

Shields Township, Illinois

Annual Financial Report

For the Year Ended February 28, 2023

SHIELDS TOWNSHIP, ILLINOIS

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Year Ended February 28, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Shields Township, Illinois, as of and for the year ended February 28, 2023, and the related notes to the financial statements, which collectively comprise Shields Township basic financial statements as listed in the table of contents.

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, as of February 28, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shields Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Shields Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shields Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our

opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

GW & Associates, P.C.

GW& Associates, P.C.
Hillside, IL
August 10, 2023

OTHER INFORMATION
MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended February 28, 2023

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, 2023. 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, 2023 by \$2,841,032 (net position). Of this amount, \$855,841 (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 \$236,229.
- At February 28, 2023, the Township's governmental funds reported combined ending fund balances of \$1,273,915, an increase of \$153,381 from the prior year.
- At February 28, 2023, the fund balance for the Town Fund was \$873,910.
- The Township's total net capital assets increased by \$82,848 during the year ended February 28, 2023.

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, 2023

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 \$2,841,032 for the year ended February 28, 2023. A portion of the Township's net position reflects its investment in capital assets; \$1,567,117. 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 \$1,273,915, of which \$418,074 is restricted and \$855,841 is unrestricted.

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended February 28, 2023

Shields Township Net Position

	<u>2/28/2022</u>	<u>2/28/2023</u>
Assets		
Current and Other Assets	\$ 1,124,534	\$ 1,273,915
Capital Assets	1,484,269	1,567,117
Total Assets	<u>\$ 2,608,803</u>	<u>\$ 2,840,879</u>
Liabilities		
Customer Deposits	\$ 4,000	\$ -
Total Liabilities	<u>4000</u>	<u>-</u>
Net Position:		
Net Investment in Capital Assets	1,484,269	1,567,117
Restricted - Road & Bridge	260,096	347,754
Restricted - Motor Fuel Tax	51,183	70,320
Unrestricted	809,255	855,841
Total Net Position	<u>\$ 2,604,803</u>	<u>\$ 2,841,032</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 (\$855,841) may be used to meet the Township's ongoing obligations to citizens and creditors.

At February 28, 2023, the Township is able to report positive balances in all three categories of net position. The Township's net position increased by \$236,229 in comparison with the prior year.

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended February 28, 2023

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, 2022</u>	<u>February 28, 2023</u>
Revenues		
Program Revenues		
Operating Grants	\$ 112,500	\$ -
Charges for Services	7,984	11,335
General Revenues		
Property Taxes	1,033,533	1,025,623
Replacement Taxes	89,256	194,841
Intergovernmental Receiv	14,733	4,874
Interest	1,975	15,091
Other Income	18,420	22,424
Total Revenues	<u>1,278,401</u>	<u>1,274,188</u>
Expenses		
General Government	347,889	497,155
Assessor	305,673	304,948
General Assistance	105,552	17,250
Road and Bridge	218,111	218,606
Total Expenses	<u>977,225</u>	<u>1,037,959</u>
Change in Net Position	301,176	236,229
Net Position - Beginning of Year	<u>2,303,627</u>	<u>2,604,803</u>
Net Position - End of Year	<u>\$ 2,604,803</u>	<u>\$ 2,841,032</u>

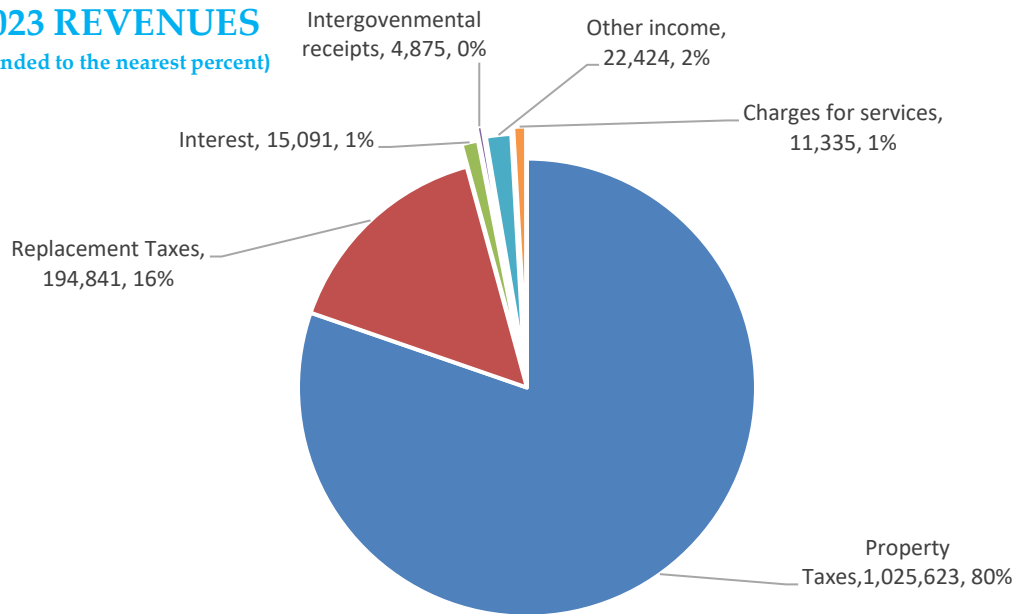
General Assistance expenses have returned to pre-pandemic levels. General expenses have increased in many line items as inflation has increased the cost of goods and services.

