

**CITY OF FAIRFIELD, IL
FAIRFIELD, ILLINOIS**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021**



CITY OF FAIRFIELD, IL

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section	
Title Page	
Table of Contents	
Financial Section	
Independent Auditor's Report	1-3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	4
Statement of Activities – Modified Cash Basis	5
Fund Financial Statements:	
Balance Sheet – Modified Cash Basis – Governmental Funds	6
Reconciliation of the Balance Sheet of Governmental Funds – Modified Cash Basis	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis	9
Statement of Net Position – Modified Cash Basis – Proprietary Funds	10
Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis – Proprietary Funds	11
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	12
Statement of Net Position – Modified Cash Basis – Fiduciary Funds	13
Statement of Changes in Net Position – Modified Cash Basis – Fiduciary Funds	14
Notes to Financial Statements	15-40

CITY OF FAIRFIELD, IL

TABLE OF CONTENTS

	<u>Page</u>
Compliance Section	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41-42
Schedule of Findings and Responses	43-44
Supplementary Information	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Modified Cash Basis	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis	46
Fiduciary Funds:	
Combining Statement of Net Position – Modified Cash Basis	47
Combining Statement of Changes in Net Position – Modified Cash Basis	48
Consolidated Year-End Financial Report	49-58
Other Information	
Budgetary Comparison Schedule – Modified Cash Basis	
General Fund	59
TIF #1 Fund	60
TIF #2 Fund	61
Illinois Municipal Retirement Fund Schedule of Funding Progress	62
Police Pension Fund and Firemen's Pension Fund Schedule of Funding Progress	63



INDEPENDENT AUDITOR'S REPORT

To the Mayor and
City Council
City of Fairfield, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

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

To the Mayor and
City Council
City of Fairfield, Illinois

Basis for Qualified Opinion on Investments

Management has elected to report investments, except for certificates of deposit and broker held money market accounts, at fair market value. Financial statements prepared on the modified cash basis of accounting require that all investments be reported at cost. The effects on the financial statements for this departure, although not reasonably determinable, are presumed to be material.

Qualified Opinion

In our opinion, except for the effects of the matters disclosed in the Basis for Qualified Opinion on Investments paragraph, the financial statements referred to above present fairly, in all material respects, the financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Fairfield, Illinois, as of April 30, 2021, and the respective changes in financial position-modified cash basis and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as 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

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Fairfield, Illinois' basic financial statements. The Supplementary Information and Other Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information

The combining nonmajor fund and fiduciary fund financial statements, presented on pages 45 through 58 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund, fiduciary financial statements and consolidated year-end financial report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The budgetary comparison schedule, Illinois Municipal Retirement Fund Schedule of Funding Progress, and the Police Pension Fund and Firemen's Pension Fund Schedule of Funding Progress, presented on pages 59 through 63, 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.

To the Mayor and
City Council
City of Fairfield, Illinois

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of the City of Fairfield, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fairfield, Illinois' internal control over financial reporting and compliance.



Kemper CPA Group LLP
Certified Public Accountants and Consultants

November 15, 2021
Evansville, Indiana

CITY OF FAIRFIELD, IL
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
APRIL 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,068,390	\$ 1,096,846	\$ 3,165,236
Restricted cash and cash equivalents	49,796	513,339	563,135
Investments	600,508	146,082	746,590
Notes receivable, net of allowance of \$0	180,038	-	180,038
Capital assets, net of accumulated depreciation	7,411,749	28,899,734	36,311,483
Total assets	<u>10,310,481</u>	<u>30,656,001</u>	<u>40,966,482</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	<u>-</u>	<u>297,720</u>	<u>297,720</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Due to fiduciary funds	114,368	-	114,368
Utility tax payable	-	1,450	1,450
Advanced payments	105,433	-	105,433
Due within one year			
Bonds and notes payable	60,713	1,128,478	1,189,191
Due in more than one year			
Bonds and notes payable	381,735	13,909,957	14,291,692
Total liabilities	<u>662,249</u>	<u>15,039,885</u>	<u>15,702,134</u>
NET POSITION			
Net investment in capital assets	7,411,749	13,861,299	21,273,048
Restricted	3,604,828	513,339	4,118,167
Unrestricted	(1,368,345)	1,539,198	170,853
Total net position	<u>9,648,232</u>	<u>15,913,836</u>	<u>25,562,068</u>
Total liabilities and net position	<u>\$ 10,310,481</u>	<u>\$ 30,953,721</u>	<u>\$ 41,264,202</u>

The notes to the financial statements are an integral part of this statement

CITY OF FAIRFIELD, IL
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,173,658	\$ 55,943	\$ 216,191	\$ -	\$ (901,524)	\$ -	\$ (901,524)
Public safety	2,099,327	13,321	62,093	-	(2,023,913)	-	(2,023,913)
Social services	272,209	80,837	-	-	(191,372)	-	(191,372)
Transportation	1,280,547	2,125	352,676	-	(925,746)	-	(925,746)
Public works	1,204,309	113,918	301,010	-	(789,381)	-	(789,381)
Sanitation	263,360	395,860	-	-	132,500	-	132,500
Culture and recreation	198,300	8,548	32,313	-	(157,439)	-	(157,439)
Total governmental activities	<u>6,491,710</u>	<u>670,552</u>	<u>964,283</u>	<u>-</u>	<u>(4,856,875)</u>	<u>-</u>	<u>(4,856,875)</u>
Business-type activities:							
Electric system	7,002,993	8,009,937	-	-	-	1,006,944	1,006,944
Waterworks and sewer system	3,046,091	2,335,475	146,682	-	-	(563,934)	(563,934)
Gas system	1,276,151	2,210,913	-	-	-	934,762	934,762
Total business-type activities	<u>11,325,235</u>	<u>12,556,325</u>	<u>146,682</u>	<u>-</u>	<u>-</u>	<u>1,377,772</u>	<u>1,377,772</u>
Total primary government	<u>\$ 17,816,945</u>	<u>\$ 13,226,877</u>	<u>\$ 1,110,965</u>	<u>\$ -</u>	<u>(4,856,875)</u>	<u>1,377,772</u>	<u>(3,479,103)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,346,712	-	1,346,712
Franchise tax					17,859	-	17,859
Intergovernmental revenue:							
Sales tax					1,499,823	-	1,499,823
Income tax					590,841	-	590,841
Replacement tax					30,916	-	30,916
Telecommunication tax					67,581	-	67,581
Video gaming tax					56,504	-	56,504
Foreign fire tax					12,423	-	12,423
Interest and investment income (expense)					18,342	14,454	32,796
Miscellaneous					90,995	150,465	241,460
Transfers					872,572	(872,572)	-
Total general revenues and transfers					<u>4,604,568</u>	<u>(707,653)</u>	<u>3,896,915</u>
Change in net position					<u>(252,307)</u>	<u>670,119</u>	<u>417,812</u>
Net position - beginning (Restated, see Note 17)					<u>9,900,539</u>	<u>15,243,717</u>	<u>25,144,256</u>
Net position - ending					<u>\$ 9,648,232</u>	<u>\$ 15,913,836</u>	<u>\$ 25,562,068</u>

The notes to the financial statements are an integral part of this statement

**CITY OF FAIRFIELD, IL
BALANCE SHEET – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2021**

	<u>General</u>	<u>TIF #1 Fund</u>	<u>TIF #2 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 10,063	\$ 971,252	\$ 7,584	\$ 1,034,166	\$ 2,023,065
Restricted cash and cash equivalents	49,796	-	-	-	49,796
Due from other funds	31,804	973,232	-	-	1,005,036
Investments	24,126	-	-	576,382	600,508
Notes receivable, net of allowance of \$0	-	-	-	180,038	180,038
Total assets	<u>\$ 115,789</u>	<u>\$ 1,944,484</u>	<u>\$ 7,584</u>	<u>\$ 1,790,586</u>	<u>\$ 3,858,443</u>
LIABILITIES					
Due to fiduciary funds	\$ 114,368	\$ -	\$ -	\$ -	\$ 114,368
Due to other funds	-	-	1,005,036	-	1,005,036
Advanced payments	105,433	-	-	-	105,433
Total liabilities	<u>219,801</u>	<u>-</u>	<u>1,005,036</u>	<u>-</u>	<u>1,224,837</u>
FUND BALANCES					
Non-spendable	-	-	-	180,038	180,038
Restricted	49,796	1,944,484	-	1,610,548	3,604,828
Unassigned	(153,808)	-	(997,452)	-	(1,151,260)
Total fund balances	<u>(104,012)</u>	<u>1,944,484</u>	<u>(997,452)</u>	<u>1,790,586</u>	<u>2,633,606</u>
Total liabilities and fund balances	<u>\$ 115,789</u>	<u>\$ 1,944,484</u>	<u>\$ 7,584</u>	<u>\$ 1,790,586</u>	<u>\$ 3,858,443</u>

