

# Shields Township, Illinois

Annual Financial Report

For the Year Ended February 29, 2024

# SHIELDS TOWNSHIP, ILLINOIS

## Contents

*Year Ended February 29, 2024*

	<u>Pages</u>
Independent Auditor's Report	1-3
Other Information - Management's Discussion and Analysis	
Management's Discussion and Analysis	4-12
Basic Financial Statements:	
Government-wide Statement of Net Position – Modified Cash Basis	13
Government-wide Statement of Activities and Changes in Net Position – Modified Cash Basis	14
Governmental Funds - Combined Balance Sheet – Modified Cash Basis	15
Governmental Funds – Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis	16
Reconciliation of the Governmental Fund Balances to the Statement of Net Position and the Statement of Activities	17
Notes to the Basic Financial Statements	18-32
Other Information:	
Town Fund – Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual	33-35
General Assistance Fund – Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual	36
Road & Bridge Fund – Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual	36-39
Multi-Year Schedule of Changes in Net Pension Liability & Related Ratios	40
Multi-Year Schedule of Pension Contributions	41
Notes to Other Information	42-43



## 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 and each major fund of Shields Township, Illinois, as of and for the year ended February 29, 2024, 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 and each major fund of Shields Township, as of February 29, 2024, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### Basis 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, budgetary comparison information, and pension 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

May 10, 2024

OTHER INFORMATION  
MANAGEMENT DISCUSSION  
AND ANALYSIS - UNAUDITED

# SHIELDS TOWNSHIP, ILLINOIS

*Management's Discussion and Analysis - Unaudited*

*Year Ended February 29, 2024*

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 29, 2024. The Management of the Township encourages the readers of this financial information presented in conjunction with the financial statements to obtain a better understanding of the Township's financial operations.

## FINANCIAL HIGHLIGHTS

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- The assets of the Township exceeded its liabilities at February 29, 2024 by \$3,085,187 (net position). Of this amount, \$1,176,199 (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 \$244,155.
- At February 29, 2024, the Township's governmental funds reported combined ending fund balances of \$1,448,326, an increase of \$174,411 from the prior year.
- At February 29, 2024, the fund balance for the Town Fund was \$1,181,142.
- The Township's total net capital assets increased by \$69,744 during the year ended February 29, 2024.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains other information (OI) and additional information for analysis.

### Government-wide financial statements

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

The statement of net position presents financial information on all of the Township's assets and liabilities (with the exception of net pension asset/(liability)), 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 29, 2024*

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

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

### Fund financial statements

All of the funds of the Township are governmental funds. The fund financial statements are prepared using the modified cash basis of accounting. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The fund financial statements report the Township's operations in more detail than the government-wide statements by providing information about the Township's three funds.

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

### Notes to the financial statements

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

### Other Information

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of Shields Township, assets exceeded liabilities by \$3,085,187 for the year ended February 29, 2024. A portion of the Township's net position reflects its investment in capital assets; \$1,636,861. 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 \$1,448,326, of which \$272,127 is restricted and \$1,176,199 is unrestricted.



# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended February 29, 2024

	<u>Shields Township Net Position</u>	
	<u>2/28/2023</u>	<u>2/29/2024</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,273,915	\$ 1,448,326
Capital Assets	1,567,117	1,636,861
<b>Total Assets</b>	<u>\$ 2,841,032</u>	<u>\$ 3,085,187</u>
<b>Liabilities</b>		
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position</b>		
Net Investment in Capital Assets	1,567,117	1,636,861
Restricted - Road and Bridge	347,754	249,153
Restricted - IMRF	-	4,943
Restricted - Motor Fuel Tax	70,320	18,031
Unrestricted	855,841	1,176,199
<b>Total Net Position</b>	<u>\$ 2,841,032</u>	<u>\$ 3,085,187</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 (\$1,176,199) may be used to meet the Township's ongoing obligations to citizens and creditors.

At February 29, 2024, the Township is able to report positive balances in all three categories of net position. The Township's net position increased by \$244,155 in comparison with the prior year.

# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended February 29, 2024

## 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, 2023</u>	<u>February 29, 2024</u>
<b>Revenues</b>		
Program Revenues		
Operating Grants	\$ -	\$ 13,842
Charges for Services	11,335	1,665
General Revenues		
Property Taxes	1,025,623	1,169,581
Replacement Taxes	194,841	130,179
Interest	15,091	67,670
Other Income	22,424	29,321
<b>Total Revenues</b>	<u>1,269,314</u>	<u>1,412,258</u>
<b>Expenses</b>		
General Government	497,155	446,869
Assessor	304,948	207,201
General Assistance	17,250	38,588
Road and Bridge	218,606	475,445
<b>Total Expenses</b>	<u>1,037,959</u>	<u>1,168,103</u>
Change in Net Position	236,229	244,155
Net Position - Beginning of Year	<u>2,604,803</u>	<u>2,841,032</u>
Net Position - End of Year	<u>\$ 2,841,032</u>	<u>\$ 3,085,187</u>