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended February 28, 2023

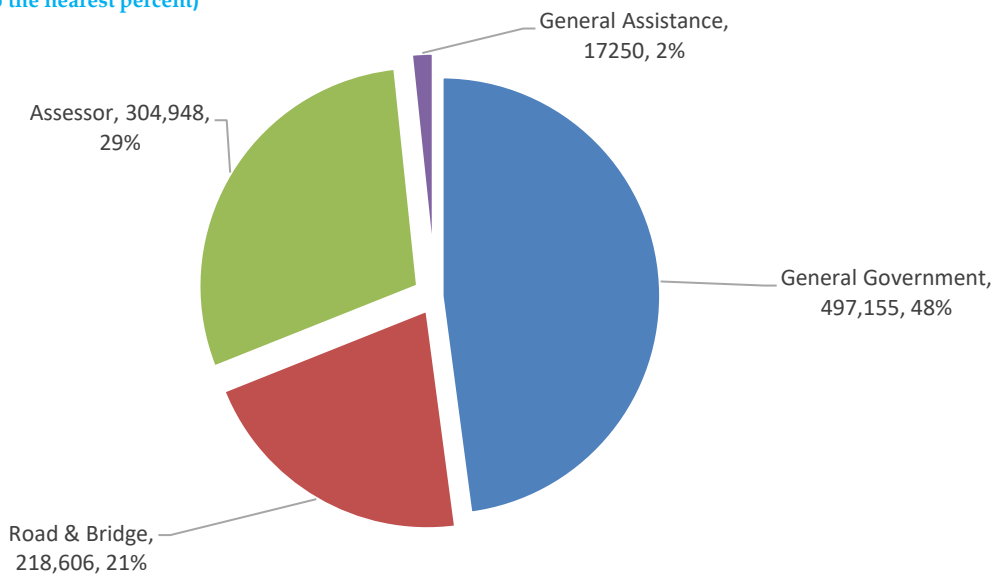
2023 REVENUES

(rounded to the nearest percent)



2023 EXPENSES

(rounded to the nearest percent)



SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended February 28, 2023

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, 2023, the Township's governmental funds reported combined ending fund balances of \$1,306,466, an increase of \$153,381 in comparison with the prior year.

The Town Fund is the main operating fund of the Township. At February 28, 2023, the fund balance of the Town Fund was \$873,910

Town Fund Budgetary Highlights

Expenditures in the General Town Fund of \$802,103 were over revenues by \$63,836 and were \$110,623 more than the appropriation of \$691,480.

