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

***ANNUAL FINANCIAL REPORT***

***FEBRUARY 29, 2020***

**edercasella & co**

TOWN OF SHIELDS  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Town of Shields (Township), Lake County, Illinois as of and for the year ended February 29, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Town of Shields as of February 29, 2020, and the respective changes in financial position-modified cash basis thereof for the year then ended on the basis of accounting described in Note 1.

## **Basis of Accounting**

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

## **Other Matters**

### *Other Information*

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

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 13, 2020

SUPPLEMENTAL INFORMATION

# **TOWN OF SHIELDS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Town of Shields (Township), we offer readers of the Township's statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended February 29, 2020.

### **FINANCIAL HIGHLIGHTS**

- The Township's total net position increased \$68,596 compared to the prior year.
- Of the total capital assets of \$1,194,162, 57%, or \$676,012, are allocated to the Road and Bridge Fund. The remainder is allocated to the General Fund.
- At February 29, 2020, the General Fund and Road and Bridge Fund combine to report ending fund balances of \$1,049,083, an increase of \$103,283 from the prior year. Of this total amount, \$105,047 is restricted, \$333,717 is assigned in the Road and Bridge Fund, and the balance (\$610,319) is available to meet the obligations of the Township (unassigned fund balance).

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Position – Modified Cash Basis presents information on all of the Township's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities – Modified Cash Basis presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported on the cash basis as soon as cash is received or disbursed, regardless of when the underlying event giving rise to the change occurs.

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

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

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are governmental funds.

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Township's near-term financing decisions. Both the governmental fund Statement of Assets, Liabilities, and Fund Balance – Modified Cash Basis and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 23 of this report.

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

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

The budgetary comparison statements and related notes can be found on pages 24 through 35 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$2,219,947 at the close of the most recent fiscal year.

Town of Shields' Net Position

	Governmental Activities	
	2/29/2020	2/28/2019
Current and Other Assets	\$ 1,060,652	\$ 956,387
Capital Assets	1,194,162	1,244,175
Total Assets	\$ 2,254,814	\$ 2,200,562
Long-Term Liabilities Outstanding	\$ 23,298	\$ 38,624
Other Liabilities	11,569	10,587
Total Liabilities	\$ 34,867	\$ 49,211
Net Position		
Net Investment in Capital Assets	\$ 1,170,864	\$ 1,205,551
Restricted	105,047	37,852
Unrestricted	944,036	907,948
Total Net Position	\$ 2,219,947	\$ 2,151,351



The largest portion of the Township's net position (\$1,170,864) reflects its investment in capital assets (e.g., land, buildings, building improvements, leasehold improvements, infrastructure, furniture and fixtures, machinery and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. A majority of these assets (57%) are allocated to Road and Bridge.

An additional portion of the Township's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Township's ongoing obligations to citizens and creditors.

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

**Governmental activities** - Governmental activities increased the Township's net position by \$68,596. Key elements of this increase are as follows:

Town of Shields' Change in Net Position

	Governmental Activities	
	2/29/2020	2/28/2019
Revenues		
Program Revenues		
Charges for Services	\$ 22,501	\$ 24,608
Operating Grants and Contributions	-	65,075
General Revenues		
Property Taxes	986,976	976,247
Motor Fuel Tax	5,870	4,433
Personal Property Replacement Tax	55,557	43,002
Unrestricted Investment Earnings	31,256	23,547
Other	4,098	5,177
Total Revenues	<u>\$ 1,106,258</u>	<u>\$ 1,142,089</u>
Expenses		
General Government	\$ 357,565	\$ 369,708
Assessor	377,020	338,075
Road and Bridge	236,705	409,715
Community Assistance and Services	60,163	133,980
Interest and Fees on Long-Term Debt	1,847	2,712
Depreciation - Unallocated	4,362	11,497
Total Expenses	<u>\$ 1,037,662</u>	<u>\$ 1,265,687</u>
Increase/(Decrease) in Net Position	\$ 68,596	\$ (123,598)
Net Position - Beginning of Year	2,151,351	2,274,949
Net Position - End of Year	<u>\$ 2,219,947</u>	<u>\$ 2,151,351</u>

Revenues decreased in the current year due to no longer receiving grant funding that have been received in past years.

Expenses decreased due to significantly less road paving expenses in the current year.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

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

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

The fund balance of the Township's General Fund increased by \$3,224 during the current fiscal year. The fund balance of the Road and Bridge Fund increased by \$100,059 during the current fiscal year.

The increase in the Road and Bridge Fund balance is primarily due to a decrease in road paving expenditures.

### GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Personal Property Replacement Taxes exceeded budgeted Personal Property Replacement Taxes by \$14,783 and Investment income also exceed budgeted amounts by \$15,531. In total, actual revenues exceeded budgeted revenues by \$31,916.
- Actual expenditures exceeded budgeted expenditures by \$1,589. This was primarily attributable to higher than expected salaries.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

The Township's investment in capital assets for its governmental activities as of February 29, 2020 amounts to \$1,194,162 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, leasehold improvements, infrastructure, furniture and fixtures, machinery and equipment, and vehicles. The net decrease in the Township's investment in capital assets for the current fiscal year was \$50,013 and was due to current year depreciation expense.

