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Accounting • Auditing • Consulting

Shields Township, Illinois

Annual Financial Report

For the Year Ended February 28, 2022

SHIELDS TOWNSHIP, ILLINOIS

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Year Ended February 28, 2022

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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, 2022, 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, 2022, 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.

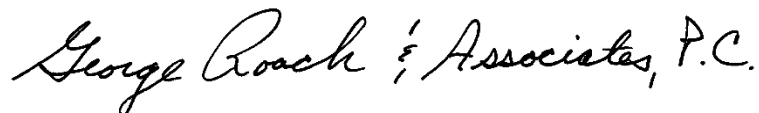
Basis of Accounting

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
July 22, 2022

OTHER INFORMATION
MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

SHIELDS TOWNSHIP, ILLINOIS

*Management's Discussion and Analysis - Unaudited
Year Ended February 28, 2022*

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, 2022. 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

- The assets of the Township exceeded its liabilities at February 28, 2022 by \$2,604,803 (net position). Of this amount, \$809,255 (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 \$301,176.
- At February 28, 2022, the Township's governmental funds reported combined ending fund balances of \$1,120,534, a decrease of \$44,602 from the prior year.
- At February 28, 2022, the fund balance for the Town Fund was \$810,074.
- The Township's total net fixed assets increased by \$339,862 during the year ended February 28, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

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

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 \$2,604,803 for the year ended February 28, 2022. A portion of the Township's net position reflects its investment in capital assets; \$1,484,269. 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 \$1,120,534, of which \$311,279 is restricted and \$809,255 is unrestricted.

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended February 28, 2022

Shields Township Net Position

	<u>2/28/2021</u>	<u>2/28/2022</u>
Assets		
Current and Other Assets	\$ 1,169,136	\$ 1,124,534
Fixed Assets	1,144,407	1,484,269
Total Assets	<u>\$ 2,313,543</u>	<u>\$ 2,608,803</u>
Liabilities		
Customer Deposits	\$ 4,000	\$ 4,000
Long term debt	5,916	-
Total Liabilities	<u>9,916</u>	<u>4,000</u>
Net Position:		
Net Investment in Capital Assets	1,138,491	1,484,269
Restricted - Road & Bridge	468,885	260,096
Restricted - IMRF	13,664	-
Restricted - Motor Fuel Tax	36,450	51,183
Unrestricted	646,137	809,255
Total Net Position	<u>\$ 2,303,627</u>	<u>\$ 2,604,803</u>

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 (\$809,255) may be used to meet the Township's ongoing obligations to citizens and creditors.

At February 28, 2022, the Township is able to report positive balances in all three categories of net position. The Township's net position increased by \$301,176 in comparison with the prior year.

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended February 28, 2022

Governmental activities

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

Shields Township Changes in Net Position

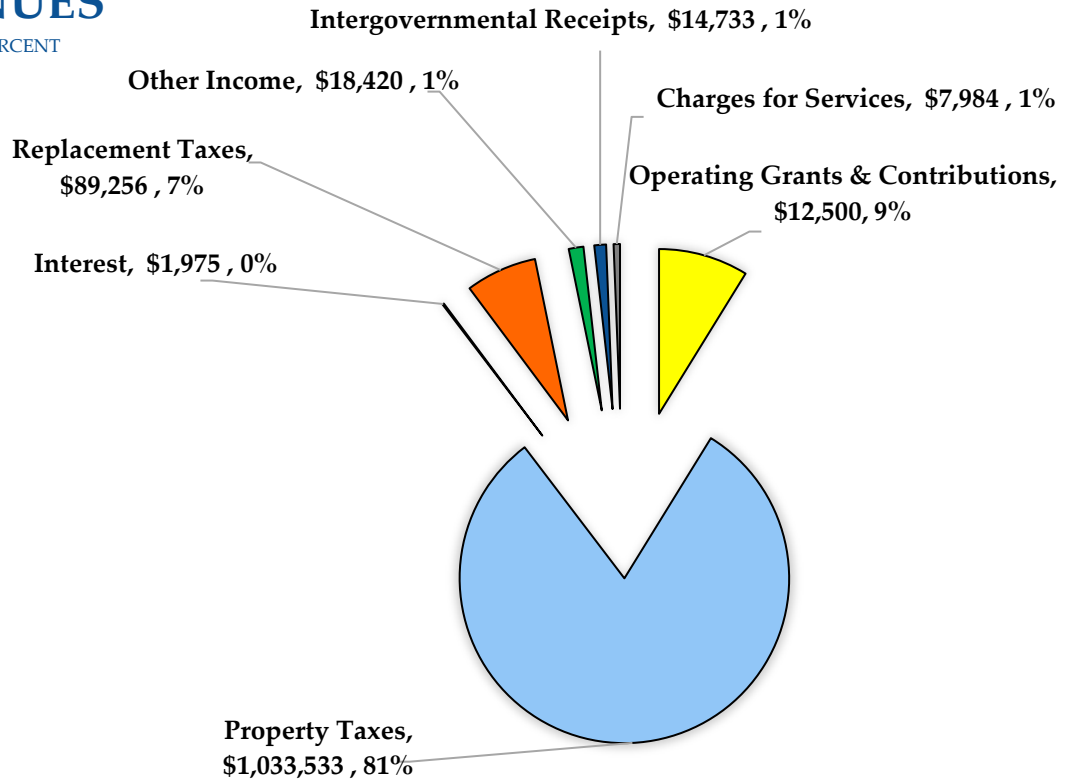
	<u>February 28, 2021</u>	<u>February 28, 2022</u>
Revenues		
Program Revenues		
Operating Grants	\$ 58,843	\$ 112,500
Charges for Services	7,904	7,984
General Revenues		
Property Taxes	979,167	1,033,533
Replacemnt Taxes	43,392	89,256
Intergovernmental Receipts	10,295	14,733
Interest	2,288	1,975
Other Income	12,381	18,420
Total Revenues	<u>1,114,270</u>	<u>1,278,401</u>
Expenses		
General Government	384,389	347,889
Assessor	307,187	305,673
General Assistance	75,100	218,111
Road and Bridge	263,913	105,552
Total Expenses	<u>1,030,589</u>	<u>977,225</u>
Change in Net Position	83,681	301,176
Net Position - Beginning of Year	<u>2,219,946</u>	<u>2,303,627</u>
Net Position - End of Year	<u>\$ 2,303,627</u>	<u>\$ 2,604,803</u>