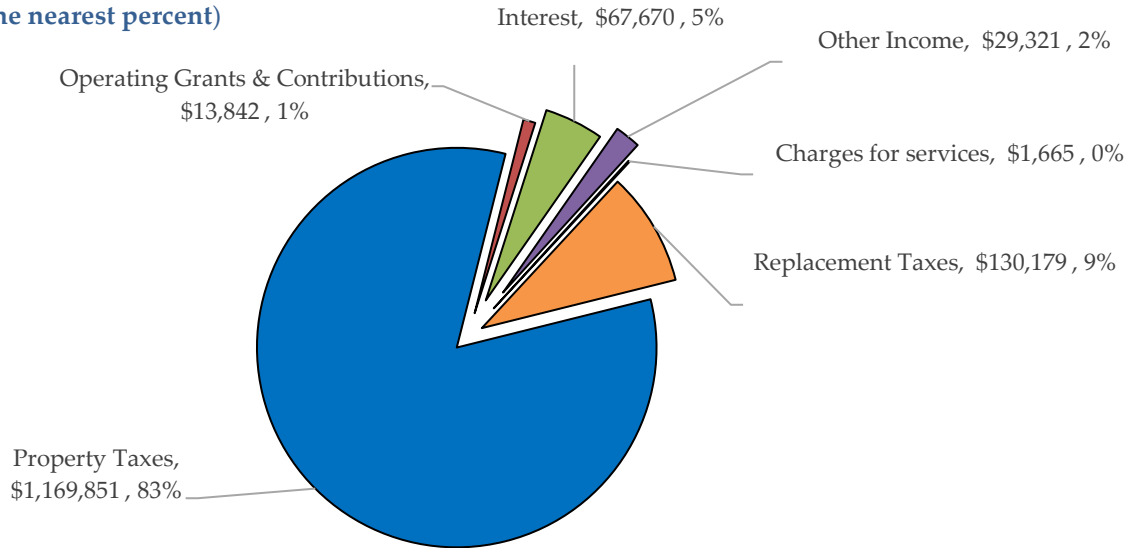
Professional service expenses in the assessor's department significantly decreased in the current year while several road and bridge maintenance projects have increased the expenses of the road and bridge function of the township.

# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended February 29, 2024

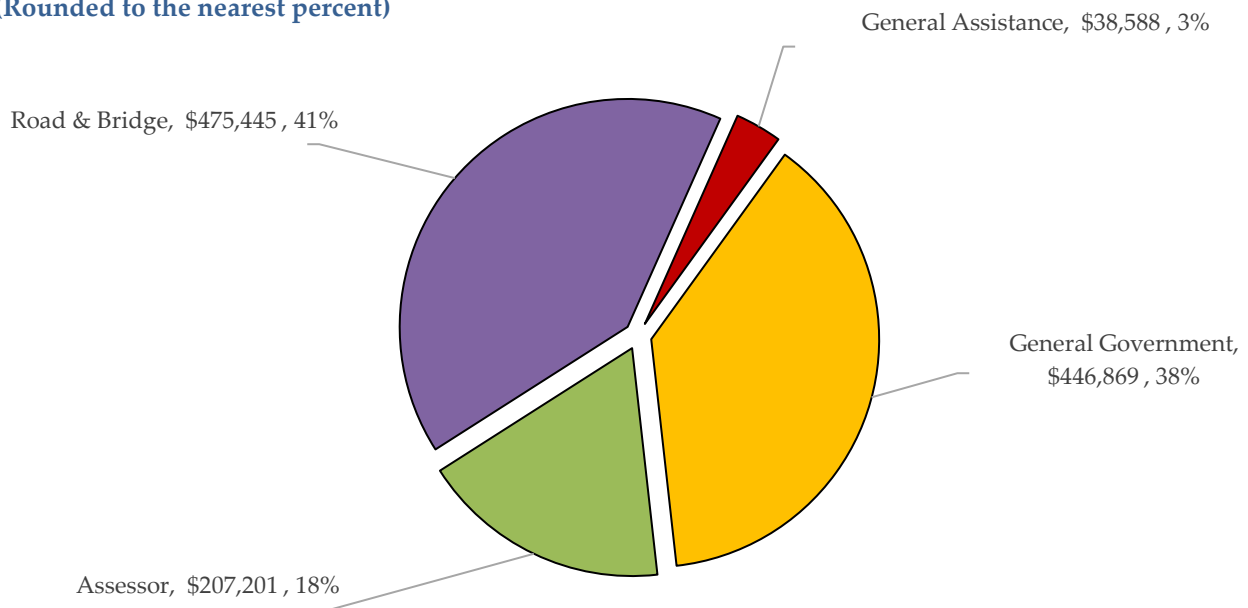
## 2024 REVENUES

(rounded to the nearest percent)



## 2024 EXPENSES

(Rounded to the nearest percent)



# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended February 29, 2024

## FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

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

### Governmental funds

The focus of the Township's governmental funds is to provide information on cash 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 29, 2024, the Township's governmental funds reported combined ending fund balances of \$1,448,326, an increase of \$174,411 in comparison with the prior year.

### Town Fund Budgetary Highlights

The Town Fund is the main operating fund of the Township. At February 29, 2024, the fund balance of the Town Fund was \$1,181,142. Expenditures in the General Town Fund of \$764,361 were over revenues by \$307,232 and were \$124,395 more than the appropriation of \$639,966.

## CAPITAL ASSETS

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The Township's capital assets for its governmental activities as of February 29, 2024 amount to \$1,636,861 (net of accumulated depreciation). This investment in capital assets includes land, roads and improvements, buildings and improvements, vehicles, and other equipment. See Note 4 for further details. Major capital asset events during the current fiscal year included the following:

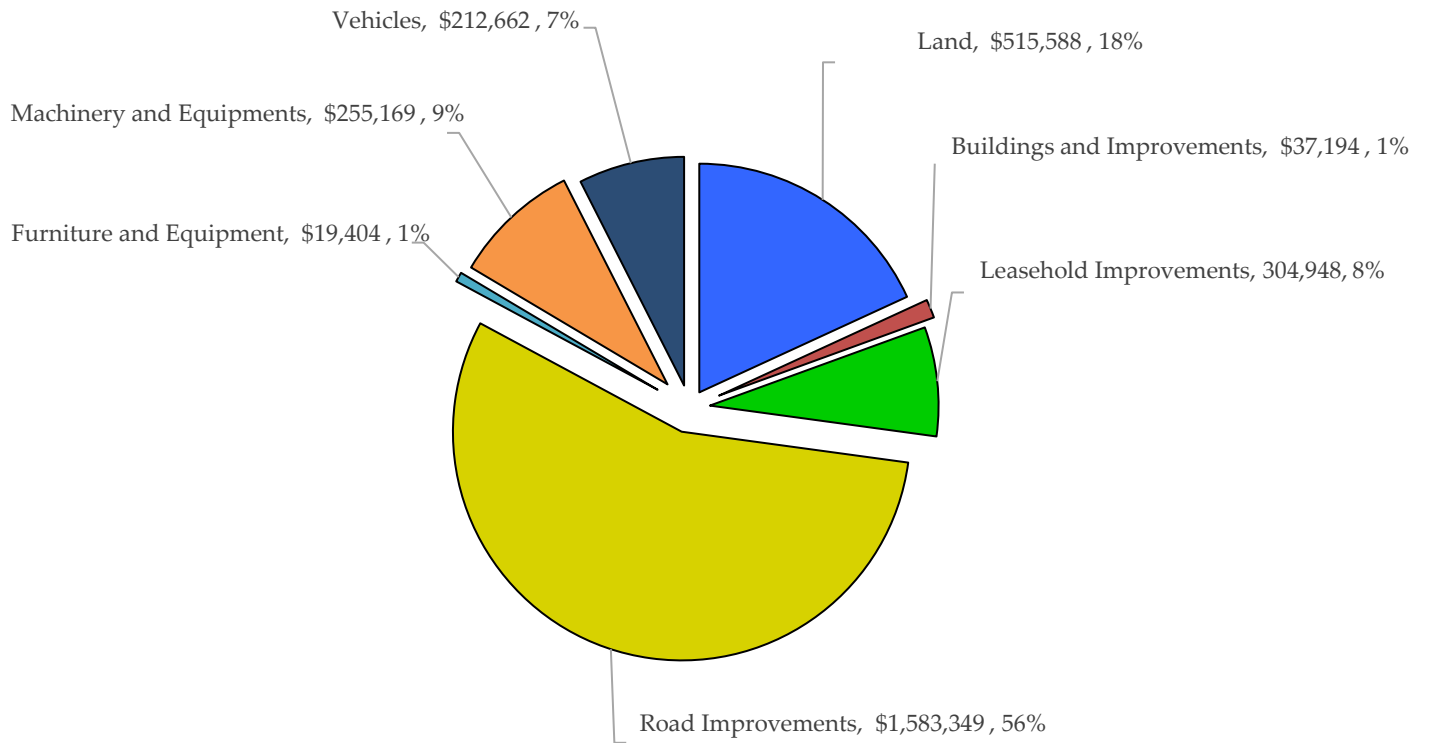
	<b>Balance</b>			<b>Balance</b>
	<b>March 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>February 29, 2024</b>
<b>Capital Assets</b>				
Land	\$ 515,588	\$ -	\$ -	\$ 515,588
Buildings and Improvements	37,194	-	-	37,194
Leasehold Improvements	219,178	-	-	219,178
Road Improvements	1,524,799	58,550	-	1,583,349
Furniture and Equipment	19,404	-	-	19,404
Machinery and Equipment	239,970	15,199	-	255,169
Vehicles	158,119	54,543	-	212,662
<b>Total Capital Assets</b>	<b>2,714,252</b>	<b>128,292</b>	<b>-</b>	<b>2,842,544</b>
Less: Accumulated				
Depreciation	1,147,135	58,548	-	1,205,683
<b>Capital Assets (Net)</b>	<b>\$ 1,567,117</b>	<b>\$ 69,744</b>	<b>\$ -</b>	<b>\$ 1,636,861</b>

# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended February 29, 2024

## CAPITAL ASSETS, AT COST



# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended February 29, 2024

## ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Township for 2023 is \$1,972,972,801. That represents an increase in EAV of \$93,612,966 over the prior year's EAV. Taxes recorded in these financial statements are from the 2022 levy. A summary of the assessed valuations and extensions for tax years 2023, 2022 and 2021 is as follows:

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

Tax Year	2023	2022	2021
<b>Assessed Valuation</b>			
Lake County	\$ 1,972,972,801	\$ 1,879,359,835	\$ 1,862,202,386

**Tax Rates and Percentage Allocations by Fund**

Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
Corporate	0.049015	65.79%	0.047290	63.92%	0.036654	51.41%
IMRF	0.000253	0.34%	0.000265	0.36%	0.000806	1.13%
Road and Bridge	0.025232	33.87%	0.026429	35.72%	0.033831	47.45%
<b>Totals</b>	<b>0.074500</b>	<b>100.00%</b>	<b>0.073984</b>	<b>100.00%</b>	<b>0.071291</b>	<b>100.00%</b>