Town of Shields' Capital Assets  
(net of depreciation)

	Governmental Activities	
	2/29/2020	2/28/2019
Land	\$ 515,588	\$ 515,588
Buildings	1,321	1,586
Building Improvements	14,678	15,547
Leasehold Improvements	-	3,652
Infrastructure	600,766	633,462
Furniture and Fixtures	283	1,125
Machinery and Equipment	61,526	70,468
Vehicles	-	2,747
Total	<u>\$ 1,194,162</u>	<u>\$ 1,244,175</u>

Additional information on the Township's capital assets can be found in note 4 on page 19 of this report.

#### Long-Term Debt

At February 29, 2020, the Township had total debt outstanding of \$23,298. All of this debt is collateralized by equipment.

Town of Shields' Outstanding Debt

	Governmental Activities	
	2/29/2020	2/28/2019
Equipment Loan	\$ 23,298	\$ 38,624
Total	<u>\$ 23,298</u>	<u>\$ 38,624</u>

The Township's total debt decreased by \$15,326 during the year ended February 29, 2020. The key factor in the decrease was payments made on the loan.

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Trustees of the Township considered various factors in preparing the appropriations ordinance for the Township for the 2021 fiscal year.

## **REQUESTS FOR INFORMATION**

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

## BASIC FINANCIAL STATEMENTS

TOWN OF SHIELDS  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
 FEBRUARY 29, 2020

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 627,471
Investments	396,731
Due from Other Governments	36,450
Capital Assets	
Land	515,588
Other Capital Assets, Net of Depreciation	678,574
Total Assets	\$ 2,254,814
<b>LIABILITIES</b>	
Unremitted Payroll Withholdings	\$ 7,569
Deposits	4,000
Long-Term Liabilities	
Due Within One Year	16,244
Due in More Than One Year	7,054
Total Liabilities	\$ 34,867
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 1,170,864
Restricted for:	
Road and Bridge	77,560
Illinois Municipal Retirement	27,487
Unrestricted / (Deficit)	944,036
Total Net Position	\$ 2,219,947

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

TOWN OF SHIELDS  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED FEBRUARY 29, 2020

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Functions/Programs			
Governmental Activities			
General Government	\$ 357,565	\$ 22,501	\$ (335,064)
Assessor	377,020	-	(377,020)
Road and Bridge	236,705	-	(236,705)
Community Assistance and Services	60,163	-	(60,163)
Interest and Fees on Long-Term Debt	1,847	-	(1,847)
Depreciation - Unallocated	4,362	-	(4,362)
Total Governmental Activities	\$ 1,037,662	\$ 22,501	\$ (1,015,161)
Total Primary Government	\$ 1,037,662	\$ 22,501	\$ (1,015,161)
General Revenues			
Taxes			
Property Taxes			\$ 986,976
Motor Fuel Tax			5,870
Personal Property Replacement Taxes			55,557
Unrestricted Investment Earnings			31,256
Other Income			4,098
Total General Revenues			\$ 1,083,757
Change in Net Position			\$ 68,596
Net Position - Beginning of Year			2,151,351
Net Position - End of Year			\$ 2,219,947

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

TOWN OF SHIELDS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF ASSETS, LIABILITIES, AND  
 FUND BALANCE - MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 AS OF FEBRUARY 29, 2020

	General Fund	Road and Bridge Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 244,535	\$ 382,936	\$ 627,471
Investments	396,731	-	396,731
Due from Other Governments	-	36,450	36,450
Due from Other Funds	3,500	-	3,500
<b>Total Assets</b>	<b>\$ 644,766</b>	<b>\$ 419,386</b>	<b>\$ 1,064,152</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Unremitted Payroll Withholdings	\$ 6,960	\$ 609	\$ 7,569
Deposits	-	4,000	4,000
Due to Other Funds	-	3,500	3,500
<b>Total Liabilities</b>	<b>\$ 6,960</b>	<b>\$ 8,109</b>	<b>\$ 15,069</b>
<b>Fund Balance</b>			
<b>Restricted</b>			
Illinois Municipal Retirement	\$ 27,487	\$ -	\$ 27,487
Road and Bridge	-	77,560	77,560
<b>Assigned</b>			
Road and Bridge	-	333,717	333,717
Unassigned	610,319	-	610,319
<b>Total Fund Balance</b>	<b>\$ 637,806</b>	<b>\$ 411,277</b>	<b>\$ 1,049,083</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 644,766</b>	<b>\$ 419,386</b>	<b>\$ 1,064,152</b>

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

TOWN OF SHIELDS  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,  
 AND FUND BALANCE - MODIFIED CASH BASIS TO THE  
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
 FEBRUARY 29, 2020