The notes to the financial statements are an integral part of this statement

**CITY OF FAIRFIELD, IL
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUND – MODIFIED CASH BASIS
APRIL 30, 2021**

Fund balances - total governmental funds \$ 2,633,606

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

	Capital outlays	22,072,734	
	Depreciation	<u>(14,660,985)</u>	<u>7,411,749</u>

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

(442,448)

Internal service funds are used by management to charge health insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.

45,325

Net position of governmental activities

\$ 9,648,232

CITY OF FAIRFIELD, IL
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	General	TIF #1 Fund	TIF #2 Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 279,745	\$ 992,360	\$ 10,425	\$ 64,182	\$ 1,346,712
Franchise tax	17,859	-	-	-	17,859
Sales tax	1,499,823	-	-	-	1,499,823
Income tax	590,841	-	-	-	590,841
Replacement tax	27,397	-	-	3,519	30,916
Motor fuel taxes	-	-	-	352,676	352,676
Telecommunication tax	67,581	-	-	-	67,581
Video gaming tax	56,504	-	-	-	56,504
Foreign fire tax	12,423	-	-	-	12,423
Licenses and permits	14,076	-	-	-	14,076
Fees and fines	16,671	-	-	-	16,671
Charges for services	631,257	-	-	8,548	639,805
Interest and investment income	1,836	1,522	174	14,810	18,342
Operating grants	517,201	-	-	68,536	585,737
Operating contributions	-	-	-	25,870	25,870
Miscellaneous	158,260	-	-	-	158,260
Total revenues	<u>3,891,474</u>	<u>993,882</u>	<u>10,599</u>	<u>538,141</u>	<u>5,434,096</u>
EXPENDITURES					
Current:					
General government	1,093,250	-	-	-	1,093,250
Public safety	1,988,315	-	-	1,215	1,989,530
Social services	262,045	-	-	-	262,045
Transportation	897,197	-	-	16,521	913,718
Public works	283,569	757,747	-	44,904	1,086,220
Sanitation	263,360	-	-	-	263,360
Culture and recreation	50,416	-	-	130,262	180,678
Debt service:					
Principal	40,526	-	-	-	40,526
Interest	-	-	-	-	-
Capital outlay	281,320	-	-	234,813	516,133
Total expenditures	<u>5,159,998</u>	<u>757,747</u>	<u>-</u>	<u>427,715</u>	<u>6,345,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,268,524)</u>	<u>236,135</u>	<u>10,599</u>	<u>110,426</u>	<u>(911,364)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,357,049	-	-	5,262	1,362,311
Transfers out	-	(386,537)	-	(103,202)	(489,739)
Total other financing sources (uses)	<u>1,357,049</u>	<u>(386,537)</u>	<u>-</u>	<u>(97,940)</u>	<u>872,572</u>
Net change in fund balances	88,525	(150,402)	10,599	12,486	(38,792)
Fund balances - beginning (Restated, see Note 17)	<u>(192,537)</u>	<u>2,094,886</u>	<u>(1,008,051)</u>	<u>1,778,100</u>	<u>2,672,398</u>
Fund balances - ending	<u>\$ (104,012)</u>	<u>\$ 1,944,484</u>	<u>\$ (997,452)</u>	<u>\$ 1,790,586</u>	<u>\$ 2,633,606</u>

The notes to the financial statements are an integral part of this statement

**CITY OF FAIRFIELD, IL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2021**

Net change in fund balances - total governmental funds \$ (38,792)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlays	516,133	
Depreciation	<u>(692,771)</u>	<u>(176,638)</u>

Proceeds from debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.

Repayments	40,526	
Proceeds	<u>(67,265)</u>	<u>(26,739)</u>

Internal service funds are used by management to charge health insurance to individual funds. The change in net position of certain activities of internal service funds is reported with governmental activities.

(10,138)

Change in net position of governmental activities

\$ (252,307)

The notes to the financial statements are an integral part of this statement

CITY OF FAIRFIELD, IL
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2021

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities Internal Service Fund
	Electric Fund	Waterworks and Sewer Funds	Gas Fund		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 453,054	\$ 180,628	\$ 432,237	\$ 1,065,919	\$ 76,252
Restricted cash and cash equivalents	298,999	214,340	-	513,339	-
Investments	87,944	-	58,138	146,082	-
Total current assets	<u>839,997</u>	<u>394,968</u>	<u>490,375</u>	<u>1,725,340</u>	<u>76,252</u>
Noncurrent assets:					
Due from other funds	475,962	-	475,963	951,925	-
Capital assets, net of accumulated depreciation	8,475,223	20,118,496	306,015	28,899,734	-
Total noncurrent assets	<u>8,951,185</u>	<u>20,118,496</u>	<u>781,978</u>	<u>29,851,659</u>	<u>-</u>
Total Assets	<u>\$ 9,791,182</u>	<u>\$ 20,513,464</u>	<u>\$ 1,272,353</u>	<u>\$ 31,576,999</u>	<u>\$ 76,252</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	<u>\$ 265,661</u>	<u>\$ 32,059</u>	<u>\$ -</u>	<u>\$ 297,720</u>	<u>\$ -</u>
LIABILITIES AND NET POSITION					
Liabilities:					
Current liabilities:					
Utility tax payable	\$ 912	\$ -	\$ 538	\$ 1,450	\$ -
Bonds and notes payable	479,207	649,271	-	1,128,478	-
Total current liabilities	<u>480,119</u>	<u>649,271</u>	<u>538</u>	<u>1,129,928</u>	<u>-</u>
Noncurrent liabilities:					
Due to other funds	-	951,925	-	951,925	-
Bonds and notes payable	7,347,625	6,562,332	-	13,909,957	-
Total noncurrent liabilities	<u>7,347,625</u>	<u>7,514,257</u>	<u>-</u>	<u>14,861,882</u>	<u>-</u>
Total liabilities	<u>7,827,744</u>	<u>8,163,528</u>	<u>538</u>	<u>15,991,810</u>	<u>-</u>
Net investment in capital assets	648,391	12,906,893	306,015	13,861,299	-
Restricted	298,999	214,340	-	513,339	-
Unassigned	1,281,709	(739,238)	965,800	1,508,271	76,252
Total net position	<u>\$ 2,229,099</u>	<u>\$ 12,381,995</u>	<u>\$ 1,271,815</u>	<u>\$ 15,882,909</u>	<u>\$ 76,252</u>
Total Liabilities and Net Position	<u>\$ 10,056,843</u>	<u>\$ 20,545,523</u>	<u>\$ 1,272,353</u>		<u>\$ 76,252</u>
				30,927	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>\$ 15,913,836</u>	