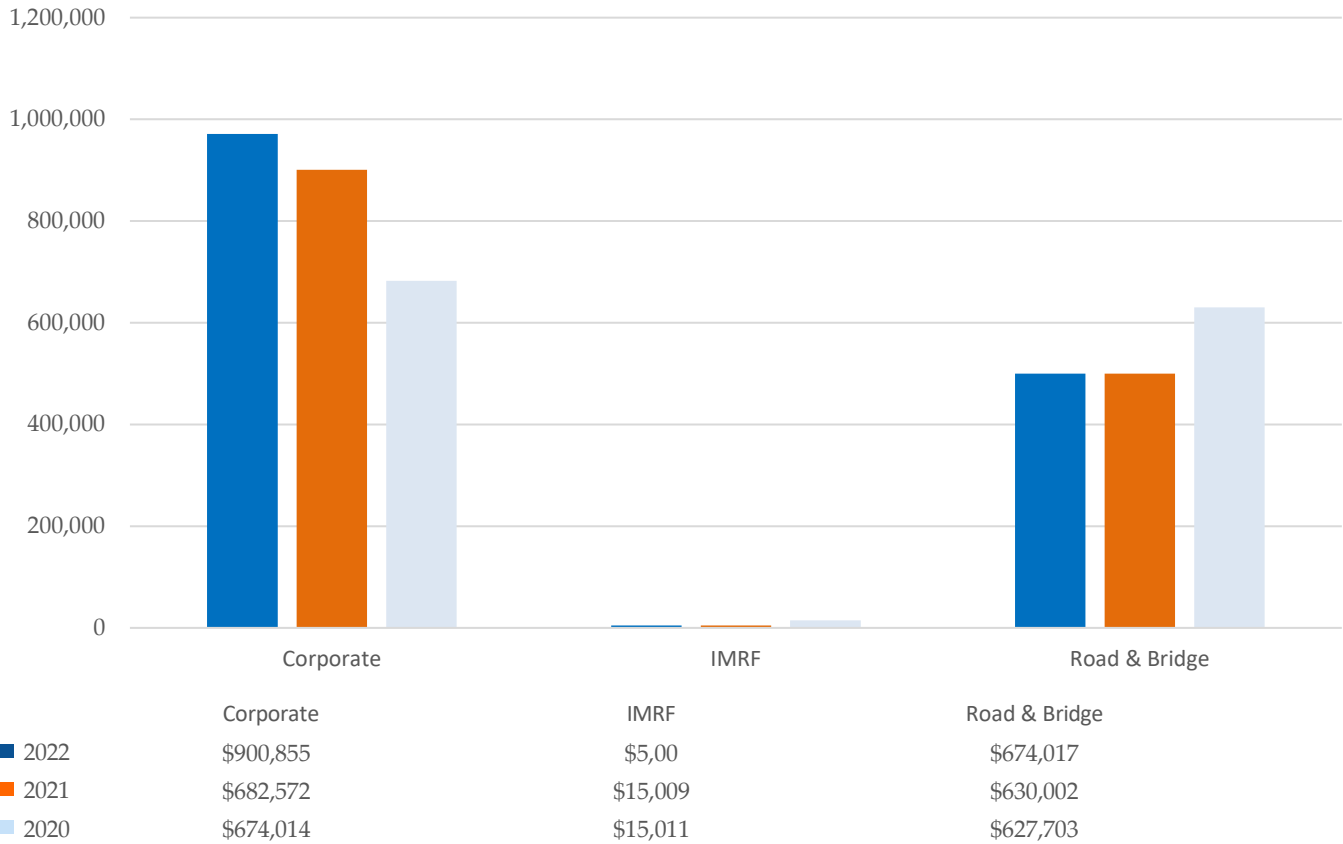
**Property Tax Extensions**

Funds	2023	2022	2021
Corporate	\$ 971,253	\$ 900,885	\$ 682,572
IMRF	5,000	5,000	15,009
Road and Bridge	500,000	500,000	630,002
<b>Totals</b>	<b>\$ 1,476,253</b>	<b>\$ 1,405,885</b>	<b>\$ 1,327,583</b>

# SHIELDS TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
 Year Ended February 29, 2024

## 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 29, 2024

<b>Assets</b>	
Cash and investments - at cost	\$ 1,448,326
Capital Assets not being depreciated	515,588
Capital Assets being depreciated, net of depreciation	1,121,273
Capital Assets net of depreciation	<u>1,636,861</u>
<b>Total Assets</b>	<u><u>\$ 3,085,187</u></u>
<b>Liabilities</b>	
<b>Total Liabilities</b>	<u>\$ -</u>
<b>Net Position</b>	
Net investment in capital assets	1,636,861
Restricted - General Road & Bridge	249,153
Restricted - IMRF	4,943
Restricted - Motor Fuel Tax	18,031
Unrestricted	1,176,199
<b>Total Net Position</b>	<u><u>\$ 3,085,187</u></u>

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

# SHIELDS TOWNSHIP, ILLINOIS

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

For the Year Ended February 29, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General Government	\$ 446,869	\$ 1,665	\$ 6,247	\$ -	\$ (438,957)
Assessor	207,201	-	-	-	(207,201)
Road & Bridge	451,715	-	7,595	-	(444,120)
General Assistance	38,588	-	-	-	(38,588)
<b>Total Governmental Activities</b>	<b>\$ 1,144,373</b>	<b>\$ 1,665</b>	<b>\$ 13,842</b>	<b>\$ -</b>	<b>\$ (1,128,866)</b>

General Revenues:

Property taxes	1,169,581
Replacement taxes	130,179
Miscellaneous revenue	5,591
Investment income	67,670
<b>Total Revenues</b>	<b>1,373,021</b>
Changes in Net Position	244,155
Net Position Beginning of Year	2,841,032
<b>Total Net Position</b>	<b>\$ 3,085,187</b>

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

# SHIELDS TOWNSHIP, ILLINOIS

Governmental Funds - Combined Balance Sheet - Modified Cash Basis

February 29, 2024

<b>Assets</b>	<b>Town Fund</b>	<b>General Assistance Fund</b>	<b>Road &amp; Bridge Fund</b>	<b>Total</b>
Cash and equivalents	\$ 1,181,142	\$ -	\$ 267,184	\$ 1,448,326
<b>Total Assets</b>	<b>\$ 1,181,142</b>	<b>\$ -</b>	<b>\$ 267,184</b>	<b>\$ 1,448,326</b>
<b>Liabilities</b>				
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance</b>				
Restricted - IMRF	4,943	-	-	4,943
Restricted - Road and Bridge	-	-	249,153	249,153
Restricted - Motor Fuel Tax	-	-	18,031	18,031
Unassigned	1,176,199	-	-	1,176,199
<b>Total Fund Balance</b>	<b>1,181,142</b>	<b>-</b>	<b>267,184</b>	<b>1,448,326</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,181,142</b>	<b>\$ -</b>	<b>\$ 267,184</b>	<b>\$ 1,448,326</b>

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

# SHIELDS TOWNSHIP, ILLINOIS

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

For the Year Ended February 29, 2024

	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
<b>Revenues</b>				
Property taxes	\$ 907,255	\$ -	\$ 262,326	\$ 1,169,581
Replacement taxes	95,562	-	34,617	130,179
Intergovernmental receipts	-	-	7,595	7,595
Garbage and refuse	1,665	-	-	1,665
Interest income	55,924	-	11,746	67,670
Miscellaneous revenue	4,940	-	651	5,591
<b>Total Revenues</b>	<b>1,071,593</b>	<b>-</b>	<b>316,935</b>	<b>1,388,528</b>
<b>Expenditures</b>				
Administrative	500,503	-	32,567	533,070
Assessor	207,201	-	-	207,201
Home relief	-	38,588	-	38,588
Maintenance	-	-	435,258	435,258
<b>Total Expenditures</b>	<b>707,704</b>	<b>38,588</b>	<b>467,825</b>	<b>1,214,117</b>
<b>Other Financing Sources/(Uses)</b>				
Operating Transfers In/(Out)	(56,657)	56,657	-	-
<b>Net Change in Fund Balance</b>	<b>307,232</b>	<b>18,069</b>	<b>(150,890)</b>	<b>174,411</b>
Balance, beginning of year	873,910	(18,069)	418,074	1,273,915
<b>Total Fund Balance</b>	<b>\$ 1,181,142</b>	<b>\$ -</b>	<b>\$ 267,184</b>	<b>\$ 1,448,326</b>