Total Fund Balances - Governmental Funds	\$ 1,049,083
Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital Assets, net of accumulated depreciation	1,194,162
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Loans Payable	<u>(23,298)</u>
Net Position of Governmental Activities	<u><u>\$ 2,219,947</u></u>

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



TOWN OF SHIELDS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED FEBRUARY 29, 2020

	General Fund	Road and Bridge Fund	Total Governmental Funds
<b>REVENUE RECEIVED</b>			
Local Taxes			
Property Taxes	\$ 673,303	\$ 313,673	\$ 986,976
Intergovernmental			
Motor Fuel Tax	-	5,870	5,870
Personal Property Replacement Taxes	40,783	14,774	55,557
Other Local Sources			
Interest	5,407	7,725	13,132
Net Increase/(Decrease) in Fair Value of Investments	18,124	-	18,124
Passports	22,201	-	22,201
Phoenix Rising Rental Income	300	-	300
Miscellaneous			
Other	4,098	-	4,098
	<u>\$ 764,216</u>	<u>\$ 342,042</u>	<u>\$ 1,106,258</u>
<b>EXPENDITURES DISBURSED</b>			
<b>CURRENT</b>			
General Government	\$ 323,809	\$ 33,451	\$ 357,260
Community Assistance and Services	60,163	-	60,163
Assessor	377,020	-	377,020
Road and Bridge	-	111,614	111,614
<b>DEBT SERVICE</b>			
Principal	-	15,326	15,326
Interest and Fees	-	1,847	1,847
<b>CAPITAL OUTLAY</b>			
	-	79,745	79,745
	<u>\$ 760,992</u>	<u>\$ 241,983</u>	<u>\$ 1,002,975</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 3,224</b>	<b>\$ 100,059</b>	<b>\$ 103,283</b>
<b>FUND BALANCE - MARCH 1, 2019</b>	<u>634,582</u>	<u>311,218</u>	<u>945,800</u>
<b>FUND BALANCE - FEBRUARY 29, 2020</b>	<u><u>\$ 637,806</u></u>	<u><u>\$ 411,277</u></u>	<u><u>\$ 1,049,083</u></u>

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

TOWN OF SHIELDS  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 YEAR ENDED FEBRUARY 29, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 103,283
<p>Amounts reported for governmental activities in the Statement of Activities - Modified Cash Basis are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities - Modified Cash Basis the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.</p>	
Depreciation Expense	(50,013)
<p>Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis, but the repayment reduces long-term liabilities in the Statement of Net Position - Modified Cash Basis and is therefore not reported in the Statement of Activities - Modified Cash Basis.</p>	
Repayment of Long-Term Debt	<u>15,326</u>
Change in Net Position of Governmental Activities	<u><u>\$ 68,596</u></u>

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

TOWN OF SHIELDS  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 29, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*A. Reporting Entity*

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

*B. Basic Financial Statements – Government-Wide Financial Statements*

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

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

The government-wide Statement of Activities – Modified Cash Basis reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, unrestricted investment earnings, etc.). The Statement of Activities – Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, assessor, road and bridge and community assistance and services). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The Township did not receive any capital grants during the year ended February 29, 2020.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

The Township does not allocate indirect costs.

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

### *C. Basic Financial Statements – Fund Financial Statements*

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

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

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

#### *Governmental Funds*

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

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

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

### *D. Basis of Accounting*

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

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

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services

## NOTES TO FINANCIAL STATEMENTS (Continued)

received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

### *E. Cash and Cash Equivalents and Investments*

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

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

### *F. Inventories*

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

### *G. Interfund Activities*

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

### *H. Capital Assets*

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

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

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

### I. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position – Modified Cash Basis. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis, rather than expensed in the current year. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures in the year they occur.

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

### J. *Government-Wide Net Position*

Net position is divided into three components:

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

### K. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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

L. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the Township’s district on or before the last Tuesday in December. The 2018 tax levies were passed by the Board on December 14, 2017. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year and are payable in two installments early in June and early in September of the following calendar year. The Township receives significant distributions of tax receipts approximately one month after these dates.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

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

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

**NOTE 3 - FAIR VALUE MEASUREMENT**

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of February 29, 2020:

	2/29/2020	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Investments by fair value level</b>			
Certificates of Deposit	\$ 396,731	\$ -	\$ 396,731
Total Investments by fair value level	\$ 396,731	\$ -	\$ 396,731

All investments are priced using evaluated pricing.

