      | (206,599)    | 376,137      | 140,959      | (104,565)    |      |      |      |      |
| <b>Plan Fiduciary Net Position - Beginning</b>                                | 3,488,811    | 3,010,483    | 3,217,082    | 2,840,945    | 2,699,986    | 2,804,551    |      |      |      |      |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                               | \$ 3,806,074 | \$ 3,488,811 | \$ 3,010,483 | \$ 3,217,082 | \$ 2,840,945 | \$ 2,699,986 |      |      |      |      |
| <b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>                       | (385,357)    | (144,711)    | 251,535      | (150,661)    | 227,372      | 282,240      |      |      |      |      |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b> | 111.27%      | 104.33%      | 92.29%       | 104.91%      | 92.59%       | 90.54%       |      |      |      |      |
| <b>Covered Valuation Payroll</b>  | \$ 368,677   | \$ 419,727   | \$ 384,706   | \$ 372,915   | \$ 361,743   | \$ 360,850   |      |      |      |      |
| <b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>     | (104.52%)    | (34.48%)     | 65.38%       | (40.40%)     | 62.85%       | 78.22%       |      |      |      |      |

**SHIELDS TOWNSHIP, ILLINOIS**  
**Schedule of Required Supplemental Information**  
**Multi-year Schedule of Pension Contributions**  
**Last 10 Calendar Years**

| Calendar Year<br>Ending<br>December 31, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered    |         | Actual Contribution as<br>a % of Covered<br>Valuation Payroll |
|---|---|------------------------|--|------------|---------|---|
|   |   |                        |  | Valuation  | Payroll |   |
| 2015                                    | \$ 36,554                                 | \$ 36,554              | \$ -                                   | \$ 360,850 |         | 10.13%  |
| 2016                                    | 45,652                                    | 45,652                 | -                                      | 361,743    |         | 12.62%  |
| 2017                                    | 42,139                                    | 42,139                 | -                                      | 372,915    |         | 11.30%  |
| 2018                                    | 42,010                                    | 42,009                 | 1                                      | 384,706    |         | 10.92%  |
| 2019                                    | 28,625                                    | 28,625                 | -                                      | 419,727    |         | 6.82%   |
| 2020                                    | 32,222 *                                  | 32,222                 | -                                      | 368,677    |         | 8.74%   |

\* Estimated based on a contribution rate of 8.74% and covered valuation payroll of \$368,676.

NOTES TO OTHER  
INFORMATION



# SHIELDS TOWNSHIP, ILLINOIS

*Notes to Other Information*

*Year Ended February 28, 2021*

The Township prepares its budget on the modified cash basis of accounting.

Under the modified cash basis of accounting, revenues are recorded when received in cash and expenditures are recorded when the cash is disbursed. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Budgets are adopted at the function level in the General Fund and total General Fund expenditures disbursed may not legally exceed the budgeted amount. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.

The Township procedures in establishing the budgetary data reflected in the General Fund Financial Statements is presented below:

- Prior to May 15th the Township Board receives a proposed operating budget (appropriation ordinance) for the fiscal year commencing on proceeding March 1st. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted at a public meeting to obtain taxpayers comments.
- The budget is legally enacted through passage of an ordinance prior to May 31<sup>st</sup>.
- The Township Treasurer, in conjunction with the Board, is authorized to expend the unexpended balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.
- The original budget was not amended during the fiscal year.
- Formal budgetary integration is not employed as a management control device during the year for any fund.
- Budgetary comparisons presented in the accompanying financial statements are prepared on the modified cash basis of accounting, which is comprehensive basis of accounting other than generally accepted accounting principles. All funds utilize the same basis of accounting for both budgetary purposes and actual results.
- Expenditures cannot legally exceed appropriations at the fund level.

# SHIELDS TOWNSHIP, ILLINOIS

*Notes to Other Information*

*Year Ended February 28, 2021*

- All appropriations lapse at year-end.
- The budget for Town Fund and Road & Bridge Fund were adopted on February 20, 2020.

The budget represents departmental appropriations as authorized by the Township's appropriation ordinance and includes revisions authorized by the Township Board to reflect changes in departmental programs. At February 28, 2021, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The budget is prepared on the modified cash basis. The 2020-2021 appropriations ordinance was adopted February 20, 2020.

The Town Fund had expenditures that exceeded the appropriations of \$5,042. Transfers to the General Assistance Fund were \$22,000, which account for the exceeded portion. The General Assistance Fund had expenditures that exceeded the appropriations of \$46,100.