The notes to the financial statements are an integral part of this statement

CITY OF FAIRFIELD, IL
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Electric Fund	Waterworks and Sewer Funds	Gas Fund	Totals	Internal Service Fund
Operating revenues:					
Charges for services	\$ 8,009,937	\$ 2,335,475	\$ 2,210,913	\$ 12,556,325	\$ -
Charges to other funds	-	-	-	-	662,732
Employee withholdings	-	-	-	-	122,413
Operating grants	-	146,682	-	146,682	-
Miscellaneous revenue	106,512	32,689	11,264	150,465	-
Total operating revenues	<u>8,116,449</u>	<u>2,514,846</u>	<u>2,222,177</u>	<u>12,853,472</u>	<u>785,145</u>
Operating expenses:					
Personal services	629,413	1,167,028	349,557	2,145,998	-
Support services	10,704	42,038	19,363	72,105	-
Contractual services	4,887,171	21,720	764,272	5,673,163	-
Utilities	30,890	214,564	8,799	254,253	-
Repairs and maintenance	200,158	139,785	4,174	344,117	-
Other supplies and materials	244,634	220,244	81,499	546,377	-
Insurance	102,835	54,593	15,170	172,598	801,996
Depreciation	584,071	1,050,441	32,398	1,666,910	-
Other	1,570	1,213	-	2,783	-
Total operating expenses	<u>6,691,446</u>	<u>2,911,626</u>	<u>1,275,232</u>	<u>10,878,304</u>	<u>801,996</u>
Operating income (loss)	<u>1,425,003</u>	<u>(396,780)</u>	<u>946,945</u>	<u>1,975,168</u>	<u>(16,851)</u>
Nonoperating revenues (expenses):					
Interest and investment income (expense)	11,167	65	3,222	14,454	51
Interest expense	(309,384)	(130,885)	-	(440,269)	-
Transfers in	-	806,114	-	806,114	-
Transfers out	(848,056)	-	(830,630)	(1,678,686)	-
Total nonoperating revenue (expenses)	<u>(1,146,273)</u>	<u>675,294</u>	<u>(827,408)</u>	<u>(1,298,387)</u>	<u>51</u>
Change in net position	278,730	278,514	119,537	676,781	(16,800)
Total net position - beginning, restated	<u>1,950,369</u>	<u>12,103,481</u>	<u>1,152,278</u>		<u>93,052</u>
Total net position - ending	<u>\$ 2,229,099</u>	<u>\$ 12,381,995</u>	<u>\$ 1,271,815</u>		<u>\$ 76,252</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. Change in net position of business-type activities				<u>(6,662)</u>	
				<u>\$ 670,119</u>	

The notes to the financial statements are an integral part of this statement

CITY OF FAIRFIELD, IL
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities Internal Service Fund
	Electric Fund	Waterworks and Sewer Funds	Gas Fund		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 8,116,449	\$ 2,514,846	\$ 2,222,177	\$ 12,853,472	\$ -
Receipts from interfund services provided	-	-	-	-	785,145
Payments to suppliers	(5,458,727)	(689,161)	(893,365)	(7,041,253)	-
Payments for claims	-	-	-	-	(801,996)
Payments to employees	(629,413)	(1,167,028)	(349,557)	(2,145,998)	-
Net cash provided by operating activities	<u>2,028,309</u>	<u>658,657</u>	<u>979,255</u>	<u>3,666,221</u>	<u>(16,851)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	806,114	-	806,114	-
Transfers to other funds	(848,056)	-	(830,630)	(1,678,686)	-
Net cash provided by (used in) non-capital financing activities	<u>(848,056)</u>	<u>806,114</u>	<u>(830,630)</u>	<u>(872,572)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(208,626)	(515,353)	(20,566)	(744,545)	-
Proceeds from capital debt	-	-	-	-	-
Principal paid on capital debt	(461,495)	(637,970)	-	(1,099,465)	-
Interest paid on capital debt	(309,384)	(130,885)	-	(440,269)	-
Net cash used in capital and related financing activities	<u>(979,505)</u>	<u>(1,284,208)</u>	<u>(20,566)</u>	<u>(2,284,279)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Redemption of investments	(10,623)	-	(3,221)	(13,844)	-
Interest	11,167	65	3,222	14,454	51
Net cash provided by investing activities	<u>544</u>	<u>65</u>	<u>1</u>	<u>610</u>	<u>51</u>
Net increase (decrease) in cash and cash equivalents	201,292	180,628	128,060	509,980	(16,800)
Balances - beginning of year	550,761	214,340	304,177	1,069,278	93,052
Balances - end of year	<u>\$ 752,053</u>	<u>\$ 394,968</u>	<u>\$ 432,237</u>	<u>\$ 1,579,258</u>	<u>\$ 76,252</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 1,425,003	\$ (396,780)	\$ 946,945	\$ 1,975,168	\$ (16,851)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	584,071	1,050,441	32,398	1,666,910	-
Change in current assets and current liabilities:					
Advanced payments	-	-	-	-	-
Utility tax payable	30	-	(88)	(58)	-
Deferred charges on refunding	19,205	4,996	-	24,201	-
Net cash provided by operating activities	<u>\$ 2,028,309</u>	<u>\$ 658,657</u>	<u>\$ 979,255</u>	<u>\$ 3,666,221</u>	<u>\$ (16,851)</u>
Cash and cash equivalents per Statement of Net Position - Modified Cash Basis:					
Cash and equivalents	\$ 453,054	\$ 180,628	\$ 432,237	\$ 1,065,919	\$ 76,252
Restricted cash and cash equivalents	298,999	214,340	-	513,339	-
	<u>\$ 752,053</u>	<u>\$ 394,968</u>	<u>\$ 432,237</u>	<u>\$ 1,579,258</u>	<u>\$ 76,252</u>

The notes to the financial statements are an integral part of this statement

CITY OF FAIRFIELD, IL
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
FIDUCIARY FUNDS
APRIL 30, 2021

	Pension Trust Funds	Agency Funds	Total
ASSETS			
Cash and cash equivalents	\$ 540,546	\$ 25,465	\$ 566,011
Investments	4,962,636	116,218	5,078,854
Due from other funds	114,368	-	114,368
Total assets	<u>\$ 5,617,550</u>	<u>\$ 141,683</u>	<u>\$ 5,759,233</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Due to others	\$ -	\$ 141,683	\$ 141,683
Total liabilities	<u>-</u>	<u>141,683</u>	<u>141,683</u>
Net position:			
Held in trust for pension benefits	<u>5,617,550</u>	<u>-</u>	<u>5,617,550</u>
Total net position	<u>5,617,550</u>	<u>-</u>	<u>5,617,550</u>
Total liabilities and net position	<u>\$ 5,617,550</u>	<u>\$ 141,683</u>	<u>\$ 5,759,233</u>

The notes to the financial statements are an integral part of this statement

**CITY OF FAIRFIELD, IL
STATEMENT OF CHANGES IN NET POSITION –
MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 553,732
Plan members	84,153
Total contributions	<u>637,885</u>
Investment earnings:	
Interest	30,375
Dividends	25,632
Change in fair market value of investments	464,585
Net investment earnings	<u>520,592</u>
Total additions	<u>1,158,477</u>
DEDUCTIONS	
Benefits	510,793
Administrative expenses	1,106
Total deductions	<u>511,899</u>
Change in net position	646,578
Net position - beginning	<u>4,970,972</u>
Net position - end of year	<u><u>\$ 5,617,550</u></u>

The notes to the financial statements are an integral part of this statement

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the basic financial statements of the City have been prepared in conformity with the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

A. Financial Reporting Entity

The City of Fairfield, IL, (the “City”) operates under the Illinois Municipal Code, Chapter 65 of the Illinois Compiled Statutes. The City is governed by an elected mayor and an eight member council, which are elected by the voters of the City for four year terms. It provides the following services as authorized by statute: public safety and health; maintenance of highways and streets; culture and recreation; sanitation services; public works; social services; water distribution; waste water treatment; electric and gas distribution; and general administration.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

Based on the criteria stated above, the City has evaluated its potential component units and determined that the Fairfield Public Library and the Fairfield Area Development Commission are to be presented as blended component units. Blended component units are in substance part of the City’s operation and are reported with similar funds of the City. Separate financial statements for component units are not issued.

B. Basis of Presentation

The City’s basic financial statements consist of government-wide statements including the statement of net position and statement of activities and fund financial statements, which provide a more detailed level of financial information.