NOTES TO FINANCIAL STATEMENTS (Continued)

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended February 29, 2020 was as follows:

	Balance 3/1/2019	Increases	Decreases	Balance 2/29/2020
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Land	\$ 515,588	\$ -	\$ -	\$ 515,588
	<u>\$ 515,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,588</u>
Other Capital Assets				
Buildings	\$ 19,839	\$ -	\$ -	\$ 19,839
Building Improvements	17,355	-	-	17,355
Leasehold Improvements	219,178	-	-	219,178
Infrastructure	994,070	-	-	994,070
Furniture and Fixtures	19,404	-	-	19,404
Machinery and Equipment	239,970	-	-	239,970
Vehicles	158,119	-	-	158,119
	<u>\$ 1,667,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,667,935</u>
Less Accumulated Depreciation for:				
Buildings	\$ 18,253	\$ 265	\$ -	\$ 18,518
Building Improvements	1,808	869	-	2,677
Leasehold Improvements	215,526	3,652	-	219,178
Infrastructure	360,608	32,696	-	393,304
Furniture and Fixtures	18,279	842	-	19,121
Machinery and Equipment	169,502	8,942	-	178,444
Vehicles	155,372	2,747	-	158,119
	<u>\$ 939,348</u>	<u>\$ 50,013</u>	<u>\$ -</u>	<u>\$ 989,361</u>
Other Capital Assets, Net	<u>\$ 728,587</u>	<u>\$ (50,013)</u>	<u>\$ -</u>	<u>\$ 678,574</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><u>\$ 1,244,175</u></u>	<u><u>\$ (50,013)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,194,162</u></u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Government	\$ 305
Road and Bridge	45,346
Unallocated	4,362
<b>Total Governmental Activities Depreciation Expense</b>	<u><u>\$ 50,013</u></u>

**NOTE 5 - LONG-TERM LIABILITY ACTIVITY**

Long-term liability activity for the year ended February 29, 2020 was as follows:

	Balance 3/1/2019	Additions	Retirement	Balance 2/29/2020	Amounts Due Within One Year
<b>Governmental Activities</b>					
Long-Term Debt					
Equipment Loan	\$ 38,624	\$ -	\$ 15,326	\$ 23,298	\$ 16,244
Total Long-Term Debt	<u>\$ 38,624</u>	<u>\$ -</u>	<u>\$ 15,326</u>	<u>\$ 23,298</u>	<u>\$ 16,244</u>
<b>Total Governmental Activities</b>					
<b>Long-Term Liabilities</b>	<u><u>\$ 38,624</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,326</u></u>	<u><u>\$ 23,298</u></u>	<u><u>\$ 16,244</u></u>



NOTES TO FINANCIAL STATEMENTS (Continued)

Liabilities payable consist of the following at February 29, 2020:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<b>Governmental Activities</b>				
Equipment Loan	7/10/2021	5.83%	\$ 74,688	\$ 23,298

At February 29, 2020 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending February 29	Principal	Interest	Total
2021	\$ 16,244	\$ 929	\$ 17,173
2022	7,054	102	7,156
	<u>\$ 23,298</u>	<u>\$ 1,031</u>	<u>\$ 24,329</u>

**NOTE 6 - INTERFUND LOANS**

There was an interfund loan of \$3,500 from Road & Bridge Fund to the Town Fund as of February 29, 2020 due for administrative costs.

**NOTE 7 - DEFICIT FUND BALANCES**

There were no funds with a deficit fund balance as of February 29, 2020.

**NOTE 8 - PROPERTY TAXES**

Property taxes recorded in these financial statements are from the 2018 tax levies. A summary of the assessed valuation, rates, and extensions for the years 2018, 2017, and 2016 follows:

Tax Year	2018		2017		2016	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
Assessed Valuation	\$1,909,637,243		\$1,906,304,728		\$1,829,815,385	
Corporate	0.0134	\$ 656,018	0.0334	\$ 636,229	0.0337	\$ 616,007
Illinois Municipal Retirement	0.0010	19,001	0.0020	37,974	0.0022	40,018
*Road and Bridge	0.0313	314,219	0.0305	307,452	0.0310	298,568
	<u>0.0457</u>	<u>\$ 989,238</u>	<u>0.0659</u>	<u>\$ 981,655</u>	<u>0.0669</u>	<u>\$ 954,593</u>

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

**NOTE 9 - OPERATING LEASES**

The Township had a rental agreement with the Board of Education of School District No. 65 for the second floor of the West Elementary School Building. The agreement is for 30 years beginning July 1, 1999 and ending June 30, 2029. The building has since been sold and payments are now being made to the Korogluyan Family Trust. The annual rent during the first year of the lease was \$26,116 and each year thereafter rent shall increase at the lesser of the Consumer Price Index – Urban rate for each July 1 to June 30 period or five percent. Total rent expense for the year ended February 29, 2020 was \$37,505.

The Township has a copier lease for 36 months which began on September 26, 2018 with payments of \$325 per month, which took over the previous copier lease. Total equipment leasing expense for the year ended February 29, 2020 was \$4,001.

NOTES TO FINANCIAL STATEMENTS (Continued)

Future minimum rental payments to cover outstanding lease agreements at February 29, 2020 are:

<u>Year Ending February 28</u>	<u>Amount</u>
2021	\$ 41,404
2022	40,105
2023	37,505
2024	37,505
2025	37,505
2026-2030	162,521
	<u>\$ 356,545</u>

**NOTE 10 - RETIREMENT FUND COMMITMENTS**

*A. Illinois Municipal Retirement Fund*

Plan Description

The Township's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Township's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a 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. That report is available for download at [www.imrf.org](http://www.imrf.org).