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended February 28, 2022

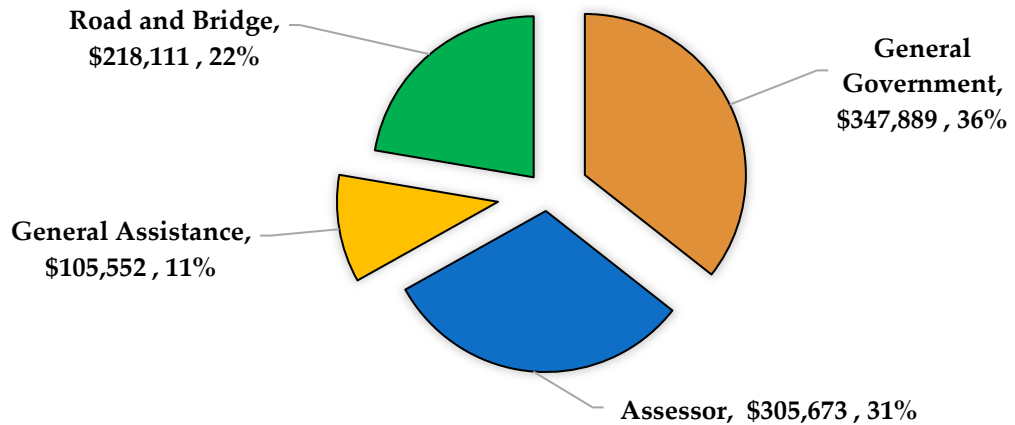
2022 REVENUES

ROUND TO NEAREST PERCENT



2022 EXPENSES

ROUND TO NEAREST PERCENT



SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended February 28, 2022

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

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

Governmental funds

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Township's net resources available for spending at the end of the fiscal year. At February 28, 2022, the Township's governmental funds reported combined ending fund balances of \$1,120,534, a decrease of \$44,602 in comparison with the prior year.

The Town Fund is the main operating fund of the Township. At February 28, 2022, the fund balance of the Town Fund was \$810,074. This represents an increase of \$142,271 compared to the prior fiscal year.

Town Fund Budgetary Highlights

Expenditures in the General Town Fund of \$639,560 were under revenues by \$142,271 and were \$61,887 less than the appropriation of \$701,447.