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-wide Financial Statements

The government-wide focus is on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the City as a whole. These statements include financial activities of the primary government; fiduciary activities have been excluded. The effect of interfund activity has been removed from these statements. The government-wide statement of activities reflects both expenses and net cost of each function of the City's governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, such as property taxes, are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each city function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The emphasis of fund financial statements is on major governmental and proprietary funds; therefore each is displayed in a separate column. All remaining governmental and proprietary funds are aggregated and presented as nonmajor funds.

Governmental funds are used to account for all or most of a City's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Operating revenues in the proprietary funds are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component units. The City's internal service fund accounts for a self-funded health insurance program which operates on a cost-reimbursement basis. Although the City's internal service fund is reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements.

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Fund Financial Statements (Concluded)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. As such, fiduciary funds are not reported in the City-wide statements. The City's fiduciary funds include the Police and Firemen Pension Funds, as well as the Meter Deposits and Recreation Funds, which are presented as agency funds.

C. Measurement Focus

The government-wide statements report using the economic resources measurement focus. Proprietary and fiduciary fund financial statements also report using this same focus.

Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the government-wide presentation), a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The City maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. The investments are valued at fair value, which is a departure from the modified cash basis of accounting. 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.

Proceeds from long-term debt borrowings are included as other financing sources on the fund financial statements on the date received.

Operating revenue reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus (Concluded)

Fund Types and Major Funds

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Tax Allocation Fund #1 (TIF #1) is used to account for special property tax revenue earmarked for the redevelopment and improvement of properties within the TIF District of the City. Revenue is generated from the increase in equalized assessed valuation of the property in the designated area, resulting in increased real estate taxes which goes into the fund.

The City reports the following major enterprise funds:

The Electric Fund is used to account for revenues and expenses associated with providing electric services to the City.

The Waterworks and Sewer Funds are used to account for the revenues and expenses associated with providing water and sewer services to the City.

The Gas Fund is used to account for revenues and expenses associated with providing gas services to the City.

D. Budgets

The City adopts its budget in accordance with the modified cash basis of accounting. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

E. Deposits and Investments

The City's investments include broker-held money market accounts, certificates of deposit, variable annuity contracts, equities, mortgage-backed securities, corporate bonds, municipal securities, and mutual funds. These investments are held by the City's General, Electric, Gas, Waterworks and Sewer, Meter, Library, Police Pension and Firemen's Pension Funds and, with the exception of the broker-held money market accounts and certificates of deposit, are recorded at fair value. The money market and certificates of deposits are recorded at cost, which approximates market value. The gains or losses on the sale of these investments are recognized upon realization. Market adjustments for these investments are recorded in the investment earnings in the current period. The fair value adjustments are based on quoted market prices at April 30, 2021 in actively traded markets.

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Due To and Due from Other Funds

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. Inter-fund receivable and payables are eliminated on the government-wide statements, when related to the Primary Government. Certain instances may arise where an inter-fund receivable or payable exists between the governmental and business-type entities. These amounts are not eliminated on the government-wide statements, but are presented as internal balances.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as individual assets with an initial, individual cost of more than \$5,000 and an estimated useful life of two years or more. Such assets are recorded at historical costs if purchased or constructed, except for property, plant, and equipment acquired for which historical cost was not available, and are valued based on estimated historical cost at that date.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	40 – 50
Electric System	25 – 30
Water and Sewer System	33 – 40
Gas System	33
Machinery and Equipment	5 – 20
Vehicles	5 – 10
Infrastructure	20 – 50

H. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused sick leave benefits up to a maximum determined by bargaining unit agreements. Unused sick leave is not paid on termination. All vacation for employees covered by bargaining unit agreements is to be used in the current period, other employees are permitted to carry over one week’s vacation.

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs, are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums and discounts received on debt issuance are also reported as other financing sources/(uses). Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

J. Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future periods and thus, will not be recognized as an outflow of resources (expenditure) until then. The City has deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

K. Fund Balance/Net Position

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance/Net Position (Concluded)

Fund Financial Statements

Fund balance is the difference between assets and liabilities in a governmental fund. The City reports a governmental fund's fund balance into the following classifications:

Non-spendable includes fund balance amounts that cannot be spent either because they are not spendable form or because of legal or contractual requirements. Examples are inventories, notes receivable, and funds held in trust. Only the non-major Economic Development fund carries a non-spendable balance.

Restricted includes amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors, creditors, or donors. The major General and TIF #1 funds, as well as the non-major Motor Fuel Tax, Economic Development, Police Department ADA Grant, and Library funds carry a restricted balance.

Committed includes amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. The City Council is the highest level of decision-making authority for the City. No funds carried a committed balance in fiscal year 2021.

Assigned includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only City Council may assign amounts for specific purposes. No funds carried an assigned balance in fiscal year 2021.

Unassigned includes all amounts not included in other spendable classifications. The major General fund and TIF #2 funds carry an unassigned balance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Proprietary fund equity is classified in the same categories and manner as the government-wide statements.

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

L. Property Taxes

The City's property tax is levied each calendar year on all taxable real property located in the City. The City must file its tax levy by the last Tuesday of December each year. Property taxes attach as an enforceable lien on property as of January 1. Taxes are generally payable in two installments between the months of October and December. Property taxes are billed and collected by the Wayne County Treasurer, who then remits property taxes collected to the City. The current financial statements reflect property taxes that were levied in December 2019 and collected between November 2020 and March 2021 in revenues.

M. Related Party Transactions

There were no material related party transactions with the City officials or employees during the year ended April 30, 2021.

N. Use of Estimates

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

O. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all checking, savings, and money market accounts, which are highly liquid investments to be cash.

P. Date of Management's Review

Management has evaluated subsequent events through November 15, 2021, the date which the financial statements were available to be issued.

NOTE 2: CASH AND INVESTMENTS

The City's cash deposits consist of checking, savings accounts, money market accounts, and non-negotiable certificate of deposits, which are recorded as investment. These deposits are stated at cost, which approximates market. The City is authorized by state statute to invest in obligations of the U.S. Treasury, agencies, instrumentalities, commercial paper noted within the three highest classifications by at least two standard rating services, obligations of state and their political subdivisions, savings accounts, credit union shares, and Illinois Public Treasurer's Investment Pool or such other officially recognized Illinois funds.

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

At April 30, 2021 the carrying amount of the City’s government-wide, fiduciary, and internal service cash deposits were \$3,652,119, \$566,011 and \$76,252, respectively. The City’s government-wide, agency, and internal service bank balances as of April 30, 2021 were \$3,858,371, \$572,948 and \$102,130, respectively. Of the total bank balances as of April 30, 2021, \$971,283 was secured by federal depository insurance and \$3,562,166 was collateralized by securities pledged by the City of Fairfield’s financial institutions in the name of the City. This includes petty cash and cash on hand amounts of \$4,322.

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds in excess of FDIC limits to be secured by some form of collateral with the financial institution. As of April 30, 2021, \$3,562,166 of the City’s bank balance of \$4,533,449 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank’s trust department not in the City’s name	\$ <u>3,562,166</u>
---	---------------------

Investments and Investment Custodial Credit Risk

The City invests excess cash into brokered certificates of deposits, non-negotiable certificates of deposit, variable annuity contracts, government-secured bonds, mortgage-backed securities, corporate bonds, municipal securities, and mutual funds. The City records its investments at fair value using unadjusted quoted prices in active markets for identical assets and liabilities.

At April 30, 2021, the carrying amount and financial institution balance of the City’s government-wide and fiduciary investments were \$746,590 and \$5,078,854, respectively. The carrying amount is as follows:

Brokered certificates of deposit	\$ 340,155
Non-negotiable certificates of deposit	945,566
Variable annuity contracts	1,415,470
Broker-held money market	349,483
Equities	22,280
Mortgage-backed securities	172,891
Corporate bonds	256,141
Municipal securities	1,171,722
Mutual funds	1,151,736
	\$ 5,825,444

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONCLUDED)

Investments and Investment Custodial Credit Risk (Concluded)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for investment custodial credit risk. As of April 30, 2021, the City's investments were exposed to custodial credit risk as follows:

Investment securities held by counterparty \$ 5,825,444

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates. The City utilizes third-party investment advisors to manage its exposure to fair value losses.