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

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

## NOTES TO FINANCIAL STATEMENTS (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

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate.

### 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 2019 was 6.82%. For the fiscal year ended February 29, 2020, the Township contributed \$29,286 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.

### *B. Social Security*

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

## **NOTE 11 - INTERFUND TRANSFERS**

There were no interfund transfers that occurred for the year ended February 29, 2020.

## **NOTE 12 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

During the year ended February 29, 2020 there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage. The Township is insured under a retrospectively rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended February 29, 2020, there were no significant adjustments in premiums based on actual experience.

**NOTE 13 - TAX ABATEMENT AGREEMENT**

The Township negotiates economic development incentives and property tax abatement agreements on an individual basis. All abatement agreements are entered into under the authority of the Board of Trustees. The Township has a tax abatement agreement with one entity as of February 29, 2020 as follows:

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

**NOTE 14 - SUBSEQUENT EVENTS**

The Township has evaluated subsequent events through October 13, 2020, the date on which the financial statements were available to be issued. Prior to the date of this report, the COVID-19 outbreak in the United States has created disruptions in various governments and will continue to impact these organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of time. The extent of the impact on the Township is uncertain and cannot be reasonably estimated at this time.

SUPPLEMENTAL INFORMATION

TOWN OF SHIELDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED FEBRUARY 29, 2020

	<u>BUDGETED</u> <u>AMOUNTS</u>	
	<u>ORIGINAL</u> <u>AND FINAL</u>	<u>ACTUAL</u> <u>AMOUNTS</u>
<b>REVENUE RECEIVED</b>		
Local Taxes		
Property Taxes	\$ 675,000	\$ 673,303
Intergovernmental		
Personal Property Replacement Taxes	26,000	40,783
Other Local Sources		
Interest	8,000	5,407
Net Increase/(Decrease) in Fair Value of Investments	-	18,124
Passports	18,000	22,201
Phoenix Rising Rental Income	1,800	300
Miscellaneous		
Other	3,500	4,098
	<u>\$ 732,300</u>	<u>\$ 764,216</u>
<b>EXPENDITURES DISBURSED</b>		
<b>CURRENT</b>		
General Government		
Salaries		
Administration	\$ 117,200	\$ 141,705
Assessor	50,000	30,000
Highway Commissioner	30,000	25,000
Town Clerk	6,000	3,000
Health and Dental Insurance		
Administration	14,000	13,806
Payroll Taxes		
Administration	15,500	10,984
Assessor	-	2,295
Highway Commissioner	-	1,913
Town Clerk	-	230
IMRF Contributions	12,000	12,711
Unemployment Compensation	500	553
Worker's Compensation	8,000	7,773
Maintenance - Building	4,800	4,672
Maintenance - Landscape	825	2,017
Maintenance - Traffic Signals	1,300	1,756
Accounting Services	4,000	4,217
Legal Services	11,000	10,355
Postage	1,000	-
Telephone	3,600	3,813
Computer Software	800	628
Website Management	1,800	1,695
Publishing	500	137
Printing	200	137
Dues and Conferences	2,000	1,895
Travel Expense	1,000	716
Training	500	-
Utilities	5,000	4,488
Liability Insurance	9,400	8,067
Office Rental	20,000	18,752
Real Estate Taxes	3,000	3,051

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED FEBRUARY 29, 2020

	<u>BUDGETED</u>	
	<u>AMOUNTS</u>	<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>AMOUNTS</u>
	<u>AND FINAL</u>	
EXPENDITURES DISBURSED (Continued)		
CURRENT (Continued)		
General Government (Continued)		
Computer Assistance	\$ 2,000	\$ 1,315
Bank Fees	400	716
Equipment Leasing	3,000	3,016
Office and Operating Supplies	1,500	1,363
Camera/Sound Equipment	-	357
Employment Contract Services	8,700	-
Town Clerk Expense	-	500
Miscellaneous	1,000	176
	<u>\$ 342,325</u>	<u>\$ 323,809</u>
Community Assistance and Services		
Discretionary Funds - Administrative	\$ 5,000	\$ 867
Senior Snow & Grass Program	4,000	298
Foss Park Senior Center	10,000	10,000
Lake Forest Senior Care	10,000	10,000
E/A Partnership Fund	10,000	10,000
Sr. Citizen Taxi Program	9,000	8,034
Prescriptions	200	-
Utilities	6,000	3,484
Shelter	11,000	11,620
Transient/Auto Fuel	1,700	1,630
Transportation	1,000	351
Household Incidentals	1,500	-
Food	1,000	592
Personal Incidentals	1,400	1,212
Miscellaneous	2,800	2,075
	<u>\$ 74,600</u>	<u>\$ 60,163</u>
Assessor		
Salaries	\$ 214,720	\$ 251,081
Health and Dental Insurance		
Assessor and Staff	25,253	23,792
Payroll Taxes	16,430	18,921
Unemployment Compensation	200	944
IMRF Contributions	14,650	16,607
Maintenance - Building	4,300	4,672
Maintenance - Landscape	1,200	1,117
Accounting Services	4,000	3,992
Legal Services	500	1,268
Postage	250	220
Telephone	3,600	3,813
Computer Software	1,200	735
Website Management	600	760
Printing	50	106
Dues and Conferences	320	419
Travel Expense	2,500	1,371
Training	2,200	2,542
Utilities	4,700	3,897
Open Tax File	8,100	6,480
Office Rental	20,000	18,753
Real Estate Taxes	3,000	3,051
Professional Services	5,000	5,176