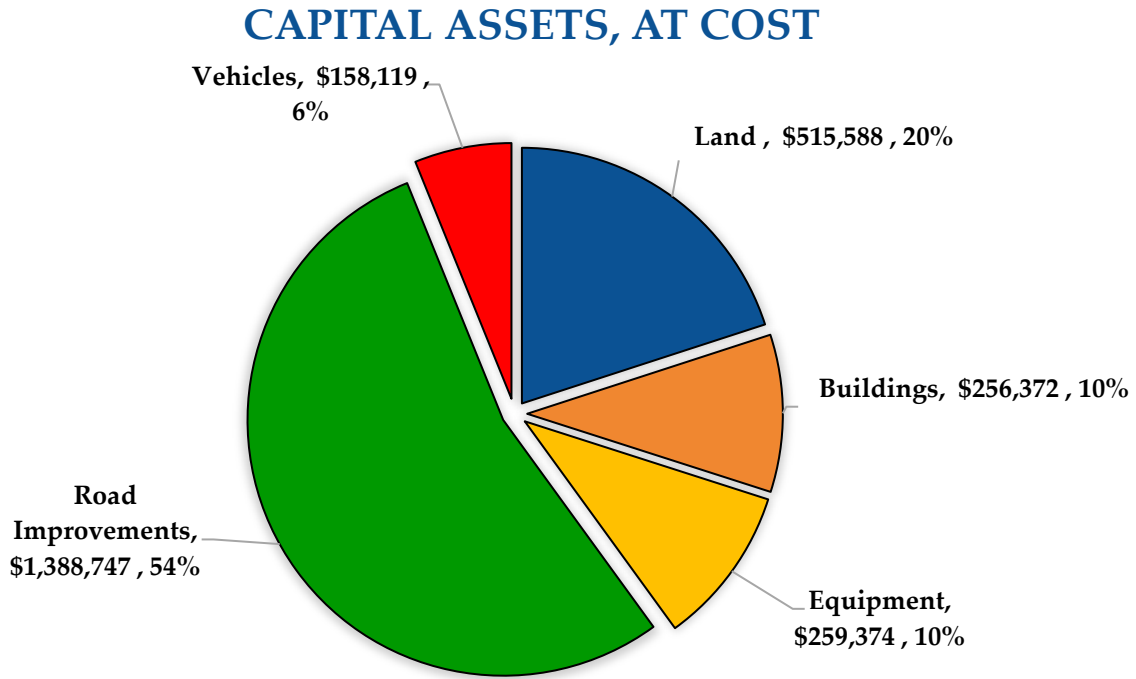
CAPITAL ASSETS

The Township's capital fixed assets for its governmental activities as of February 28, 2022 amount to \$1,484,269 (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:

	Balance			Balance
	March 1, 2021	Increases	Decreases	February 28, 2022
Fixed Assets				
Land	\$ 515,588	\$ -	\$ -	\$ 515,588
Buildings	256,372	-	-	256,372
Equipment	259,374	-	-	259,374
Road Improvements	994,070	394,677	-	1,388,747
Vehicles	158,119	-	-	158,119
Total Fixed Assets	<u>2,183,523</u>	<u>394,677</u>	<u>-</u>	<u>2,578,200</u>
Less: Accumulated				
Depreciation	1,039,116	54,815	-	1,093,931
Fixed Assets (Net)	<u>\$ 1,144,407</u>	<u>\$ 339,862</u>	<u>\$ -</u>	<u>\$ 1,484,269</u>

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended February 28, 2022



ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Township for 2021 is \$1,862,202,386. That represents a decrease in EAV of \$18,836,567 over the prior year's EAV. Taxes recorded in these financial statements are from the 2020 levy. A summary of the assessed valuations and extensions for tax years 2021, 2020 and 2019 is as follows:

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended February 28, 2022

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

Tax Levy Year	2021	2020	2019
Assessed Valuation			
Lake County	\$ 1,862,202,386	\$ 1,881,038,953	\$ 1,915,537,317

Tax Rates and Percentage Allocations by Fund

Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
Corporate	0.036654	51.41%	0.035832	51.19	0.035708	52.61
IMRF	0.000806	1.14%	0.000798	1.14	0.000262	0.39
Road & Bridge	0.033831	47.45%	0.033370	47.67	0.031898	47.00
Totals	0.071291	100.00%	0.070000	100.00	0.067868	100.00