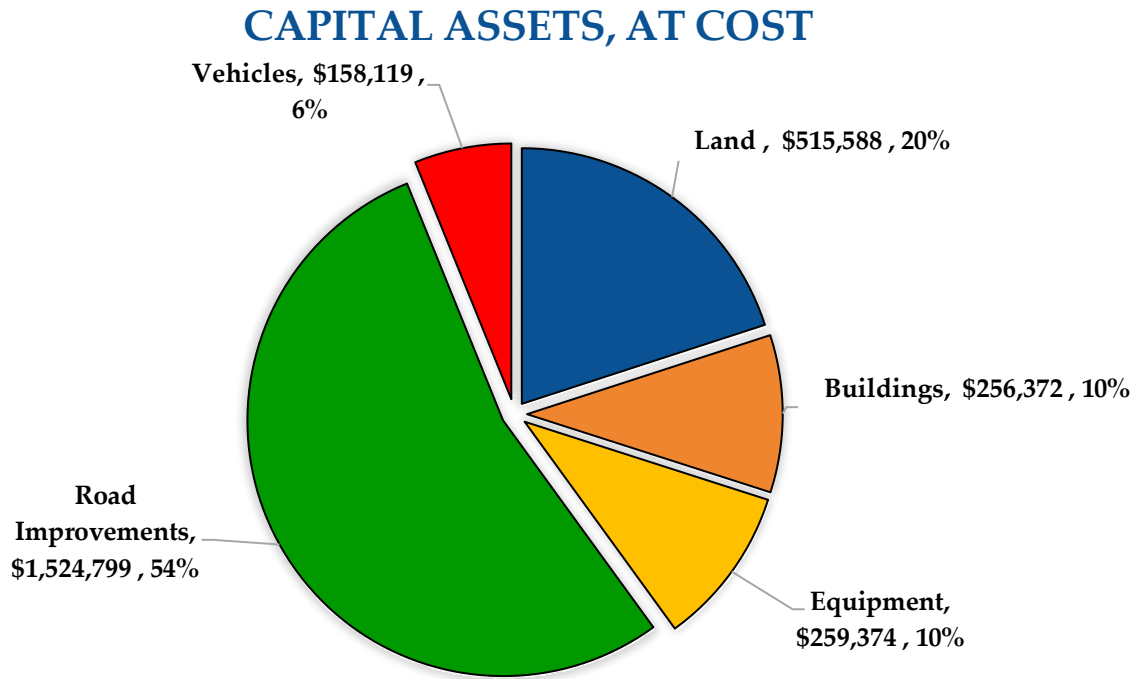
CAPITAL ASSETS

The Township's capital assets for its governmental activities as of February 28, 2023 amount to \$1,567,117 (net of accumulated depreciation). This investment in fixed assets includes land, roads and improvements, buildings and improvements, vehicles, and other equipment. Major capital asset events during the current fiscal year included the following:

	Balance			Balance
	March 1, 2022	Increases	Decreases	February 28, 2023
Capital Assets				
Land	\$ 515,588	\$ -	\$ -	\$ 515,588
Buildings	256,372	-	-	256,372
Equipment	259,374	-	-	259,374
Road Improvements	1,388,747	136,052	-	1,524,799
Vehicles	158,119	-	-	158,119
Total Capital Assets	2,578,200	53,204	-	2,714,252
Less: Accumulated				
Depreciation	1,093,931	53,204	-	1,147,135
Capital Assets (Net)	\$ 1,484,269	\$ 82,484	\$ -	\$ 1,567,117

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended February 28, 2023



ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Township for 2022 is \$1,879,359,835. That represents a decrease in EAV of \$17,157,449 over the prior year's EAV. Taxes recorded in these financial statements are from the 2021 levy. A summary of the assessed valuations and extensions for tax years 2022, 2021 and 2020 is as follows:

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended February 28, 2023

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

Tax Levy Year	2022	2021	2020
Assessed Valuation			
Lake County	\$ 1,879,359,835	\$ 1,862,202,386	\$ 1,881,038,953

Tax Rates and Percentage Allocations by Fund

Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
Corporate	0.047290	63.92	0.036654	51.41	0.035832	51.19
IMRF	0.000265	.36	0.000806	1.14	0.000798	1.14
Road & Bridge	0.026429	35.72	0.033831	47.45	0.033370	47.67
Totals	0.071291	100.00	0.070000	100.00	0.067868	100.00