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE YEAR ENDED FEBRUARY 29, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS
	ORIGINAL AND FINAL		
EXPENDITURES DISBURSED (Continued)			
CURRENT (Continued)			
Assessor (Continued)			
Computer Assistance	\$ 4,500	\$	3,987
Office and Operating Supplies	1,000		2,308
Equipment Leasing	1,000		1,005
Miscellaneous	1,200		3
	<u>\$ 340,473</u>	<u>\$</u>	<u>377,020</u>
 TOTAL EXPENDITURES DISBURSED	<u>\$ 757,398</u>	<u>\$</u>	<u>760,992</u>
 NET CHANGE IN FUND BALANCE	<u>\$ (25,098)</u>	<u>\$</u>	<u>3,224</u>
 FUND BALANCE - MARCH 1, 2019			<u>634,582</u>
 FUND BALANCE - FEBRUARY 29, 2020			<u>\$ 637,806</u>

See Accompanying Independent Auditor's Report



TOWN OF SHIELDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED FEBRUARY 29, 2020

	BUDGETED AMOUNTS	ACTUAL AMOUNTS
	ORIGINAL AND FINAL	AMOUNTS
<b>REVENUE RECEIVED</b>		
Local Taxes		
Property Taxes	\$ 311,000	\$ 313,673
Intergovernmental		
Motor Fuel Tax	4,000	5,870
Personal Property Replacement Taxes	12,000	14,774
Other Local Sources		
Interest	1,000	7,725
Miscellaneous		
Other	1,000	-
	\$ 329,000	\$ 342,042
<b>EXPENDITURES DISBURSED</b>		
<b>CURRENT</b>		
General Government		
Salaries	\$ 4,500	\$ 4,500
Health Insurance	500	505
Unemployment Insurance	150	394
Worker's Compensation	6,000	5,864
Payroll Taxes	7,300	5,196
Medical - Drug Testing	400	90
Accounting Services	4,800	3,942
Legal Services	3,000	1,073
Postage	200	-
Telephone	2,200	1,892
Publishing	400	-
Printing	150	-
Travel	200	-
Training	250	-
Liability Insurance	9,000	8,368
Dues and Conferences	300	160
Julie Fees	450	200
NPDES Fees	1,000	1,000
Office and Operating Supplies	400	267
Municipal Replacement Tax	1,000	-
	\$ 42,200	\$ 33,451
Road and Bridge		
Salaries	\$ 95,000	\$ 67,925
Maintenance - Building	5,000	236
Maintenance - Equipment	5,000	9,234
Utilities	2,000	1,973
Rentals	1,500	-
Street Lighting	14,000	15,833
Scavenger	1,500	1,368
Truck Testing	150	117
Maintenance Supplies - Building	1,000	986
Maintenance Supplies - Equipment	2,000	72

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TOWN OF SHIELDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED FEBRUARY 29, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS
	ORIGINAL AND FINAL		
EXPENDITURES DISBURSED (Continued)			
CURRENT (Continued)			
Road and Bridge (Continued)			
Small Tools	\$ 1,500		\$ 772
Automotive - Fuel, Oil, Etc.	3,000		4,376
Tree Removal	8,000		950
Uniforms	500		140
Road Salt	7,000		7,165
Road Signs	1,000		-
Miscellaneous	2,500		467
	\$ 150,650		\$ 111,614
DEBT SERVICE			
Principal	\$ 17,200		\$ 15,326
Interest	-		1,847
	\$ 17,200		\$ 17,173
CAPITAL OUTLAY			
General Government	\$ 200		\$ -
Road and Bridge	315,500		79,745
	\$ 315,700		\$ 79,745
 TOTAL EXPENDITURES DISBURSED	 \$ 525,750		 \$ 241,983
 NET CHANGE IN FUND BALANCE	 \$ (196,750)		 \$ 100,059
 FUND BALANCE - MARCH 1, 2019			 311,218
 FUND BALANCE - FEBRUARY 29, 2020			 \$ 411,277

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS  
 COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND  
 FUND BALANCE - MODIFIED CASH BASIS - GENERAL FUND  
 YEAR ENDED FEBRUARY 29, 2020