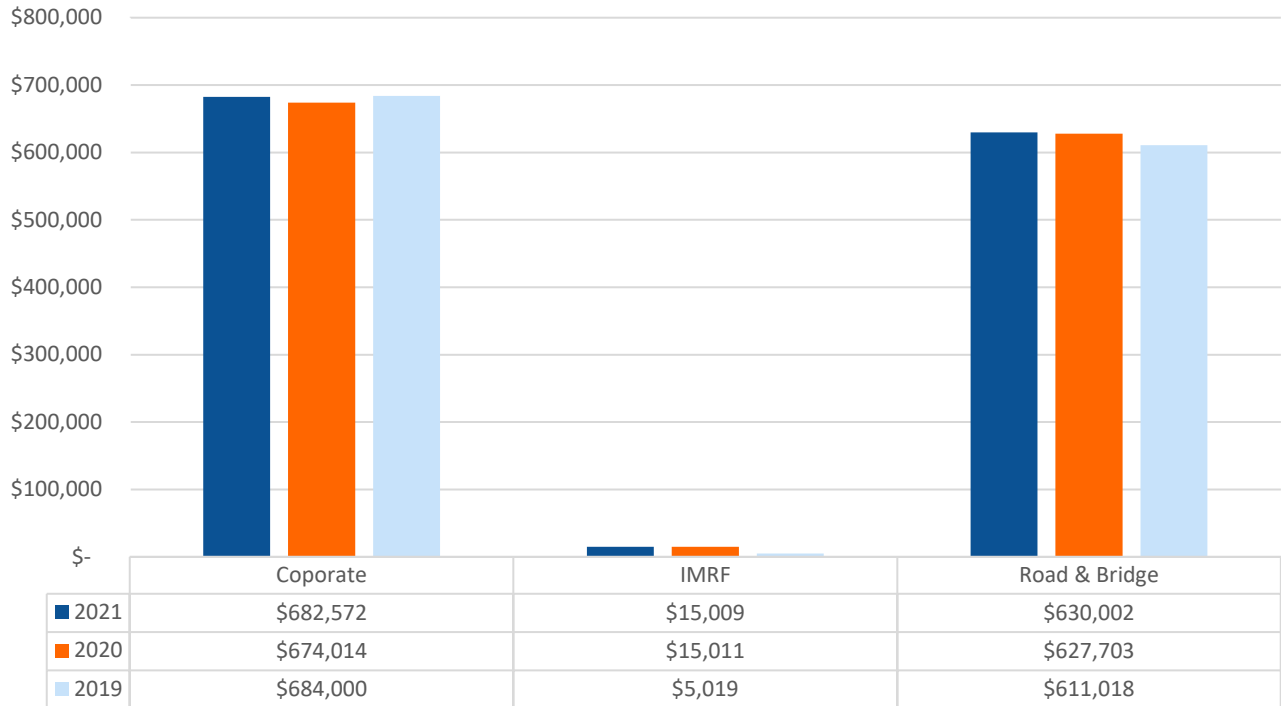
Property Tax Extensions

Funds	2021	2020	2019
Corporate	\$ 682,572	\$ 674,014	\$ 684,000
IMRF	15,009	15,011	5,019
Road & Bridge	630,002	627,703	611,018
Totals	\$ 1,327,583	\$ 1,316,728	\$ 1,300,037

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
 Year Ended February 28, 2022

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, 2022

Assets	
Cash and investments - at cost	\$ 1,124,534
Fixed assets - net of accumulated depreciation	1,484,269
Total Assets	\$ 2,608,803
Current Liabilities	
Customer deposits	\$ 4,000
Total Current Liabilities	4,000
Total Liabilities	\$ 4,000
Net Position	
Net investment in capital assets	1,484,269
Restricted - General Road & Bridge	260,096
Restricted - Motor Fuel Tax	51,183
Unrestricted	809,255
Total Net Position	\$ 2,604,803

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, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities			Capital Grants and Contributions	
General Government	\$ 347,889	\$ 7,984	\$ -	\$ (339,905)
Assessor	305,673	-	-	(305,673)
Road & Bridge	218,111	-	-	(218,111)
General Assistance	105,552	-	112,500	6,948
Total Governmental Activities	\$ 977,225	\$ 7,984	\$ 112,500	\$ (856,741)
	General Revenues:			
				1,033,533
				89,256
				18,420
				1,975
				14,733
			Total Revenues	1,157,917
			Changes in Net Position	301,176
			Net Position Beginning of Year	2,303,627
			Total Net Position	\$ 2,604,803

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

SHIELDS TOWNSHIP, ILLINOIS

Governmental Funds - Combined Balance Sheet - Modified Cash Basis

February 28, 2022

	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Assets				
Cash and equivalents	\$ 781,523	\$ 24,232	\$ 318,779	\$ 1,124,534
Due from/(to) other funds	28,551	-	-	28,551
Total Assets	\$ 810,074	\$ 24,232	\$ 318,779	\$ 1,153,085
Liabilities				
Customer deposits	\$ -	\$ -	\$ 4,000	\$ 4,000
Due to other funds	-	25,051	3,500	28,551
Total Liabilities	-	25,051	7,500	32,551
Fund Balance				
Nonspendable	-	-	-	-
Restricted - General Assistance	-	(819)	-	(819)
Restricted - IMRF	-	-	-	-
Restricted - Road and Bridge	-	-	260,096	260,096
Restricted - Motor Fuel Tax	-	-	51,183	51,183
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	810,074	-	-	810,074
Total Fund Balance	810,074	(819)	311,279	1,120,534
Total Liabilities and Fund Balance	\$ 810,074	\$ 24,232	\$ 318,779	\$ 1,153,085

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, 2022

	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Revenues				
Property taxes	\$ 701,953	\$ -	\$ 331,580	\$ 1,033,533
Replacement taxes	52,574	-	36,682	89,256
Municipal passport income	7,984	-	-	7,984
Intergovernmental receipts	-	-	14,733	14,733
Grants and donations	-	112,500	-	112,500
Interest income	1,776	-	199	1,975
Miscellaneous revenue	17,544	235	641	18,420
Total Revenues	781,831	112,735	383,835	1,278,401
Expenditures				
Administrative	333,887	-	24,885	358,772
Assessor	305,673	-	-	305,673
Home relief	-	105,552	-	105,552
Maintenance	-	-	553,006	553,006
Total Expenditures	639,560	105,552	577,891	1,323,003
Net Change in Fund Balance	142,271	7,183	(194,056)	(44,602)
Balance, beginning of year	667,803	(8,002)	505,335	1,165,136
Total Fund Balance	\$ 810,074	\$ (819)	\$ 311,279	\$ 1,120,534

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, 2022

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

Total Fund Balances -Total Governmental Funds	\$ 1,120,534
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation	1,484,269
Total Net Position of Governmental Activities	<u><u>\$ 2,604,803</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

Net Change in Fund Balance	\$ (44,602)
Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciated over their useful life. (amount shown is net of depreciation)	339,862
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.	5,916
Changes in Net Position Governmental Funds	<u><u>\$ 301,176</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, 2022

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, 2022

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, 2022

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, 2022

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, 2022.