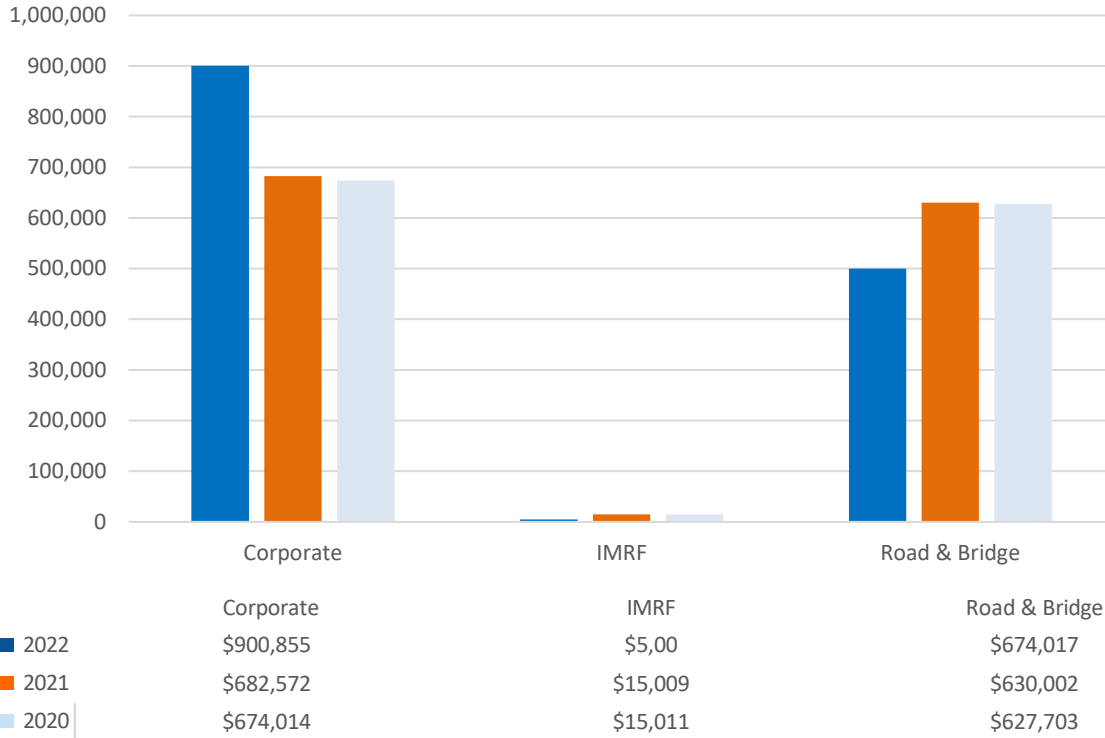
Property Tax Extensions

Funds	2022	2021	2020
Corporate	\$ 900,885	\$ 682,572	\$ 674,014
IMRF	5,000	15,009	15,011
Road & Bridge	500,000	630,002	627,703
Totals	\$ 1,405,885	\$ 1,316,728	\$ 1,300,037

SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
 Year Ended February 28, 2023

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, 2023

Assets	
Cash and investments - at cost	\$ 1,273,915
Capital Assets not being depreciated	515,588
Capital Assets being depreciated, net of depreciation	1,051,529
Capital Assets net of depreciation	<u>1,567,117</u>
Total Assets	<u>\$ 2,841,032</u>
Liabilities	
Total Liabilities	<u>-</u>
Net Position	
Net investment in capital assets	1,567,117
Restricted - General Road & Bridge	347,754
Restricted - Motor Fuel Tax	70,320
Unrestricted	855,841
Total Net Position	<u>\$ 2,841,032</u>

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

SHIELDS TOWNSHIP, ILLINOIS

Governmental Funds - Combined Balance Sheet - Modified Cash Basis

February 28, 2023

	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Assets				
Cash and equivalents	\$ 841,359	\$ 6,982	\$ 425,574	\$ 1,273,915
Due from other funds	32,551	-	-	32,551
Total Assets	\$ 873,910	\$ 6,982	\$ 425,574	\$ 1,306,466
Liabilities				
Due to other funds	-	\$ 25,051	\$ 7,500	\$ 32,551
Total Liabilities	-	25,051	7,500	32,551
Fund Balance				
Nonspendable	-	-	-	-
Restricted - Road and Bridge	-	-	347,754	347,754
Restricted - Motor Fuel Tax	-	-	70,320	70,320
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	873,910	(18,069)	-	855,841
Total Fund Balance	873,910	(18,069)	418,074	1,273,915
Total Liabilities and Fund Balance	\$ 873,910	\$ 6,982	\$ 425,574	\$ 1,306,466

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, 2023

	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Revenues				
Property taxes	\$ 699,219	\$ -	\$ 326,404	\$ 1,025,623
Replacement taxes	128,980	-	65,861	194,841
Municipal passport income	8,019	-	-	8,019
Intergovernmental receipts	-	-	4,874	4,874
Garbage and Refuse	3,316	-	-	3,316
Interest income	15,091	-	-	15,091
Miscellaneous revenue	11,314	-	11,110	22,424
Total Revenues	865,939	-	408,249	1,274,188
Expenditures				
Administrative	497,155	-	10,873	508,028
Assessor	304,948	-	-	304,948
Home relief	-	17,250	-	17,250
Maintenance	-	-	290,581	290,581
Total Expenditures	802,103	17,250	301,454	1,120,807
Net Change in Fund Balance	63,836	(17,250)	106,795	153,381
Balance, beginning of year	810,074	(819)	311,279	1,120,534
Total Fund Balance	\$ 873,910	\$ (18,069)	\$ 418,074	\$ 1,273,915