	Town Fund	General Assistance Fund	General Fund Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 238,993	\$ 5,542	\$ 244,535
Investments	396,731	-	396,731
Due from Other Funds	12,320	-	12,320
<b>Total Assets</b>	<b>\$ 648,044</b>	<b>\$ 5,542</b>	<b>\$ 653,586</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Unremitted Payroll Withholdings	\$ 6,960	\$ -	\$ 6,960
Due to Other Funds	-	8,820	8,820
<b>Total Liabilities</b>	<b>\$ 6,960</b>	<b>\$ 8,820</b>	<b>\$ 15,780</b>
<b>Fund Balance</b>			
<b>Restricted</b>			
Illinois Municipal Retirement	\$ 27,487	\$ -	\$ 27,487
Unassigned	613,597	(3,278)	610,319
<b>Total Fund Balance</b>	<b>\$ 641,084</b>	<b>\$ (3,278)</b>	<b>\$ 637,806</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 648,044</b>	<b>\$ 5,542</b>	<b>\$ 653,586</b>

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - MODIFIED CASH BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED FEBRUARY 29, 2020

	Town Fund	General Assistance Fund	General Fund Total
<b>REVENUE RECEIVED</b>			
Local Taxes			
Property Taxes	\$ 673,303	\$ -	\$ 673,303
Intergovernmental			
Personal Property Replacement Taxes	40,783	-	40,783
Other Local Sources			
Interest	5,407	-	5,407
Net Increase/(Decrease) in Fair Value of Investments	18,124	-	18,124
Passports	22,201	-	22,201
Police Protection - Tickets	300	-	300
Miscellaneous			
Other	4,098	-	4,098
	<u>\$ 764,216</u>	<u>\$ -</u>	<u>\$ 764,216</u>
<b>EXPENDITURES DISBURSED</b>			
<b>CURRENT</b>			
General Government	\$ 320,949	\$ 2,360	\$ 323,309
Community Assistance and Services	39,199	20,964	60,163
Assessor	377,520	-	377,520
	<u>\$ 737,668</u>	<u>\$ 23,324</u>	<u>\$ 760,992</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED</b>	<b>\$ 26,548</b>	<b>\$ (23,324)</b>	<b>\$ 3,224</b>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Transfers	(21,000)	21,000	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 5,548</b>	<b>\$ (2,324)</b>	<b>\$ 3,224</b>
<b>FUND BALANCE - MARCH 1, 2019</b>	<b>635,536</b>	<b>(954)</b>	<b>634,582</b>
<b>FUND BALANCE - FEBRUARY 29, 2020</b>	<b><u>\$ 641,084</u></b>	<b><u>\$ (3,278)</u></b>	<b><u>\$ 637,806</u></b>

See Accompanying Independent Auditor's Report

TOWN OF SHIELDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
TOWN FUND  
FOR THE YEAR ENDED FEBRUARY 29, 2020

	<u>BUDGETED</u> <u>AMOUNTS</u>	
	<u>ORIGINAL</u> <u>AND FINAL</u>	<u>ACTUAL</u> <u>AMOUNTS</u>
REVENUE RECEIVED		
Local Taxes		
Property Taxes	\$ 675,000	\$ 673,303
Intergovernmental		
Personal Property Replacement Taxes	26,000	40,783
Other Local Sources		
Interest	8,000	5,407
Net Increase/(Decrease) in Fair Value of Investments	-	18,124
Passports	18,000	22,201
Phoenix Rising Rental Income	1,800	300
Miscellaneous		
Other	3,500	4,098
	<u>\$ 732,300</u>	<u>\$ 764,216</u>
EXPENDITURES DISBURSED		
CURRENT		
General Government		
Salaries		
Administration	\$ 117,200	\$ 141,705
Assessor	50,000	30,000
Highway Commissioner	30,000	25,000
Town Clerk	6,000	3,000
Health and Dental Insurance		
Administration	14,000	13,806
Payroll Taxes		
Administration	15,500	10,984
Assessor	-	2,295
Highway Commissioner	-	1,913
Town Clerk	-	230
IMRF Contributions	12,000	12,711
Unemployment Compensation	500	553
Worker's Compensation	8,000	7,773
Maintenance - Building	4,800	4,672
Maintenance - Landscape	825	2,017
Maintenance - Traffic Signals	1,300	1,756
Accounting Services	4,000	4,217
Legal Services	11,000	10,355
Postage	1,000	-
Telephone	3,600	3,813
Computer Software	800	628
Website Management	1,800	1,695
Publishing	500	137
Printing	200	137
Dues and Conferences	2,000	1,895
Travel Expense	1,000	716
Training	500	-
Utilities	5,000	4,488
Liability Insurance	7,000	5,707
Office Rental	20,000	18,752
Real Estate Taxes	3,000	3,051

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TOWN OF SHIELDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
TOWN FUND  
FOR THE YEAR ENDED FEBRUARY 29, 2020