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, 2022

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 2021 Town levy was passed by the board on December 16, 2021 and the Road levy was passed by the board on December 16, 2021. 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, 2022, the carrying amount of the Township's deposits totaled \$1,124,534 and the bank balances totaled \$1,077,213. 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, 2022, 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, \$1,124,534 is FDIC insured or collateralized.

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT

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.

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, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

- 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, 2021, 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>
Total	22

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 2021 was 6.91%. For the fiscal year ended February 28, 2022, the Township contributed \$26,066 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, 2021. 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, 2021:

- 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, 2022

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 adjusted) 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 Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	4.50%
International Equity	18%	5.75%
Fixed Income	28%	2.00%
Real Estate	9%	5.90%
Alternative Investments	7%	4.30-8.10%
Cash Equivalents	<u>1%</u>	1.70%
Total	100%	

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Executive Summary as of December 31, 2021

Actuarial Valuation Date	12/31/2021
Measurement Date of the Net Pension Liability	12/31/2021
Fiscal Year End	2/28/2022

Membership

Number of	
- Retirees and Beneficiaries	10
- Inactive, Non-Retired Members	6
- Active Members	6
- Total	22

Covered Valuation Payroll (1)	\$ 377,215
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Net Pension Liability

Total Pension Liability/(Asset)	\$ 3,491,685
Plan Fiduciary Net Position	4,325,653
Net Pension Liability/(Asset)	\$ (833,968)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	123.88%
Net Pension Liability as a Percentage of Covered Valuation Payroll	(221.09%)

Development of the Single Discount Rate as of December 31, 2021

	7.25%
Long-Term Municipal Bond Rate (2)	1.84%
Last year ending December 31 in the 2022 to 2121 projection period for which projected benefit payments are fully funded	2121
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2020 Measurement Date	7.25%

Total Pension Expense/(Income)	\$ (221,456)
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Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 837	\$ 18,716
Changes in assumptions	-	4,670
Net difference between projected and actual earnings on pension plan investments	82,241	579,675
Total	\$ 83,078	\$ 603,061

(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, 2021. 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, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

SINGLE DISCOUNT RATE

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that 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 1.84%, 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, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios - Current Period Calendar Year Ended December 31, 2021

A. Total pension liability

1. Service Cost	\$ 35,540
2. Interest on the Total Pension Liability	242,969
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	(33,167)
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	(174,374)
7. Net change in total pension liability	70,968
8. Total pension liability – beginning	3,420,717
9. Total pension liability – ending	<u>\$ 3,491,685</u>

B. Plan fiduciary net position

1. Contributions – employer	\$ 26,065
2. Contributions – employee	16,975
3. Net investment income	643,798
4. Benefit payments, including refunds of employee contributions	(174,374)
5. Other (Net Transfer)	7,115
6. Net change in plan fiduciary net position	519,579
7. Plan fiduciary net position – beginning	3,806,074
8. Plan fiduciary net position – ending	<u>\$ 4,325,653</u>

C. Net pension liability/(asset)

\$ (833,968)

D. Plan fiduciary net position as a percentage

of the total pension liability 123.88%

E. Covered Valuation payroll

\$ 377,215

F. Net pension liability as a percentage

of covered valuation payroll (221.09%)

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

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 3,863,895	\$ 3,491,685	\$ 3,197,020
Plan Fiduciary Net Position	4,325,653	4,325,653	4,325,653
Net Pension Liability/(Asset)	<u>\$ (461,758)</u>	<u>\$ (833,968)</u>	<u>\$ (1,128,633)</u>

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2022

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, 2022, the Township recognized pension income of \$221,456. At February 28, 2022, the Township reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 837	\$ 18,716
Changes of assumptions	-	4,670
Net difference between projected and actual earnings on pension plan investments	<u>82,241</u>	<u>579,675</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>83,078</u>	<u>603,061</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 83,078</u></u>	<u><u>\$ 603,061</u></u>

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>
2022	\$ (127,584)
2023	(195,808)
2024	(122,118)
2025	(74,473)
2026	-
Thereafter	-
Total	<u><u>\$ (519,983)</u></u>

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements
Year Ended February 28, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2021 Contribution Rate *

Valuation Date:

December 31, 2021

Notes

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

Methods and Assumptions Used to Determine 2021 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 22-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 17 years for most employers (five employers were financed over 18 years; one employer was financed over 19 years; two employers were financed over 20 years; three employers were financed over 26 years; four employers were financed over 27 years and one employer was financed 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. There were no benefit changes during the year

Other Information:

Notes

* Based on Valuation Assumptions used in the December 31, 2019 actuarial valuation

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONCLUDED)

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.
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A detailed description of the actuarial assumptions and methods can be found in the December 31, 2021 Illinois Municipal Retirement annual actuarial valuation report.