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, 2023*

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

Total Fund Balances -Total Governmental Funds	\$ 1,273,915
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation	1,567,117
Total Net Position of Governmental Activities	<u><u>\$ 2,841,032</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	\$ 153,381
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)	82,848
Changes in Net Position Governmental Funds	<u><u>\$ 236,229</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, 2023

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 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, 2023

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.

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, 2023

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 year-end.

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, 2023

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. 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, 2023.

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, 2023

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 2022 Town levy was passed by the board on December 13, 2022 and the Road levy was passed by the board on December 13, 2022. 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, 2023, the carrying amount of the Township's deposits totaled \$1,273,915 and the bank balances totaled \$1,203,440. 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, 2023, 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, \$1,203,440 is FDIC insured or collateralized.

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2023

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 Annual Comprehensive 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, 2023

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, 2022, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	12
Inactive Plan Members entitled to but no yet receiving benefits	8
Active Plan Member	<u>3</u>
Total	23

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 2022 was 4.63%. For the fiscal year ended February 28, 2023, the Township contributed \$11,743 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, 2022. 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, 2022:

- 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, 2023

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, 2023

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:

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	\$ 3,848,833	\$ 3,527,634	\$ 3,303,668
Plan Fiduciary Net Position	3,674,796	3,674,796	3,674,796
Net Pension Liability/(Asset)	\$ 174,037	\$ (147,162)	(371,128)

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2023

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

Calendar Year Ended December 31, 2022

A. Total pension liability	
1. Service Cost	\$ 35,612
2. Interest on the Total Pension Liability	245,856
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	(8,772)
5. Changes of assumptions	-
6. Benefit payments, including re funds of employee contributions	(236,747)
7. Net change in total pension liability	65,949
8. Total pension liability – beginning	3,491,685
9. Total pension liability – ending	<u>\$ 3,527,634</u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 24,982
2. Contributions – employee	11,413
3. Net investment income	(539,861)
4. Benefit payments, including re funds of employee contributions	(236,747)
5. Other (Net Transfer)	89,956
6. Net change in plan fiduciary net position	(650,857)
7. Plan fiduciary net position – beginning	4,325,653
8. Plan fiduciary net position – ending	<u>\$ 3,674,796</u>
C. Net pension liability/(asset)	<u>\$ (147,162)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	104.17%
E. Covered Valuation payroll	\$ 253,618
F. Net pension liability as a percentage of covered valuation payroll	(58.03%)

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2023

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, 2023, the Township recognized pension income of \$90,823. At February 28, 2023, 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 experience	\$ -	\$ 9,396
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	291,454	-
Total Deferred Amounts to be recognized in pension expense in future periods	<u>291,424</u>	9,396
Pension Contributions made subsequent to Measurement date	1,801	
Total Deferred Amounts Related to Pensions	<u><u>\$ 293,255</u></u>	<u><u>\$ 9,396</u></u>

Pension contributions subsequent to the measurement date will be recognized in pension expense in the following fiscal year. 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 February 28</u>	<u>Net Deferred Outflows of Resources</u>
2024	(29,560)
2025	46,281
2026	95,416
2027	169,891
2028	-
Thereafter	-
Total	<u><u>\$ 282,028</u></u>

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2023

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 Contribution Rate *

Valuation Date:

December 31, 2022

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 2022 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): 21-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 16 years for most employers (five employers were financed over 17 years; one employer was financed over 18 years; two employers were financed over 19 years; one employer was financed over 20 years; four employers were financed over 26 years and one employer was financed over 27 years).

Asset Valuation Method

5-Year smoothed market; 20% corridor

Wage growth

2.75%

Price Inflation

2.25%

Salary Increases

2.85% to 13.75% 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 2020 valuation pursuant to an experience study of the period 2017-2019.