	<u>BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>
	<u>ORIGINAL AND FINAL</u>	<u>AMOUNTS</u>
EXPENDITURES DISBURSED (Continued)		
CURRENT (Continued)		
General Government (Continued)		
Computer Assistance	\$ 2,000	\$ 1,315
Bank Fees	400	716
Equipment Leasing	3,000	3,016
Videographer	1,800	-
Office and Operating Supplies	1,500	1,363
Camera/Sound Equipment	-	357
Employment contract Services	8,700	-
Miscellaneous	1,000	176
	<u>\$ 339,925</u>	<u>\$ 320,949</u>
Community Assistance and Services		
Discretionary Funds - Administrative	\$ 5,000	\$ 867
Senior Snow & Grass Program	4,000	298
Foss Park Senior Center	10,000	10,000
Lake Forest Senior Care	10,000	10,000
E/A Partnership Fund	10,000	10,000
Sr. Citizen Taxi Program	9,000	8,034
	<u>\$ 48,000</u>	<u>\$ 39,199</u>
Assessor		
Salaries	\$ 214,720	\$ 251,081
Health and Dental Insurance		
Assessor and Staff	25,253	23,792
Payroll Taxes	16,430	18,921
Unemployment Compensation	200	944
IMRF Contributions	14,650	16,607
Maintenance - Building	4,300	4,672
Maintenance - Landscape	1,200	1,117
Accounting Services	4,000	3,992
Legal Services	500	1,268
Postage	250	220
Telephone	3,600	3,813
Computer Software	1,200	735
Website Management	600	760
Printing	50	106
Dues and Conferences	320	419
Travel Expense	2,500	1,371
Training	2,200	2,542
Utilities	4,700	3,897
Open Tax File	8,100	6,480
Office Rental	20,000	18,753
Real Estate Taxes	3,000	3,051
Professional Services	5,000	5,176
Computer Assistance	4,500	3,987
Office and Operating Supplies	1,000	2,308
Equipment Leasing	1,000	1,005
Town Clerk Expense	-	500
Miscellaneous	1,200	3
	<u>\$ 340,473</u>	<u>\$ 377,520</u>
TOTAL EXPENDITURES DISBURSED	<u>\$ 728,398</u>	<u>\$ 737,668</u>

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TOWN OF SHIELDS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
 TOWN FUND  
 FOR THE YEAR ENDED FEBRUARY 29, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS
	ORIGINAL AND FINAL		
EXCESS OR (DEFICIENCY) OF REVENUE (Continued) RECEIVED OVER EXPENDITURES DISBURSED	\$ 3,902		\$ 26,548
OTHER FINANCING SOURCES/(USES) Transfer to General Assistance Fund	\$ -		\$ (21,000)
NET CHANGE IN FUND BALANCE	\$ 3,902		\$ 5,548
FUND BALANCE - MARCH 1, 2019			635,536
FUND BALANCE - FEBRUARY 29, 2020			\$ 641,084

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TOWN OF SHIELDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL ASSISTANCE FUND  
FOR THE YEAR ENDED FEBRUARY 29, 2020

	BUDGETED AMOUNTS	ACTUAL AMOUNTS
	ORIGINAL AND FINAL	
REVENUE RECEIVED	\$ -	\$ -
EXPENDITURES DISBURSED		
CURRENT		
General Government		
Liability Insurance	\$ 2,400	\$ 2,360
	\$ 2,400	\$ 2,360
Community Assistance and Services		
Prescriptions	\$ 200	\$ -
Utilities	6,000	3,484
Shelter	11,000	11,620
Transient/Auto Fuel	1,700	1,630
Transportation	1,000	351
Household Incidentals	1,500	-
Food	1,000	592
Personal Incidentals	1,400	1,212
Miscellaneous	2,800	2,075
	\$ 26,600	\$ 20,964
TOTAL EXPENDITURES DISBURSED	\$ 29,000	\$ 23,324
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	\$ (29,000)	\$ (23,324)
OTHER FINANCING SOURCES/(USES)		
Transfer from Town Fund	-	21,000
NET CHANGE IN FUND BALANCE	\$ (29,000)	\$ (2,324)
FUND BALANCE - MARCH 1, 2019		(954)
FUND BALANCE - FEBRUARY 29, 2020		\$ (3,278)

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TOWN OF SHIELDS  
 NOTES TO SUPPLEMENTAL INFORMATION  
 FEBRUARY 29, 2020

**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

The Township Board of Trustees adopts the budgets for all governmental fund types; however, two separate budgets are prepared. The Township and Road District budgets were passed on February 25, 2019.

*Road and Bridge Fund*

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

*Town Funds (General Town and General Assistance)*

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

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

**NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET**

For the year ended February 29, 2020 the expenditures of the following fund exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General Fund	\$ 757,398	\$ 760,992	\$ 3,594

The General Fund excess is primarily attributable to expenses related to wages.