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2022

NOTE 4 – CHANGES IN FIXED ASSETS

	Balance			Balance
Fixed Assets	March 1, 2021	Increases	Decreases	February 28, 2022
Land	\$ 515,588	\$ -	\$ -	\$ 515,588
Buildings and Improvements	37,194	-	-	37,194
Leasehold Improvements	219,178	-	-	219,178
Road Improvements	994,070	394,677	-	1,388,747
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	394,677	-	2,578,200
Less: Accumulated				
Depreciation	1,039,116	54,815	-	1,093,931
Fixed Assets (Net)	<u>\$ 1,144,407</u>	<u>339,862</u>	<u>-</u>	<u>\$ 1,484,269</u>

Depreciation by Governmental Activity

General Government	\$ 14,002
Road & Bridge	40,813
Total Governmental Activities	<u>\$ 54,815</u>

NOTE 5 – RISK MANAGEMENT

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

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, 2022 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, 2022

NOTE 7 – LONG TERM DEBT

Long-term liability activity for the year ended February 28, 2022 were as follows:

Long-Term Debt	Balance	Additions	Retiremens	Balance	Amounts
	Mar. 1, 2021			Feb. 28, 2022	Due Within One Year
Equipment Loan	\$ 5,916	\$ -	\$ 5,916	\$ -	\$ -
Total Long Term Obligations	<u>\$ 5,916</u>	<u>\$ -</u>	<u>\$ 5,916</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2022

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Property taxes	\$ 689,000	\$ 689,000	\$ 701,953
Replacement taxes	25,000	25,000	52,574
Garbage	1,200	1,200	2,828
Interest income	500	500	1,776
Passport fees	10,000	10,000	7,984
Miscellaneous revenue	5,000	5,000	14,716
Total Revenues	730,700	730,700	781,831
Expenditures			
General and Administrative			
Personnel			
Staff salaries	115,000	115,000	130,257
Elected officials salaries	83,000	83,000	70,185
Health & dental ins-staff	14,000	14,000	9,244
Employers FICA	15,800	15,800	13,234
Employers IMRF	16,000	16,000	8,575
Employers SUTA	500	500	-
Employers workers comp	8,000	8,000	9,461
Total Personnel	252,300	252,300	240,956
Contractual Services			
Senior snow and grass program	4,000	4,000	-
Building maintenance	4,800	4,800	9,335
Liability insurance	7,000	7,000	9,328
Dial-a-ride	9,000	9,000	12,612
Legal services	8,000	8,000	6,338
Computer assistance	2,000	2,000	840
Computer maintenance/software	3,000	3,000	3,610
Dues & conferences	2,000	2,000	1,349
Equipment rental	3,000	3,000	2,682
Accounting	3,000	3,000	4,497
Postage	1,000	1,000	828
Printing	200	200	-
Publishing	500	500	601
Office rental	20,000	20,000	15,627
Real estate taxes	3,200	3,200	3,141
Website management	1,800	1,800	-
Telephone	4,400	4,400	3,443

SHIELDS TOWNSHIP, ILLINOIS

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

For the Year Ended February 28, 2022

	Original Budget	Final Budget	Modified Cash Basis
Contractual Services (Continued)			
Travel	\$ 1,000	\$ 1,000	\$ -
Training	500	500	-
Bank fees	500	500	1,022
Maintenance services/refuse	-	-	1,550
Utilities	5,000	5,000	4,324
Foss Park Senior Center	10,000	10,000	1,421
E/A Partnership Fund	-	-	4,500
Lake Forest Senior Center	10,000	10,000	-
Discretionary - supervisor	5,000	5,000	-
Mothers trust	10,000	10,000	-
Total Contractual Services	118,900	118,900	87,048
General and Administrative Commodities			
Office supplies	1,500	1,500	1,340
Traffic light maintenance	1,300	1,300	-
Miscellaneous expense	1,000	1,000	4,543
Total Commodities	3,800	3,800	5,883
Total General and Administrative	375,000	375,000	333,887
Assessor Office Personnel			
Staff salaries	199,025	199,025	198,838
Employers FICA	15,242	15,242	14,937
Health & dental insurance	27,540	27,540	23,265
Employers IMRF	16,660	16,660	16,118
Employers SUTA	400	400	1,111
Total Personnel	258,867	258,867	254,269
Contractual Services			
Building maintenance	4,300	4,300	7,438
Legal services	500	500	293
Other professional	-	-	6,963
Website management	600	600	569
Computer assistance	4,500	4,500	2,070
Printing	50	50	295
Utilities	4,700	4,700	4,000
Accounting	3,000	3,000	2,667