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, 2020 actuarial valuation

SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 28, 2023

NOTE 4 – CHANGES IN CAPTIAL ASSETS

	Balance			Balance
Capital Assets	March 1, 2022	Increases	Decreases	February 28, 2023
Land	\$ 515,588	\$ -	\$ -	\$ 515,588
Buildings and Improvements	37,194	-	-	37,194
Leasehold Improvements	219,178	-	-	219,178
Road Improvements	1,388,747	136,052	-	1,524,799
Furniture and Equipment	19,404	-	-	19,404
Machinery and Equipment	239,970	-	-	239,970
Vehicles	<u>158,119</u>	<u>-</u>	<u>-</u>	<u>158,119</u>
Total Capital Assets	2,578,200	136,052	-	2,714,252
Less: Accumulated				
Depreciation	<u>1,093,931</u>	<u>53,204</u>	<u>-</u>	<u>1,147,135</u>
Captial Assets (Net)	<u>\$ 1,484,269</u>	<u>\$ 82,848</u>	<u>\$ -</u>	<u>\$ 1,567,117</u>

Depreciation by Governmental Activity

General Government	\$ 106
Road & Bridge	<u>53,098</u>
Total Governmental Activities	<u>\$ 53,204</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, 2023 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, 2023

NOTE 7 – LONG TERM DEBT

The township did not have any long term debt at the end of fiscal year 2023.

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, 2023

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Property taxes	\$ 689,000	\$ 689,000	\$ 699,219
Replacement taxes	25,000	25,000	128,980
Interest income	500	500	15,091
Municipal passport income	6,500	6,500	8,019
Garbage and Refuse	1,200	1,200	3,316
Miscellaneous revenue	5,000	5,000	11,314
Total Revenues	727,200	727,200	865,939
General and Administrative			
Personnel			
Elected officials salaries	60,000	60,000	79,255
Staff salaries	66,000	66,000	94,179
Health & dental ins-staff	4,000	4,000	10,763
Employers FICA	15,800	15,800	30,240
Employers SUTA	500	500	957
Employers workers comp	8,000	8,000	17,425
Employers IMRF	8,000	8,000	10,839
Total Personnel	162,300	162,300	243,658
Contractual Services			
Senior snow and grass program	7,000	7,000	-
Building maintenance	-	-	26,591
Liability insurance	9,500	9,500	14,552
Dial-a-ride	3,000	3,000	2,478
Legal services	75,000	75,000	101,870
Computer assistance	2,000	2,000	4,133
Computer maintenance/software	3,000	3,000	6,571
Dues & conferences	2,000	2,000	-
Equipment rental	3,000	3,000	2,670
Accounting	30,000	30,000	30,250
Postage	1,000	1,000	302
Printing	700	700	4,748
Publishing	500	500	-
Office rental	20,000	20,000	20,315
Real estate taxes	3,200	3,200	-
Website management	2,000	2,000	3,819

Contractual Services (Continued)

SHIELDS TOWNSHIP, ILLINOIS

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

For the Year Ended February 28, 2023

	Original Budget	Final Budget	Modified Cash Basis
Telephone	\$ 4,000	\$ 4,000	\$ 5,818
Travel	1,000	1,000	-
Training	500	500	584
Bank fees	500	500	1,196
Maintenance services/refuse	4,800	4,800	-
Utilities	5,500	5,500	-
Professional Services	-	-	2,946
E/A Partnership Fund	20,000	20,000	20,000
Discretionary - supervisor	2,000	2,000	-
Contingencies	-	-	140
Total Contractual Services	200,200	200,200	248,983
General and Administrative			
Commodities			
Office supplies	1,500	1,500	3,548
Office Equipment	-	-	182
Traffic light maintenance	1,300	1,300	-
Miscellaneous expense	1,000	1,000	785
Total Commodities	3,800	3,800	4,514
Total General and Administrative	366,300	366,300	497,155
Assessor Office			
Personnel			
Staff salaries	150,000	150,000	68,872
Health & dental insurance	31,000	31,000	15,205
Employers FICA	9,000	9,000	7,266
Employers SUTA	400	400	677
Employers IMRF	6,000	6,000	8,305
Total Personnel	196,400	196,400	100,325
Contractual Services			
Building maintenance	5,000	5,000	2,740
Accounting	3,000	3,000	-
Legal services	500	500	10,388
Website management	600	600	3,014
Computer assistance	20,000	20,000	5,998
Printing	200	200	-