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

# SHIELDS TOWNSHIP, ILLINOIS

*Reconciliation of the Governmental Fund Balances to the  
Statement of Net Position and the Statement of Activities  
For the Year Ended February 29, 2024*

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

<b>Total Fund Balances -Total Governmental Funds</b>	\$ 1,448,326
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation	1,636,861
<b>Total Net Position of Governmental Activities</b>	<u><u>\$ 3,085,187</u></u>

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

<b>Net Change in Fund Balance</b>	\$ 174,411
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)	69,744
<b>Changes in Net Position Governmental Funds</b>	<u><u>\$ 244,155</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 29, 2024

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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 which account 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 29, 2024*

## 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, with the exception of net pension asset/(liability). 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 29, 2024

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

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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 29, 2024

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

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### 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 29, 2024.

### 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 29, 2024

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

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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 2023 Town levy was passed by the board on November 16, 2023 and the Road levy was passed by the board on November 16, 2023. 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

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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 29, 2024, the carrying amount of the Township's deposits totaled \$1,448,326 and the bank balances totaled \$1,471,182. 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 29, 2024, 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, \$1,430,095 is FDIC insured or collateralized, \$200 is petty cash and \$18,031 of Motor Fuel Tax Fund cash is not held by the Township.

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 29, 2024

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT

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### IMRF PLAN DESCRIPTION

The Township's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Township's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available 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](http://www.imrf.org).

### BENEFITS PROVIDED

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

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 29, 2024

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

### EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2023, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	13
Inactive Plan Members entitled to but no yet receiving benefits	6
Active Plan Member	<u>4</u>
<b>Total</b>	<b>23</b>

### CONTRIBUTIONS

As set by statute, the Township’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Township’s annual contribution rate for calendar year 2023 was 0.87%. For the fiscal year ended February 29, 2024, the Township contributed \$1,666 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, 2023. 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, 2023:

- 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 2.75% 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 29, 2024

## 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	34.5%	5.00%
International Equity	18%	6.35%
Fixed Income	24.5%	4.75%
Real Estate	10.5%	6.30%
Alternative Investments	11.5%	6.05-8.65%
Cash Equivalents	<u>1%</u>	3.80%
Total	100%	

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 29, 2024

## 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 3.77%, 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	\$ 4,180,877	\$ 3,807,984	\$ 3,501,145
Plan Fiduciary Net Position	3,975,140	3,975,140	3,975,140
Net Pension Liability/(Asset)	\$ 205,737	\$ (167,156)	(473,995)

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 29, 2024

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

Calendar Year Ended December 31, 2023

<b>A. Total pension liability</b>	
1. Service Cost	\$ 15,173
2. Interest on the Total Pension Liability	246,297
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	299,889
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	(276,039)
7. Net change in total pension liability	280,350
8. Total pension liability – beginning	<u>3,527,634</u>
9. Total pension liability – ending	<u>\$ 3,807,984</u>
<b>B. Plan fiduciary net position</b>	
1. Contributions – employer	\$ 1,666
2. Contributions – employee	8,619
3. Net investment income	396,181
4. Benefit payments, including re funds of employee contributions	(276,039)
5. Other (Net Transfer)	<u>169,917</u>
6. Net change in plan fiduciary net position	300,344
7. Plan fiduciary net position – beginning	<u>3,674,796</u>
8. Plan fiduciary net position – ending	<u>\$ 3,975,140</u>
<b>C. Net pension liability/(asset)</b>	<u>\$ (167,156)</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	104.39%
<b>E. Covered Valuation payroll</b>	\$ 191,543
<b>F. Net pension liability as a percentage of covered valuation payroll</b>	(87.27%)

(1)Does not necessarily represent Covered-Employee Payroll as defined in GASB No. 68



# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 29, 2024

## 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 29, 2024, the Township recognized pension income of \$58,698. At February 29, 2024, the Township reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<i>Deferred Amounts Related to Pensions</i> <i>Deferred Amounts to be Recognized in Pension</i> <i>Expense in Future Periods</i>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,490
Change of assumptions		
Net difference between projected and actual earnings on pension plan investments	-	-
Total Deferred Amounts to be recognized in pension expense in future periods	<u>206,492</u>	<u>1,490</u>
Pension Contributions made subsequent to the Measurement Date	2,135	
Total Deferred Amounts Related to Pensions	<u>\$ 208,627</u>	<u>\$ 1,490</u>

Pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability 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</u> <u>February 29</u>	<u>Net Deferred Outflows</u> <u>of Resources</u>
2025	\$ 19,635
2026	68,770
2027	143,245
2028	(26,648)
2029	-
Thereafter	-
<b>Total</b>	<u>\$ 205,002</u>

# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 29, 2024

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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### Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2023 Contribution Rate \*

#### Valuation Date:

December 31, 2023

Notes

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

#### Methods and Assumptions Used to Determine 2023 Contribution Rates:

Actuarial Cost Method

Aggregate Entry Age Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization

Non-Taxing bodies: 10-year rolling period.