SHIELDS TOWNSHIP, ILLINOIS

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

For the Year Ended February 28, 2022

	Original Budget	Final Budget	Modified Cash Basis
Contractual Services (Continued)			
Office rental	\$ 20,000	\$ 20,000	\$ 15,627
Real estate taxes	3,200	3,200	3,125
Telephone	4,500	4,500	3,016
Training	2,000	2,000	2,595
Travel	3,800	3,800	244
Total Contractual Services	51,150	51,150	48,902
Commodities			
Office supplies	1,400	1,400	306
Postage	250	250	113
Dues & conferences	480	480	200
Miscellaneous expense	600	600	-
Total Commodities	2,730	2,730	619
Capital Expenditures			
Computer software/hardware	3,500	3,500	623
Equipment	1,100	1,100	1,260
Total Capital Expenditures	4,600	4,600	1,883
Other Expenditures			
Professional services	9,100	9,100	-
Total Other Expenditures	9,100	9,100	-
Total Assessor Office	326,447	326,447	305,673
Total Expenditures Town Fund	701,447	701,447	639,560
Net Change in Fund Balance	\$ 29,253	\$ 29,253	\$ 142,271

SHIELDS TOWNSHIP, ILLINOIS

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

For the Year Ended February 28, 2022

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Grants and donations	\$ -	\$ -	\$ 112,500
Miscellaneous revenue	-	-	235
Total Revenues	-	-	112,735
Expenditures			
Home Relief			
Catastrophoc medical insurance	2,400	2,400	2,120
Utilites	2,000	2,000	896
Shelter	3,000	3,000	2,800
Transporation	1,000	1,000	-
Food	1,000	1,000	-
Personal incidentals	100	100	-
FERA grant expenses	-	-	99,636
Employment services	1,500	1,500	-
Miscellaneous expense	1,000	1,000	100
Total Home Relief	12,000	12,000	105,552
Emergency Assistance			
Miscellaneous expense	1,800	1,800	-
Personal incidentals	1,300	1,300	-
Transporation	1,700	1,700	-
Shelter	8,000	8,000	-
Prescriptions	200	200	-
Utilities	4,000	4,000	-
Total Emergency Assistance	17,000	17,000	-
Total Expenditures General Assistance Fund	29,000	29,000	105,552
Net Change in Fund Balance	\$ (29,000)	\$ (29,000)	\$ 7,183

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, 2022

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Property taxes	\$ 332,400	\$ 332,400	\$ 331,580
Replacement taxes	12,000	12,000	36,682
Interest income	1,000	1,000	199
Motor Fuel tax	4,000	4,000	14,733
Miscellaneous income	1,000	1,000	641
Total Revenues	<u>350,400</u>	<u>350,400</u>	<u>383,835</u>
Expenditures			
General and Administrative			
Personnel			
Admin. salaries	1,000	1,000	1,000
Health & dental insurance	500	500	-
Employer's FICA	6,000	6,000	3,283
Unemployment insurance	800	800	364
Workmen compensation	6,000	6,000	-
IMRF contribution	-	-	3,340
Total Personnel	<u>14,300</u>	<u>14,300</u>	<u>7,987</u>
Contractual Services			
Liability insurance	9,000	9,000	9,329
Accounting services	4,900	4,900	2,667
Legal services	2,000	2,000	1,219
Julie fees	450	450	-
NPDES fees	1,000	1,000	1,001
Medical/drug testing	400	400	-
Postage	200	200	-
Telephone	2,200	2,200	1,738
Publishing	100	100	51
Printing	150	150	-
Dues & conferences	300	300	-
Travel	200	200	-
Training	250	250	-
Replacement tax sharing	100	100	-
Total Contractual Services	<u>21,250</u>	<u>21,250</u>	<u>16,005</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, 2022

	Original Budget	Final Budget	Modified Cash Basis
General and Administrative (Continued)			
Commodities			
Office supplies	\$ 400	\$ 400	\$ 97
Office equipment	200	200	-
Total Commodities	<u>400</u>	<u>400</u>	<u>97</u>
Other Expenditures			
Miscellaneous expense	2,500	2,500	796
Total Other Expenditures	<u>2,500</u>	<u>2,500</u>	<u>796</u>
Total General and Administrative	<u>38,450</u>	<u>38,450</u>	<u>24,885</u>
Maintenance Department			
Personnel			
Saff salaries	75,000	75,000	58,999
Uniforms	400	400	-
Total Personnel	<u>75,400</u>	<u>75,400</u>	<u>58,999</u>
Contractual Services			
Maintenance services - building	5,000	5,000	2,501
Maintenance services - equipment	10,000	10,000	12,131
Maintenance services - roads	400,000	400,000	424,486
Maintenance services - tree services	8,000	8,000	4,875
Street lighting	14,000	14,000	14,980
Road signs	1,000	1,000	1,240
Utilities	5,000	5,000	3,775
Engineering service	15,000	15,000	11,470
Rentals	1,500	1,500	-
Total Contractual Services	<u>459,500</u>	<u>459,500</u>	<u>475,600</u>
Maintenance Department			
Commodities			
Maintenance supplies - building	1,000	1,000	1,005
Maintenance supplies - equipment	2,000	2,000	345
Maintenance supplies - vehicle	150	150	-
Maintenance supplies - road	10,000	10,000	-