SHIELDS TOWNSHIP, ILLINOIS

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

For the Year Ended February 28, 2023

	Original Budget	Final Budget	Modified Cash Basis
Contractual Services (Continued)			
Utilities	\$ 4,300	\$ 4,300	\$ -
Office rental	20,000	20,000	10,939
Real estate taxes	3,200	3,200	-
Telephone	4,000	4,000	2,619
Training	2,000	2,000	1,155
Travel	3,000	3,000	2,096
Total Contractual Services	65,800	65,800	38,949
Commodities			
Office supplies	1,400	1,400	1,174
Postage	200	200	53
Dues & conferences	480	480	470
Miscellaneous expense	300	300	1,650
Total Commodities	2,380	2,380	3,347
Capital Expenditures			
Computer software/hardware	3,500	3,500	310
Equipment	1,100	1,100	887
Total Capital Expenditures	4,600	4,600	1,197
Other Expenditures			
Professional services	56,000	56,000	161,130
Total Other Expenditures	56,000	56,000	161,130
Total Assessor Office	325,180	325,180	304,948
Total Expenditures Town Fund	691,480	691,480	802,103
Net Change in Fund Balance	\$ 35,720	\$ 35,720	\$ 63,836

SHIELDS TOWNSHIP, ILLINOIS

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

For the Year Ended February 28, 2023

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Grants and donations	\$ 125,000	\$ 125,000	\$ -
Total Revenues	125,000	125,000	-
Expenditures			
Home Relief			
Catastrophoc medical insurance	2,400	2,400	2,360
Utilites	2,000	2,000	500
Shelter	3,000	3,000	1,350
Transporation	1,000	1,000	-
Food	1,000	1,000	-
Personal incidentals	100	100	500
FERA grant expenses	125,000	125,000	7,235
Employment services	1,500	1,500	-
Snow Removal	-	-	895
Miscellaneous expense	1,000	1,000	-
Total Home Relief	137,000	137,000	12,840
Emergency Assistance			
Miscellaneous expense	1,800	1,800	-
Personal incidentals	1,300	1,300	-
Transporation	1,700	1,700	-
Shelter	8,000	8,000	1,475
Prescriptions	200	200	-
Utilities	4,000	4,000	2,935
Total Emergency Assistance	17,000	17,000	4,410
Total Expenditures General Assistance Fund	154,000	154,000	17,250
Net Change in Fund Balance	\$ (29,000)	\$ (29,000)	\$ (17,250)

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, 2023

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Property taxes	\$ 332,400	\$ 332,400	\$ 326,404
Replacement taxes	12,000	12,000	65,861
Interest income	4,000	4,000	-
Motor Fuel tax	1,000	1,000	4,874
Miscellaneous income	1,000	1,000	11,110
Total Revenues	350,400	350,400	408,249
Expenditures			
General and Administrative			
Personnel			
Admin. salaries	1,000	1,000	-
Health & dental insurance	500	500	252
Employer's FICA	6,000	6,000	5,533
Unemployment insurance	800	800	672
Workmen compensation	6,000	6,000	616
IMRF contribution	-	-	-
Total Personnel	14,300	14,300	7,073
Contractual Services			
Liability insurance	10,000	10,000	-
Accounting services	4,900	4,900	-
Legal services	2,000	2,000	98
Julie fees	(450)	(450)	-
NPDES fees	(1,000)	(1,000)	-
Medical/drug testing	(400)	(400)	-
Website Mgmt	-	-	363
Postage	200	200	-
Telephone	2,200	2,200	2,275
Publishing	100	100	217
Printing	150	150	-
Dues & conferences	300	300	-
Travel	200	200	-
Training	250	250	-

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, 2023

	Original Budget	Final Budget	Modified Cash Basis
Contractual Services (Continued)			
Replacement tax sharing	\$ 100	\$ 100	\$ -
Bank Charges	-	-	487
Total Contractual Services	18,550	18,550	3,440
Commodities			
Office supplies	400	400	360
Office equipment	200	200	-
Total Commodities	600	600	360
Other Expenditures			
Miscellaneous expense	2,500	2,500	-
Total Other Expenditures	2,500	2,500	-
Total General and Administrative	35,950	35,950	10,873
Maintenance Department			
Personnel			
Saff salaries	82,000	82,000	71,379
Uniforms	400	400	-
Total Personnel	82,400	82,400	71,379
Contractual Services			
Maintenance services - building	5,000	5,000	5,952
Maintenance services - equipment	42,000	42,000	19,551
Maintenance services - roads	340,000	340,000	144,762
Maintenance services - tree services	15,000	15,000	4,000
Maintenance Traffic Signal	-	-	1,029
Street lighting	14,000	14,000	14,047
Truck Testing	150	150	-
Road signs	1,000	1,000	1,986
Utilities	5,000	5,000	3,983
Engineering service	15,000	15,000	510
Rentals	1,500	1,500	-
Total Contractual Services	438,650	438,650	195,820