Period

Taxing bodies (Regular, SLEP and ECO groups): 20-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 15 years for most employers (five employers were financed over 16 years; one employer was financed over 21 years; three employers were financed over 24 years; four employers were financed over 25 years and one employer was financed over 26 years)

Asset Valuation Method

5-Year smoothed market; 20% corridor

Wage growth

2.75%

Price Inflation

2.25%

Salary Increases

2.75% 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, 2021 actuarial valuation



# SHIELDS TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended February 29, 2024

## NOTE 4 – CHANGES IN CAPTIAL ASSETS

Capital Assets	Balance			Balance
	March 1, 2023	Increases	Decreases	February 29, 2024
Land	\$ 515,588	\$ -	\$ -	\$ 515,588
Buildings and Improvements	37,194	-	-	37,194
Leasehold Improvements	219,178	-	-	219,178
Road Improvements	1,524,799	58,550	-	1,583,349
Furniture and Equipment	19,404	-	-	19,404
Machinery and Equipment	239,970	15,199	-	255,169
Vehicles	158,119	54,543	-	212,662
Total Capital Assets	<u>2,714,252</u>	<u>128,292</u>	<u>-</u>	<u>2,842,544</u>
Less: Accumulated Depreciation				
Buildings and Improvements	24,588	1,133	-	25,721
Leasehold Improvements	219,178	-	-	219,178
Road Improvements	520,578	47,184	-	567,762
Furniture and Equipment	19,404	-	-	19,404
Machinery and Equipment	205,268	9,322	-	214,590
Vehicles	158,119	909	-	159,028
Total Depreciation	<u>1,147,135</u>	<u>58,548</u>	<u>-</u>	<u>1,205,683</u>
Capital Assets (Net)	<u>\$ 1,567,117</u>	<u>\$ 69,744</u>	<u>\$ -</u>	<u>\$ 1,636,861</u>

### Depreciation by Governmental Activity

General Government	\$ 909
Road & Bridge	<u>57,639</u>
Total Governmental Activities	<u>\$ 58,548</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.

# SHIELDS TOWNSHIP, ILLINOIS

*Notes to the Basic Financial Statements*

*Year Ended February 29, 2024*

## NOTE 6 – SUBSEQUENT EVENTS

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

There have been no recognized or non-recognized subsequent events that have occurred between February 29, 2024 and the date of this audit report requiring disclosure in the financial statements.

## NOTE 7 – LONG TERM DEBT

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The township did not have any long term debt at the end of fiscal year 2024.

## OTHER INFORMATION

# SHIELDS TOWNSHIP, ILLINOIS

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

*For the Year Ended February 29, 2024*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>Revenues</b>			
Property taxes	\$ 899,651	\$ 899,651	\$ 907,255
Replacement taxes	30,000	30,000	95,562
Grants and donations	-	-	6,247
Interest income	2,500	2,500	55,924
Garbage and refuse	1,500	1,500	1,665
Miscellaneous revenue	4,000	4,000	4,940
<b>Total Revenues</b>	937,651	937,651	1,071,593
<b>General and Administrative</b>			
<b>Personnel</b>			
Elected officials salaries	35,000	35,000	80,583
Staff salaries	68,000	68,000	57,046
Health & dental ins-staff	-	-	2,570
Employers FICA	7,900	7,900	11,503
Employers SUTA	1,000	1,000	112
Employers workers comp	8,000	8,000	6,621
Employers IMRF	5,916	5,916	591
<b>Total Personnel</b>	125,816	125,816	159,026
<b>Contractual Services</b>			
Maintenance supplies - snow removal	-	-	1,260
Building maintenance	14,800	14,800	5,284
Liability insurance	16,000	16,000	6,621
Legal services	48,000	48,000	141,160
Computer assistance	6,000	6,000	4,250
Computer maintenance/software	3,000	3,000	7,163
Dues & conferences	2,000	2,000	3,215
Equipment rental	3,500	3,500	2,371
Accounting	22,000	22,000	32,500
Postage	500	500	160
Printing	2,000	2,000	3,820
Publishing	500	500	298
Office rental	19,000	19,000	24,367
CAM fees	30,000	30,000	9,327
Website management	3,000	3,000	1,652
Telephone	4,500	4,500	7,681

*continued*

# SHIELDS TOWNSHIP, ILLINOIS

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

*For the Year Ended February 29, 2024*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>General and Administrative Contractual Services (Continued)</b>			
Travel	\$ 1,000	\$ 1,000	\$ 303
Training	500	500	-
Bank fees	750	750	1,134
Professional services	9,600	9,600	180
E/A partnership fund	20,000	20,000	30,000
Discretionary - supervisor	2,000	2,000	-
<b>Total Contractual Services</b>	208,650	208,650	282,746
<b>General and Administrative Commodities</b>			
Office supplies	3,500	3,500	4,076
Office equipment	1,000	1,000	54,543
Miscellaneous expense	1,000	1,000	112
<b>Total Commodities</b>	5,500	5,500	58,731
<b>Total General and Administrative</b>	339,966	339,966	500,503
<b>Assessor Office Personnel</b>			
Staff salaries	66,000	66,000	66,054
Employers FICA	4,250	4,250	5,053
Employers SUTA	1,020	1,020	118
Employers IMRF	4,800	4,800	354
<b>Total Personnel</b>	76,070	76,070	71,579
<b>Contractual Services</b>			
Building maintenance	-	-	3,941
Accounting	11,000	11,000	-
Legal services	12,000	12,000	2,351
Website management	-	-	1,652
Computer assistance	-	-	4,410
Printing	200	200	35
Office rental	19,000	19,000	24,367
CAM fees	10,000	10,000	9,327
Telephone	-	-	3,446