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, 2022

	Original Budget	Final Budget	Modified Cash Basis
Maintenance Department (Concluded)			
Commodities			
Maintenance supplies - snow removal	\$ -	\$ -	\$ 4,601
Fuel	3,000	-	4,481
Small tools	1,500	1,500	1,459
Total Commodities	<u>17,650</u>	<u>14,650</u>	<u>11,891</u>
Other Expenditures			
Miscellaneous	200	200	641
Equipment lease	17,200	17,200	5,875
Total Other Expenditures	<u>17,400</u>	<u>17,400</u>	<u>6,516</u>
Capital Expenditures			
Road drainage/improvements	12,000	12,000	-
Total Capital Expenditures	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Total Maintenance Department	<u>581,950</u>	<u>578,950</u>	<u>553,006</u>
Total Expenditures Road and Bridge Fund	<u>620,400</u>	<u>617,400</u>	<u>577,891</u>
Net Change in Fund Balance	<u>\$ (270,000)</u>	<u>\$ (267,000)</u>	<u>\$ (194,056)</u>

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability										
Service Cost	\$ 35,540	\$ 43,559	\$ 43,765	\$ 39,103	\$ 40,719	\$ 41,980	\$ 43,066			
Interest on the Total Pension Liability	242,969	237,718	232,628	225,805	226,272	218,944	215,973			
Benefit Changes	-	-	-	-	-	-	-			
Difference between Expected and Actual Experience	(33,167)	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	(174,374)	(174,013)	(150,465)	(150,478)	(143,423)	(136,608)	(133,578)			
Net Change in Total Pension Liability	70,968	76,617	82,082	195,597	(1,896)	86,091	53,479			
Total Pension Liability - Beginning	3,420,717	3,344,100	3,262,018	3,066,421	3,068,317	2,982,226	2,928,747			
Total Pension Liability - Ending (a)	\$ 3,491,685	\$ 3,420,717	\$ 3,344,100	\$ 3,262,018	\$ 3,066,421	\$ 3,068,317	\$ 2,982,226			
Plan Fiduciary Net Position										
Employer Contributions	26,065	32,222	28,625	42,009	42,139	45,652	36,554			
Employee Contributions	16,975	16,590	18,888	17,312	16,781	16,278	16,238			
Pension Plan Net Investment Income	643,798	485,085	562,332	(171,257)	507,187	186,888	13,821			
Benefit Payments and Refunds	(174,374)	(174,013)	(150,465)	(150,478)	(143,423)	(136,608)	(133,578)			
Other	7,115	(42,621)	18,948	55,815	(46,547)	28,749	(37,600)			
Net Change in Plan Fiduciary Net Position	519,579	317,263	478,328	(206,599)	376,137	140,959	(104,565)			
Plan Fiduciary Net Position - Beginning	3,806,074	3,488,811	3,010,483	3,217,082	2,840,945	2,699,986	2,804,551			
Plan Fiduciary Net Position - Ending (b)	\$ 4,325,653	\$ 3,806,074	\$ 3,488,811	\$ 3,010,483	\$ 3,217,082	\$ 2,840,945	\$ 2,699,986			
Net Pension Liability/(Asset) - Ending (a) - (b)	(833,968)	(385,357)	(144,711)	251,535	(150,661)	227,372	282,240			
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	123.88%	111.27%	104.33%	92.29%	104.91%	92.59%	90.54%			
Covered Valuation Payroll	\$ 377,215	\$ 368,677	\$ 419,727	\$ 384,706	\$ 372,915	\$ 361,743	\$ 360,850			
Net Pension Liability as a Percentage of Covered Valuation Payroll	(221.09%)	(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 Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered		Actual Contribution as a % of Covered 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%
2021	26,066 *	26,065	1	377,215		6.91%

* Estimated based on a contribution rate of 6.91% and covered valuation payroll of \$377,215.

NOTES TO OTHER
INFORMATION

SHIELDS TOWNSHIP, ILLINOIS

Notes to Other Information

Year Ended February 28, 2022

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 31st.
- 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, 2022

- All appropriations lapse at year-end.
- The budget for Town Fund and Road & Bridge Fund were adopted on March 25, 2021.

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, 2022, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The budget is prepared on the modified cash basis.