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, 2023

	Original Budget	Final Budget	Modified Cash Basis
Maintenance Department (Concluded)			
Commodities			
Maintenance supplies - building	\$ 1,000	\$ 1,000	\$ 666
Maintenance supplies - equipment	2,000	2,000	2,140
Maintenance supplies - snow removal	-	-	7,720
Fuel	13,000	13,000	4,423
Road Salt	20,000	20,000	3,695
Small tools	1,500	1,500	1,798
Total Commodities	<u>37,500</u>	<u>37,500</u>	<u>20,442</u>
Other Expenditures			
Equipment lease	10,200	10,200	34
Contingencies	-	-	2,800
Total Other Expenditures	<u>10,200</u>	<u>10,200</u>	<u>2,834</u>
Capital Expenditures			
Road drainage/improvements	12,000	12,000	106
Total Capital Expenditures	<u>12,000</u>	<u>12,000</u>	<u>106</u>
Total Maintenance Department	<u>580,750</u>	<u>580,750</u>	<u>290,581</u>
Total Expenditures Road and Bridge Fund	<u>616,700</u>	<u>616,700</u>	<u>301,454</u>
Net Change in Fund Balance	<u>\$ (266,300)</u>	<u>\$ (266,300)</u>	<u>\$ 106,795</u>

SHIELDS TOWNSHIP, ILLINOIS
Schedule of 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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service Cost	\$ 35,612	\$ 35,540	\$ 43,559	\$ 43,765	\$ 39,103	\$ 40,719	\$ 41,980	\$ 43,066		
Interest on the Total Pension Liability	245,856	242,969	237,718	232,628	225,805	226,272	218,944	215,973		
Benefit Changes	-	-	-	-	-	-	-	-		
Difference between Expected and Actual Experience	(8,772)	(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	(236,747)	(174,374)	(174,013)	(150,465)	(150,478)	(143,423)	(136,608)	(133,578)		
Net Change in Total Pension Liability	35,949	70,968	76,617	82,082	195,597	(1,896)	86,091	53,479		
Total Pension Liability - Beginning	3,491,685	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)	\$ 3,527,634	\$ 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	24,832	26,065	32,222	28,625	42,009	42,139	45,652	36,554		
Employee Contributions	11,413	16,975	16,590	18,888	17,312	16,781	16,278	16,238		
Pension Plan Net Investment Income	(539,861)	643,798	485,085	562,332	(171,257)	507,187	186,888	13,821		
Benefit Payments and Refunds	(236,747)	(174,374)	(174,013)	(150,465)	(150,478)	(143,423)	(136,608)	(133,578)		
Other	89,956	7,115	(42,621)	18,948	55,815	(46,547)	28,749	(37,600)		
Net Change in Plan Fiduciary Net Position	(650,857)	519,579	317,263	478,328	(206,599)	376,137	140,959	(104,565)		
Plan Fiduciary Net Position - Beginning	4,325,653	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)	\$ 3,674,796	\$ 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)	(147,162)	(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	104.17%	123.88%	111.27%	104.33%	92.29%	104.91%	92.59%	90.54%		
Covered Valuation Payroll	\$ 253,618	\$ 377,215	\$ 368,677	\$ 419,727	\$ 384,706	\$ 372,915	\$ 361,743	\$ 360,850		
Net Pension Liability as a Percentage of Covered Valuation Payroll	(58.03%)	(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%
2022	11,743 *	24,832	(13,089)	253,618		9.79%

* Estimated based on a contribution rate of 4.63% and covered valuation payroll of \$253,618.

NOTES TO OTHER
INFORMATION

SHIELDS TOWNSHIP, ILLINOIS

Notes to Other Information

Year Ended February 28, 2023

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, 2023

- All appropriations lapse at year-end.
- The budget for Town Fund and Road & Bridge Fund were adopted on March 23, 2022.

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, 2023, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The budget is prepared on the modified cash basis. The Town fund expended \$90,543 more than appropriations.