Investments as of April 30, 2021 are summarized below:

Investment Type	Fair Value	Weighted Average Maturity in Years
Brokered certificates of deposit	\$ 340,155	3.07
Non-negotiable certificates of deposit	945,566	0.46
Variable annuity contracts	1,415,470	21.05
Broker-held money market	349,483	N/A
Equities	22,280	N/A
Mortgage-backed securities	172,891	9.20
Corporate bonds	256,141	7.96
Municipal securities	1,171,722	7.55
Mutual funds	1,151,736	N/A
	\$ 5,825,444	

Credit Risk of Debt Securities

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligations to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. State law limits investments in corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Other investments are invested as permitted by the Illinois Pension Code of the Illinois Compiled Status. Foreign currency risk, the risk that changes in exchange rates will adversely affect the fair value of an investment, is expected to be minor based on investment allocations. At April 30, 2021, the City did not maintain any investments below the required investment grades.

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 3: COMMON BANK ACCOUNT

The City pools the cash balances from certain funds not required to be maintained in separate accounts. Separate bank accounts are not maintained for all of the City's funds. The City maintains accounting records to show the portion of the common bank account balance attributable to each participating fund.

Occasionally, certain funds participating in the common bank account may incur an overdraft (deficit) in the account. The overdraft results from expenditures which have been approved by the City. If this occurs, the overdraft constitutes an unauthorized inter-fund loan since the Council did not authorize it by a resolution.

NOTE 4: LOANS RECEIVABLE

In order to stimulate industrial and economic growth, The City has issued loans to local businesses and residents for capital improvements and construction. The following is an analysis of the loans outstanding, net of reserve for bad debt at April 30, 2021:

Economic Development Loans

Interest rates varying from 3% to 4.5%, with maturities in 9 years, with equal principal and interest payments, 7 loans.

\$ 180,038

Activity on the above loans was as follows:

	Economic Development
Loans receivable - May 1, 2020	\$ 232,980
New loans added	-
Principal payments	(52,942)
Allowance for bad debts	-
Loans receivable - April 30, 2021	<u><u>\$ 180,038</u></u>

The five year maturity summary of the above loans is as follows:

Year Ended	Principal	Interest	Total
<u>April 30,</u>			
2022	\$ 36,614	\$ 5,666	\$ 42,280
2023	37,855	4,425	42,280
2024	35,630	3,184	38,814
2025	25,662	2,270	27,932
2026 - 2029	44,277	2,701	46,978
Total	<u><u>\$ 180,038</u></u>	<u><u>\$ 18,246</u></u>	<u><u>\$ 198,284</u></u>

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 5: CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets:

Governmental Activities

General Government	Balance May 01, 2020	Additions	Deletions	Transfers	Balance April 30, 2021
Assets not depreciated:					
Land	\$ 930,122	\$ -	\$ -	\$ -	\$ 930,122
Construction in Progress	-	134,916	-	-	134,916
Assets depreciated:					
Infrastructure	13,849,801	-	-	-	13,849,801
Buildings	2,921,886	49,872	-	-	2,971,758
Equipment	3,796,978	96,532	(151,085)	-	3,742,425
Total Capital Assets	21,498,787	281,320	(151,085)	-	21,629,022
Less: Accumulated Depreciation	(14,110,595)	(683,635)	151,085	-	(14,643,145)
Capital Assets, net	<u>\$ 7,388,192</u>	<u>\$ (402,315)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,985,877</u>

Motor Fuel Tax	May 01, 2020	Additions	Deletions	Transfers	April 30, 2021
Assets not depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Assets depreciated:					
Infrastructure	208,899	234,813	-	-	443,712
Buildings	-	-	-	-	-
Equipment	-	-	-	-	-
Total Capital Assets	208,899	234,813	-	-	443,712
Less: Accumulated Depreciation	(8,704)	(9,136)	-	-	(17,840)
Capital Assets, net	<u>\$ 200,195</u>	<u>\$ 225,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 425,872</u>

Business-Type Activities

Electric System	Balance May 01, 2020	Additions	Deletions	Transfers	Balance April 30, 2021
Assets not depreciated:					
Land	\$ 546,007	\$ -	\$ -	\$ -	\$ 546,007
Assets depreciated:					
Electric System	16,313,577	208,626	-	-	16,522,203
Equipment	1,633,631	-	-	-	1,633,631
Total Capital Assets	18,493,215	208,626	-	-	18,701,841
Less: Accumulated Depreciation	(9,642,547)	(584,071)	-	-	(10,226,618)
Capital Assets, net	<u>\$ 8,850,668</u>	<u>\$ (375,445)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,475,223</u>

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 5: CHANGES IN CAPITAL ASSETS (CONTINUED)

Business-Type Activities (Concluded)

Waterworks and Sewer System	Balance May 01, 2020	Additions	Deletions	Transfers	Balance April 30, 2021
Assets not depreciated:					
Land	\$ 352,472	\$ -	\$ -	\$ -	\$ 352,472
Construction in Progress	74,528	-	-	(74,528)	-
Assets depreciated:					
System	37,378,163	333,316	-	-	37,711,479
Equipment	916,115	182,037	-	74,528	1,172,680
Total Capital Assets	38,721,278	515,353	-	-	39,236,631
Less: Accumulated Depreciation	(18,067,694)	(1,050,441)	-	-	(19,118,135)
Capital Assets, net	<u>\$ 20,653,584</u>	<u>\$ (535,088)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,118,496</u>

Gas System	Balance May 01, 2020	Additions	Deletions	Transfers	Balance April 30, 2021
Assets not depreciated:					
Land	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Assets depreciated:					
Gas System	1,643,171	-	-	-	1,643,171
Equipment	147,314	20,566	-	-	167,880
Total Capital Assets	1,791,485	20,566	-	-	1,812,051
Less: Accumulated Depreciation	(1,473,638)	(32,398)	-	-	(1,506,036)
Capital Assets, net	<u>\$ 317,847</u>	<u>\$ (11,832)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,015</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities		Business-Type Activities	
General Government	\$ 78,301	Electric Fund	\$ 584,071
Public Safety	105,225	Waterworks/Sewer Fund	1,050,441
Social Services	9,588	Gas Fund	32,398
Transportation	355,805	Total	<u>\$ 1,666,910</u>
Public Works	117,611		
Culture and Recreation	17,105		
Motor Fuel Tax	9,136		
Total	<u>\$ 692,771</u>		

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 6: RESTRICTED ASSETS – BUSINESS-TYPE ACTIVITIES

Governmental Activities

At April 30, 2021, the City maintained restricted cash and investments for the following purposes:

RESTRICTED CASH

	General Fund	Total
Restricted for purpose	\$ 49,796	\$ 49,796

Business-Type Activities

At April 30, 2021, the City maintained restricted cash and investments for the following purposes:

RESTRICTED CASH

	Electric Fund	Waterworks and Sewer Fund	Total
Restricted for debt services	\$ 298,999	\$ 214,340	\$ 513,339

NOTE 7: UNEARNED REVENUE

The City allows for advance payments of utility services by residents. The City maintains these advanced payments as unapplied cash in the General Fund until they are earned by one of the proprietary funds. The balance of the account was \$105,433 as of April 30, 2021.

NOTE 8: FUND EQUITY

The City's non-spendable fund balance consisted of notes receivable from its Economic Development fund totaling \$180,038 at April 30, 2021.

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 8: FUND EQUITY (CONCLUDED)

During the fiscal year ended April 30, 2021, the City had the following Governmental Fund Restricted fund balances:

a. Restricted

Fund	Amount
General Fund:	
Foreign Fire	\$ 12,345
DARE	6,366
Police Drug	31,085
Total General Fund	49,796
TIF #1	1,944,484
NonMajor Governmental Funds:	
Motor Fuel Tax	650,016
Economic Development	258,506
Police Dept. ADA Grant	23,633
Library	678,393
Total NonMajor Governmental Funds	1,610,548
Total Restricted Funds	\$ 3,604,828

As of April 30, 2021, the TIF #2 Fund has accumulated a fund deficit of \$997,452. This deficit has arisen primarily due to interfund loans between funds of the City. The City intends on monitoring this deficit and working to repay by adjusting tax levies, transferring funds, and monitoring expenses.