*continued*



# SHIELDS TOWNSHIP, ILLINOIS

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

For the Year Ended February 29, 2024

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>Assessor Office</b>			
<b>Contractual Services (Concluded)</b>			
Training	\$ 2,000	\$ 2,000	\$ 415
Travel	3,000	3,000	16
<b>Total Contractual Services</b>	<u>52,200</u>	<u>52,200</u>	<u>49,960</u>
<b>Commodities</b>			
Office supplies	1,400	1,400	1,174
Postage	200	200	98
Dues & conferences	480	480	1,611
Miscellaneous expense	300	300	56
<b>Total Commodities</b>	<u>2,380</u>	<u>2,380</u>	<u>2,939</u>
<b>Capital Expenditures</b>			
Computer software/hardware	6,000	6,000	19,580
Equipment	1,100	1,100	1,810
<b>Total Capital Expenditures</b>	<u>7,100</u>	<u>7,100</u>	<u>21,390</u>
<b>Other Expenditures</b>			
Professional services	157,250	157,250	61,333
<b>Total Other Expenditures</b>	<u>157,250</u>	<u>157,250</u>	<u>61,333</u>
<b>Total Assessor Office</b>	<u>295,000</u>	<u>295,000</u>	<u>207,201</u>
<b>Total Expenditures Town Fund</b>	<u>634,966</u>	<u>634,966</u>	<u>707,704</u>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	302,685	302,685	363,889
<b>Other Financing Sources/(Uses)</b>			
Operating Transfers in/ (out)	-	-	(56,657)
<b>Net Change in Fund Balance</b>	<u>\$ 302,685</u>	<u>\$ 302,685</u>	<u>\$ 307,232</u>
			<i>concluded</i>

# SHIELDS TOWNSHIP, ILLINOIS

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

For the Year Ended February 29, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Modified Cash Basis</u>
<b>Revenues</b>			
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>			
<b>Home Relief</b>			
Catastrophoc medical insurance	2,500	2,500	-
IGA agreement	24,000	24,000	34,000
Utilites	-	-	1,056
Snow removal	-	-	1,135
<b>Total Home Relief</b>	<u>26,500</u>	<u>26,500</u>	<u>36,191</u>
<b>Emergency Assistance</b>			
Miscellaneous expense	9,300	9,300	-
Personal incidentals	9,500	9,500	-
Transporation	9,300	9,300	-
Shelter	9,300	9,300	1,124
Prescriptions	9,300	9,300	-
Utilities	9,300	9,300	1,273
<b>Total Emergency Assistance</b>	<u>56,000</u>	<u>56,000</u>	<u>2,397</u>
<b>Total Expenditures General Assistance Fund</b>	<u>82,500</u>	<u>82,500</u>	<u>38,588</u>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>(82,500)</u>	<u>(82,500)</u>	<u>(38,588)</u>
<b>Other Financing Sources/(Uses)</b>			
Operating Transfers in/ (out)	<u>83,500</u>	<u>83,500</u>	<u>56,657</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 18,069</u>

**SHIELDS TOWNSHIP, ILLINOIS**

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

*For the Year Ended February 29, 2024*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>Revenues</b>			
Property taxes	\$ 256,850	\$ 256,850	\$ 262,326
Replacement taxes	12,000	12,000	34,617
Interest income	1,000	1,000	11,746
Motor fuel tax	-	-	7,595
Miscellaneous income	1,000	1,000	651
<b>Total Revenues</b>	<b>270,850</b>	<b>270,850</b>	<b>316,935</b>
<b>Expenditures</b>			
<b>General and Administrative</b>			
<b>Personnel</b>			
Administrative salaries	1,000	1,000	-
Health & dental insurance	-	-	40
Employer's FICA	9,180	9,180	8,716
Unemployment insurance	3,485	3,485	395
Workmen compensation	12,000	12,000	6,621
IMRF contribution	10,440	10,440	521
<b>Total Personnel</b>	<b>36,105</b>	<b>36,105</b>	<b>16,293</b>
<b>Contractual Services</b>			
Liability insurance	16,000	16,000	6,621
Property taxes	30	30	-
Legal services	-	-	1,631
NPDES fees	2,500	2,500	-
Medical/drug testing	500	500	-
Website management	-	-	515
Postage	200	200	-
Telephone	2,500	2,500	2,798
Publishing	100	100	1,240
Printing	150	150	-
Dues & conferences	3,000	3,000	1,725
Travel	200	200	-
Training	250	250	-

*continued*

**SHIELDS TOWNSHIP, ILLINOIS**

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

*For the Year Ended February 29, 2024*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>General and Administrative Contractual Services (Continued)</b>			
Bank charges	\$ 425	\$ 425	\$ 480
<b>Total Contractual Services</b>	<b>25,855</b>	<b>25,855</b>	<b>15,010</b>
<b>Commodities</b>			
Office supplies	400	400	1,264
Office equipment	2,000	2,000	-
<b>Total Commodities</b>	<b>2,400</b>	<b>2,400</b>	<b>1,264</b>
<b>Other Expenditures</b>			
Miscellaneous expense	96,500	96,500	-
<b>Total Other Expenditures</b>	<b>96,500</b>	<b>96,500</b>	<b>-</b>
<b>Total General and Administrative</b>	<b>160,860</b>	<b>160,860</b>	<b>32,567</b>
<b>Maintenance Department Personnel</b>			
Staff salaries	120,000	120,000	103,428
Uniforms	400	400	114
<b>Total Personnel</b>	<b>120,400</b>	<b>120,400</b>	<b>103,542</b>
<b>Contractual Services</b>			
Maintenance services - building	5,000	5,000	2,811
Maintenance services - equipment	45,000	45,000	27,772
Maintenance services - roads	130,000	130,000	140,138
Maintenance services - tree services	15,000	15,000	23,870
Maintenance traffic signal	1,500	1,500	2,573
Street lighting	15,000	15,000	13,802
Truck testing	200	200	-
Road signs	2,500	2,500	20,508
Utilities	5,000	5,000	2,075
Engineering service	20,000	20,000	8,884
Rentals	500	500	-
<b>Total Contractual Services</b>	<b>239,700</b>	<b>239,700</b>	<b>242,433</b>