NOTE 9: PENSION PLANS

Illinois Municipal Retirement Fund

Regular Employee Plan

A. Plan Description

The City'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 City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer plan. 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 financial report that includes financial statements and required supplementary information (RSI). That report may be obtained at www.imrf.org.

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 9: PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund (Concluded)

Regular Employee Plan (Concluded)

The IMRF has three benefit plans. The City only participates under the Regular Plan (RP), which has two tiers. Employees hired before January 1, 2011, are eligible for Tier I benefits. Tier I employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier I 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 fifteen years of service credit, plus 2% for each year of service credit after fifteen 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 I, 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 II benefits. For Tier II 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 fifteen years of service credit, plus 2% for each year of service credit after fifteen 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 II, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of a) 3% of the original pension amount, or b) ½ of the increase in the Consumer Price Index of the original pension amount.

B. Funding Policies

As set by statute, the City's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate was 11.96 percent and 9.03 percent for the calendar years 2020 and 2021, respectively. The City 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 the IMRF Board of Trustees, which supplemental retirement benefits rate is set by statute.

For fiscal year ending April 30, 2021, the City's actual contributions for pension cost for the Regular plan were \$359,093. The covered payroll for fiscal year ending April 30, 2021 (annual payroll of active employees covered by the plan) was \$3,002,450.

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 9: PENSION PLANS (CONTINUED)

Police & Firemen's Pension Plans

A. Plan Descriptions

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer plan, the defined benefits and employee and employer contributions levels are governed by Illinois State Statutes (Chapter 40 1/2 Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. For fiscal year ending April 30, 2021, the employer and employee contributions made were \$370,841 and \$60,476, respectively. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2021 was \$541,141.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. Employees disabled in the performance of an act of duty are entitled to a pension equal to the greatest of 65% of the salary attached to their rank held at the date of suspension of duty or retirement pension that the employee would be eligible to receive if he or she retired. If the disability occurs while not in performance of an act of duty, the employee is entitled to a pension of 50% of the salary attached to their rank at the date of suspension of duty or retirement. Subject to certain requirements, surviving spouse may receive up to 100% of the monthly retirement pensions to which the employee was entitled.

The monthly pension of a police officer who retires after January 1, 1986, shall be increased, upon either the first of the month following the first anniversary of the date of retirement if the officer is 55 years of age or over, or upon the first day of the month following attainment of age 55 if it occurs after the first anniversary of retirement, by 1/12 of 3% of the originally granted pension for each full month that has elapsed since the pension began, and by an additional 3% of the originally granted pension in January of each year thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest.

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 9: PENSION PLANS (CONTINUED)

Police & Firemen's Pension Plans (Concluded)

A. Plan Descriptions (Concluded)

Firemen's Pension Plan

Fire sworn personnel are covered by the Firemen's Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois State Statutes (Chapter 40 1/2 - Pensions - Article 4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. For fiscal year ending April 30, 2021, the employer and employee contributions made were \$182,891 and \$23,677, respectively. The City's payroll for employees covered by the Firemen's Pension Plan for the year ended April 30, 2021 was \$250,285.

The Firemen's Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. Employees disabled in the performance of an act of duty are entitled to a pension equal to the greatest of 65% of the salary attached to their rank held at the date of suspension of duty or retirement pension that the employee would be eligible to receive if he or she retired. If the disability occurs while not in performance of an act of duty, the employee is entitled to a pension of 50% of the salary attached to their rank at the date of suspension of duty or retirement. Subject to certain requirements, surviving spouse may receive up to 100% of the monthly retirement pensions to which the employee was entitled.

The monthly pension of a firefighter who retires after January 1, 1986, shall, upon either the first of the month following the first anniversary of the date of retirement if 55 years of age or over, or upon the first day of the month following attainment of age 55 if it occurs after the first anniversary of retirement, be increased by 1/12 of 3% of the originally granted monthly pension for each full month that has elapsed since the pension began, and by an additional 3% in each January.

Covered employees are required to contribute 9.455% of their salary to the Firemen's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest.

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 9: PENSION PLANS (CONCLUDED)

Social Security

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund (IMRF) are considered “non-participating employees”. These employees and those qualifying for coverage under the IMRF are covered under Social Security. The City paid the total required contribution for the current fiscal year.

NOTE 10: POST-EMPLOYMENT HEALTH CARE BENEFITS

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium and, if applicable, a 2% administration fee, is paid in full by the insured each month. This program is offered for a duration of 18 months after termination date, and is subject to extension. There is no associated cost to the City under this program.

In addition to COBRA Benefits, in accordance with rules established through participation in the Illinois Municipal Retirement Fund, the City offers health insurance coverage to retirees. The City evaluated its potential liability for postemployment benefits other than pensions. Former employees who choose to retain their rights to health, dental, and vision insurance through the City are required to pay 100% of the current premium. As of April 30, 2021, the City had no employees who chose to utilize this postemployment benefit. As a result, the City experienced no utilization, and therefore there is virtually no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the City had no former employees for whom the City was providing an explicit subsidy, nor did the City have any current employees with agreements for future explicit subsidies upon retirement. As the City reports on the modified cash basis of accounting, no postemployment benefit liability has been recorded as of April 30, 2021.

NOTE 11: COMMITMENTS AND CONTINGENCIES

A. Grant Audit – The City receives grant funds from various Federal and State agencies during the normal course of operations. These grants are subject to review and audit by agents of the appropriate federal or state agency, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

B. Litigation – The City is party to various legal proceedings which normally occur in governmental operations. These proceedings, in the opinion of various counsels which the City utilizes, are not likely to have any material impact on the affected funds of the City.

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 12: LONG-TERM DEBT

Governmental Funds

On August 29, 2016, the City entered into a loan agreement with the Illinois Finance Authority for the purchase of a new fire truck for \$350,000. The loan is secured by the equipment being purchased. The City will make loan payments from any legally available funds. The loan bears a zero percent interest rate and is due in annual installments of \$17,500 beginning November 1, 2017 and maturing on November 1, 2035.

On October 7, 2019, the City entered into a loan agreement with Ally Financial Bank for the purchase of a new dump truck for \$60,153. The loan is secured by the equipment being purchased. The City will make loan payments from any legally available funds. The loan bears a 5.34 percent interest rate and is due in annual installments of \$16,231 beginning October 22, 2019 and maturing on October 22, 2022.

On October 3, 2019, the City entered into a loan agreement with Fairfield National Bank for the purchase of a new backhoe for \$74,278. The loan is secured by the equipment being purchased. The City will make loan payments from any legally available funds. The loan bears a 4.5 percent interest rate and is due in annual installments of \$26,605 beginning October 3, 2020 and maturing on October 3, 2026.

On July 2, 2020, the City entered into a loan agreement with Fairfield National Bank for the purchase of a new Kubota for \$67,275. The loan is secured by the equipment being purchased. The City will make loan payments from any legally available funds. The loan bears a 2.25 percent interest rate and is due in annual installments of \$14,377 beginning July 2, 2021 and maturing on July 2, 2025.

Business-Type Activities

In June, 1999, the City entered into a loan agreement with the Illinois Environmental Protection Agency for the purpose of constructing a new water tower, booster station, and related water lines. The loan is to be repaid from revenues generated from the waterworks system. During the fiscal year ended April 30, 2017, the loan was advanced refunded through the issuance of General Obligation Bonds, Series 2016.

In June, 2002, the City entered into a loan agreement with the Illinois Environmental Protection Agency for the purposes of expanding and upgrading the City's sanitary sewer system. The loan is to be repaid from revenues generated from the sewer system. During the fiscal year ended April 30, 2017, the loan was advanced refunded through the issuance of General Obligation Bonds, Series 2016.

On February 7, 2008, the City issued \$1,975,000 in general obligation waterworks and sewerage bonds for the acquisition, construction, and installation of a new water intake and pump station, as well as the property acquisition and design of a new water treatment plant. The bonds are to be repaid from pledged revenues from the waterworks and sewer systems, the City's share of State Income Taxes, and ad valorem taxes levied on all taxable property in the City. The bonds rate of interest range from 4% to 5.25% with principal payments due annually beginning December 1, 2009 and interest payments due semiannually with payments beginning December 1, 2008. During the fiscal year ended April 30, 2017, the bonds were partially advanced refunded through the issuance of General Obligation Bonds, Series 2016.

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 12: LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Concluded)

On September 23, 2011, the City entered into a loan agreement with the Illinois Environmental Protection Agency, Bureau of Water Infrastructure Financial Assistance Section for \$8,799,641 for the purposes of constructing a new water treatment plant. Under the provisions of the loan, upon completion, \$2,199,911 of the loan amount was forgiven by the agency. The loan is to be repaid from revenues generated from the waterworks system. The loan carries an interest rate of 1.25% with payments due semi-annually in equal installments of \$188,371 beginning December 19, 2014. The loan matures December 19, 2033.

In August, 2012, the City entered into a loan agreement with the Illinois Environmental Protection Agency for \$2,776,480 for the purpose of designing and construction a new raw water intake and new water line for the waterworks system. Under the provisions of the loan, upon completion, \$694,120 of the loan was forgiven by the agency. The loan is to be repaid from revenues generated from the waterworks system. The loan carries an interest rate of 2.295% with payments due semi-annually in equal installments of \$68,803, beginning December 1, 2014. The loan matures December 1, 2033.

On March 17, 2015, the City issued \$8,960,000 in general obligation bonds as an advanced refunding of the Series 2003 Electric System Revenue Bonds. Proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$9,060,000 of the Series 2003 revenue bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$430,150. This amount is reflected as a deferred outflow and is being amortized over the remaining life of the refunded debt which is the same life as the new debt issued. The bonds are to be repaid from the revenues generated by the electric system. The bonds rate of interest ranges from 2% to 4% with annual principal payments beginning December 1, 2018. Interest payments are due semiannually beginning June 1, 2015. The bonds mature on December 1, 2034.

On September 29, 2016, the City issued \$2,230,000 in general obligation bonds as an advanced refunding of the City's previously outstanding debt obligations. Proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,245,000 of the Series 2008 general obligation bonds, \$243,244 of the water tower loan, and \$602,010 of the sewer line loan. The reacquisition price exceeded the net carrying amount of the old debt by \$75,469. This amount is reflected as a deferred outflow and is being amortized over the remaining life of the refunded debt which is the same life as the new debt issued. The bonds are to be repaid from the revenues generated by the waterworks system, City's share of state sales tax, and an ad valorem taxes on all taxable property within the City. The bonds rate of interest ranges from 2% to 2.35% with annual principal payments beginning December 1, 2016 and semiannual interest payments beginning December 1, 2016. The bonds mature on December 1, 2027.

On January 2, 2020, the City entered into a loan agreement with Altec for the purchase of a new backyard digger for \$183,180. The loan is secured by the equipment being purchased. The City will make loan payments from any legally available funds. The loan bears a 8.28 percent interest rate and is due in monthly installments of \$3,689 beginning March 1, 2020 and maturing on December 1, 2024.

CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021

NOTE 12: LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2021:

	<u>Payable at May 01, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Payable at April 30, 2021</u>
Governmental Activities				
Fire Truck Note Payable	\$ 297,500	\$ -	\$ (17,500)	\$ 280,000
Truck Lease Payable	43,922	-	(13,764)	30,158
Back Hoe Lease Payable	74,278	-	(9,262)	65,016
Kubota Lease Payable	-	67,275	-	67,275
	<u>\$ 415,700</u>	<u>\$ 67,275</u>	<u>\$ (40,526)</u>	<u>\$ 442,449</u>
Business-type Activities				
GO Bond Series 2015	\$ 8,120,000	\$ -	\$ (430,000)	\$ 7,690,000
Back Yard Digger Lease Payable	168,327	-	(31,495)	136,832
GO Refunding Series 2016	1,385,000	-	(220,000)	1,165,000
Water Intake and Water Line	1,639,681	-	(100,549)	1,539,132
Water Treatment Plant	4,824,894	-	(317,423)	4,507,471
	<u>\$ 16,137,902</u>	<u>\$ -</u>	<u>\$ (1,099,467)</u>	<u>\$ 15,038,435</u>

Interest Expense

Interest expense on long-term debt of \$440,269 was reported as a direct expense in the governmental and business-type activities on the government-wide statements.

Annual debt service requirements to maturity for general notes payable are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Total Funds Required</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 54,663	\$ 6,050	\$ 60,713
2023	56,304	4,409	60,713
2024	41,518	2,963	44,481
2025-2029	149,962	4,106	154,068
2030-2034	87,500	-	87,500
2035-2037	52,500	-	52,500
Total	<u>\$ 442,447</u>	<u>\$ 17,528</u>	<u>\$ 459,975</u>

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 12: LONG-TERM DEBT (CONCLUDED)

Interest Expense (Concluded)

Annual debt service requirements to maturity for business-type notes payable are as follows:

Fiscal Year	Business-type Activities		Total Funds
	Principal	Interest	Required
2022	1,128,478	391,905	1,520,383
2023	1,157,827	364,706	1,522,533
2024	1,082,535	121,042	1,203,577
2025-2029	5,462,518	1,292,145	6,754,663
2030-2034	5,527,077	603,168	6,130,245
2035-2037	680,000	27,200	707,200
Total	<u>\$ 15,038,435</u>	<u>\$ 2,800,166</u>	<u>\$ 17,838,601</u>

NOTE 13: LEGAL DEBT MARGIN

The City is limited in the amount of long term debt it may carry. The authorized debt limitation is based upon 65 ILCS 5/8-5-1, which states in part that no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness, in the aggregate exceeding 8.625% on the value of the taxable property therein. As of April 30, 2021, the total equalized assessed valuation of the City of Fairfield is \$42,067,072. The legal debt limitation of the City is \$3,628,285 with non-exempt debt outstanding of \$442,449 for a legal debt margin of \$3,185,836 as of April 30, 2021.

NOTE 14: INTERFUND LOANS

Individual fund receivable and payable balances at April 30, 2021 are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 31,804	\$ -
TIF #1	973,232	-
TIF #2	-	1,005,036
Gas	475,962	-
Electric	475,963	-
Waterworks and Sewer	-	951,925
	<u>\$ 1,956,961</u>	<u>\$ 1,956,961</u>

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 14: INTERFUND LOANS (CONCLUDED)

The General Fund’s interfund receivables consist of a loan to TIF #2 for unpaid City charges for labor, equipment rental, fuel, and maintenance that were used during the years ending April 30, 2006 and 2007, for installation of infrastructure in the TIF #2 residual housing area. During 2008, TIF #1 paid \$228,050 for TIF #2 leaving a balance due of \$31,804 owed by TIF #2 to the General Fund as of April 30, 2021.

There is a loan from TIF #1 to TIF #2 for the purchase of infrastructure materials totaling \$272,200, payment of \$500,000 principal and interest of \$72,982 on bank loan owed by TIF #2, and payment of \$228,050 on the loan to the General Fund. TIF #2 made a payment of \$100,000 to TIF #1 during 2021. The balance due as of April 30, 2021 is \$973,232.

The loans from the Gas Fund to the Waterworks and Sewer Fund represent the removal of deficit cash balances resulting in the common bank account of the City. The amount due from the Waterworks and Sewer Fund at April 30, 2021 is \$475,962.

The loans from the Electric Fund to Waterworks and Sewer Fund represent the removal of deficit cash balances resulting in the common bank account of the City. The amount due from the Waterworks and Sewer Fund at April 30, 2021 are \$475,963.

The repayment of these loans is not expected to be made within one year. Repayment will be dependent on housing development within TIF #2, general operations of the City, and available funds.