*continued*

**SHIELDS TOWNSHIP, ILLINOIS***Road & Bridge Fund - Statement of Revenue, Expenditures and  
and Changes in Fund Balance - Budget and Actual**For the Year Ended February 29, 2024*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>Maintenance Department (Concluded)</b>			
<b>Commodities</b>			
Maintenance supplies - building	\$ 1,000	\$ 1,000	\$ -
Maintenance supplies - equipment	2,000	2,000	3,066
Maintenance supplies - snow removal	7,500	7,500	11,763
Lawncare	8,000	8,000	5,334
Fuel	10,000	10,000	4,053
Road salt	20,000	20,000	13,684
Small tools	2,500	2,500	1,013
<b>Total Commodities</b>	<u>51,000</u>	<u>51,000</u>	<u>38,913</u>
<b>Other Expenditures</b>			
Miscellaneous	-	-	55
Equipment lease	6,000	6,000	-
<b>Total Other Expenditures</b>	<u>6,000</u>	<u>6,000</u>	<u>55</u>
<b>Capital Expenditures</b>			
Road drainage/improvements	86,000	86,000	50,315
<b>Total Capital Expenditures</b>	<u>86,000</u>	<u>86,000</u>	<u>50,315</u>
<b>Total Maintenance Department</b>	<u>503,100</u>	<u>503,100</u>	<u>435,258</u>
<b>Total Expenditures Road and Bridge Fund</b>	<u>663,960</u>	<u>663,960</u>	<u>467,825</u>
<b>Net Change in Fund Balance</b>	<u>\$ (393,110)</u>	<u>\$ (393,110)</u>	<u>\$ (150,890)</u>

*concluded*

**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	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>									
Service Cost	\$ 15,173	\$ 35,612	\$ 35,540	\$ 43,559	\$ 43,765	\$ 39,103	\$ 40,719	\$ 41,980	\$ 43,066
Interest on the Total Pension Liability	246,297	245,856	242,969	237,718	232,628	225,805	226,272	218,944	215,973
Benefit Changes	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	299,889	(8,772)	(33,167)	6,685	(43,846)	(4,590)	(21,083)	(23,910)	(82,727)
Assumption Changes	(4,970)	-	-	(37,332)	-	85,757	(104,381)	(14,315)	10,745
Benefit Payments and Refunds	(276,039)	(236,747)	(174,374)	(174,013)	(150,465)	(150,478)	(143,423)	(136,608)	(133,578)
<b>Net Change in Total Pension Liability</b>	<b>280,350</b>	<b>35,949</b>	<b>70,968</b>	<b>76,617</b>	<b>82,082</b>	<b>195,597</b>	<b>(1,896)</b>	<b>86,091</b>	<b>53,479</b>
<b>Total Pension Liability - Beginning</b>	<b>3,527,634</b>	<b>3,491,685</b>	<b>3,420,717</b>	<b>3,344,100</b>	<b>3,262,018</b>	<b>3,066,421</b>	<b>3,068,317</b>	<b>2,982,226</b>	<b>2,928,747</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 3,807,984</b>	<b>\$ 3,527,634</b>	<b>\$ 3,491,685</b>	<b>\$ 3,420,717</b>	<b>\$ 3,344,100</b>	<b>\$ 3,262,018</b>	<b>\$ 3,066,421</b>	<b>\$ 3,068,317</b>	<b>\$ 2,982,226</b>
<b>Plan Fiduciary Net Position</b>									
Employer Contributions	1,666	24,832	26,065	32,222	28,625	42,009	42,139	45,652	36,554
Employee Contributions	8,619	11,413	16,975	16,590	18,888	17,312	16,781	16,278	16,238
Pension Plan Net Investment Income	396,181	(539,861)	643,798	485,085	562,332	(171,257)	507,187	186,888	13,821
Benefit Payments and Refunds	(276,039)	(236,747)	(174,374)	(174,013)	(150,465)	(150,478)	(143,423)	(136,608)	(133,578)
Other	169,917	89,956	7,115	(42,621)	18,948	55,815	(46,547)	28,749	(37,600)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>300,344</b>	<b>(650,857)</b>	<b>519,579</b>	<b>317,263</b>	<b>478,328</b>	<b>(206,599)</b>	<b>376,137</b>	<b>140,959</b>	<b>(104,565)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>3,674,796</b>	<b>4,325,653</b>	<b>3,806,074</b>	<b>3,488,811</b>	<b>3,010,483</b>	<b>3,217,082</b>	<b>2,840,945</b>	<b>2,699,986</b>	<b>2,804,551</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 3,975,140</b>	<b>\$ 3,674,796</b>	<b>\$ 4,325,653</b>	<b>\$ 3,806,074</b>	<b>\$ 3,488,811</b>	<b>\$ 3,010,483</b>	<b>\$ 3,217,082</b>	<b>\$ 2,840,945</b>	<b>\$ 2,699,986</b>
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>(167,156)</b>	<b>(147,162)</b>	<b>(833,968)</b>	<b>(385,357)</b>	<b>(144,711)</b>	<b>251,535</b>	<b>(150,661)</b>	<b>227,372</b>	<b>282,240</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	104.39%	104.17%	123.88%	111.27%	104.33%	92.29%	104.91%	92.59%	90.54%
<b>Covered Valuation Payroll</b>	<b>\$ 191,543</b>	<b>\$ 253,618</b>	<b>\$ 377,215</b>	<b>\$ 368,677</b>	<b>\$ 419,727</b>	<b>\$ 384,706</b>	<b>\$ 372,915</b>	<b>\$ 361,743</b>	<b>\$ 360,850</b>
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	(87.27%)	(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**

<b>Calendar Year Ending February 29,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a % of Covered Valuation Payroll</b>
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	24,382	(12,639)	253,618	9.61%
2023	1,666 *	1,666	-	191,543	0.87%

\* Estimated based on a contribution rate of 0.87% and covered valuation payroll of \$191,543.

NOTES TO OTHER  
INFORMATION



# SHIELDS TOWNSHIP, ILLINOIS

*Notes to Other Information*

*Year Ended February 29, 2024*

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

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

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

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

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

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

# SHIELDS TOWNSHIP, ILLINOIS

*Notes to Other Information*

*Year Ended February 29, 2024*

- All appropriations lapse at year-end.
- The budget for Town Fund and Road & Bridge Fund were adopted on July 20, 2023.

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 29, 2024, 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 \$128,964 more than appropriations.