NOTE 15: INTERFUND TRANSFERS

Interfund transfers which occurred during the year ended April 30, 2021 are as follows:

Fund	Transfers In	Transfers Out
General	\$ 1,357,049	\$ -
TIF #1	-	386,537
Electric	-	848,056
Gas	-	830,630
Waterworks and Sewer	806,114	-
Non-major governmental	5,262	103,202
	\$ 2,168,425	\$ 2,168,425

The interfund transfers were made during the year to partially eliminate deficit balances, transfer excess funds from the City’s Economic Development Fund due to restriction release, allocate grant funds from the Police ADA Fund to the General Fund for reimbursement of expenditures related to the grant, and provide funding to the City’s Development Commission.

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 16: RISK MANAGEMENT

The City 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 for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year. Claims have not exceeded coverage in either of the two previous years.

Self-Insured Health Plan – The City is self-insured for employee health insurance. The City has established an internal service fund to account for the employee health insurance. Each participating fund makes payments to the self-insurance fund for premiums and claims of the City’s employees. The City has contracted with third party administrators to administer the employee health insurance program and to review and process claims. In addition, the City has contracted with third party carriers for specific and aggregate stop loss coverage to limit the City’s exposure to losses. The City is self-insured for \$50,000 per individual per year with an aggregate specific stop loss of \$100,000.

NOTE 17: PRIOR PERIOD ADJUSTMENT

During the testing of capital assets it was noted that there were capital assets purchased in the prior year but not included from the statement of net position. Therefore, the beginning net position for business-type activities was increased by \$185,409.

Enterprise Funds Net Position	
Net position, May 1, 2020	\$ 15,058,308
Effect of capital assets being capitalized	185,409
Net position, May 1, 2020 restated	\$ 15,243,717
Waterworks and Sewer Funds	
Net position, May 1, 2020	\$ 11,918,072
Effect of capital assets being capitalized	185,409
Net position, May 1, 2020 restated	\$ 12,103,481

**CITY OF FAIRFIELD, IL
NOTES TO FINANCIAL STATEMENTS
ENDED APRIL 30, 2021**

NOTE 17: PRIOR PERIOD ADJUSTMENT (CONCLUDED)

During testing of cash it was noted that several returned checks were recorded and unapplied cash were recorded incorrectly. Therefore, the beginning balance of net position for the governmental funds was decreased by \$205,642.

Governmental Funds	
Fund balance, May 1, 2020	\$ 10,106,181
Effect of correcting unapplied cash	(155,497)
Effect of NSF Checks	(50,145)
	\$ 9,900,539
General Fund	
Fund balance, May 1, 2020	\$ 13,105
Effect of correcting unapplied cash	(155,497)
Effect of NSF Checks	(50,145)
	\$ (192,537)

NOTE 18: SUBSEQUENT EVENTS

On June 22, 2021, the City signed agreements to pay a contracted amount of approximately \$174,000 for the Kincaid Drive project. \$168,989 has been spent on this project as of the date of the financial statements.

COMPLIANCE
SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and
City Council
City of Fairfield, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the City of Fairfield, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Fairfield, Illinois' basic financial statements and have issued our report thereon dated November 15, 2021. Our report on the financial statements disclosed that the City prepares its financial statements 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. This is described in Note 1 to the financial statements. Additionally, our report on the financial statements disclosed that the Fiduciary Fund investments are recorded at fair market value rather than at cost as required by the modified cash basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fairfield, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fairfield, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fairfield, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2021-001 that we consider to be material weakness.

To the Mayor and
City Council
City of Fairfield, Illinois

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fairfield, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-002.

City of Fairfield, Illinois' Response to Findings

The City of Fairfield, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Fairfield, Illinois' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group, LLP

Kemper CPA Group LLP
Certified Public Accountants and Consultants

November 15, 2021
Evansville, Indiana

**CITY OF FAIRFIELD
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED APRIL 30, 2021**

FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001 Unable to prepare financial statement footnotes

Deficiency: The City does not have at least one employee who is trained in preparing the footnotes to the financial statements in accordance with the modified cash basis of accounting.

Criteria: The City personnel do not possess the necessary accounting expertise to prevent, detect, or correct potential omissions in the footnotes to the financial statements.

Effect: In absence of the necessary experience or knowledge, the City cannot properly prepare the notes to the financial statements due to increased potential for omissions, which could be material to the financial statements, which the City would not be able to prevent, detect, or correct timely.

Cause: The City's personnel have not obtained the necessary knowledge or experience to prepare the notes to the financial statements in accordance with the modified cash basis of accounting.

Recommendation: The City should provide the necessary training to personnel or contract with an independent contractor with the knowledge to properly prepare the notes to the financial statements.

Management's Response: Management does not intend to correct this finding. The City does not feel that the finding has any impact on the ability of the City to properly record or process financial transactions.

**CITY OF FAIRFIELD
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED APRIL 30, 2021**

FINDINGS – FINANCIAL STATEMENT AUDIT, CONTINUED

2021-002 There is an improper use of funds between the two Tax Increment Financing districts of the City.

Deficiency: The City has loaned money from the Tax Increment Fund #1, established in 1992, to the Tax Increment Fund #2, established in 2004, totaling \$1,073,232.

Criteria: The Illinois Compiled Statutes outline the proper uses of funds provided under the “Tax Increment Allocation Redevelopment Act” (the Act). The Act is described in Chapter 65 5/Art. 11 Div. 74.4 of the Illinois Compiled Statutes. Under Sec. 11-74.4-4(q) of the Act, loans between redevelopment project areas are allowed when the areas are contiguous to one another. Based on a review of the redevelopment project maps and planning documents approved in Ordinance No. 1392 and Ordinance No. 1606 (for TIF #1 and TIF #2, respectively), the two redevelopment areas for the City of Fairfield, IL are not contiguous to one another.

Effect: Due to the nature of Sec. 11-74.4-4(q), the City may have an improper use of tax increment funds totaling \$1,073,232.

Recommendation: The City should consult with its legal counsel and notify the State of Illinois through its annual tax increment fund reports to determine the proper steps to remedy.

Management’s Response: The City has consulted with its legal counsel, notified the State of Illinois, and is working to repay the loan between the two funds as soon as possible.

SUPPLEMENTARY
INFORMATION

CITY OF FAIRFIELD, IL
 COMBINING BALANCE SHEET – MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2021

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Motor Fuel Tax	Economic Development	Police Dept. ADA Grant Fund	Library	Development Commission	
ASSETS						
Cash and equivalents	\$ 650,016	\$ 258,506	\$ 23,633	\$ 102,011	\$ -	\$ 1,034,166
Investments	-	-	-	576,382	-	576,382
Notes receivable, net of allowance of \$0	-	180,038	-	-	-	180,038
Total assets	\$ 650,016	\$ 438,544	\$ 23,633	\$ 678,393	\$ -	\$ 1,790,586
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	\$ -
FUND BALANCES						
Fund balances:						
Non-spendable	\$ -	\$ 180,038	\$ -	\$ -	\$ -	\$ 180,038
Restricted	650,016	258,506	23,633	678,393	-	1,610,548
Total fund balances	650,016	438,544	23,633	678,393	-	1,790,586
Total liabilities and fund balances	\$ 650,016	\$ 438,544	\$ 23,633	\$ 678,393	\$ -	\$ 1,790,586

CITY OF FAIRFIELD, IL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2021

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Motor Fuel Tax	Economic Development	Police Dept. ADA Grant Fund	Library	Development Commission	
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 64,182	\$ -	\$ 64,182
Replacement tax	-	-	-	3,519	-	3,519
Motor fuel tax	352,676	-	-	-	-	352,676
Charges for services	-	-	-	8,548	-	8,548
Interest income	1,229	5,911	53	7,616	1	14,810
Operating grant	-	-	62,093	6,443	-	68,536
Operating contributions	-	-	-	25,870	-	25,870
Total revenues	<u>353,905</u>	<u>5,911</u>	<u>62,146</u>	<u>116,178</u>	<u>1</u>	<u>538,141</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	1,215	-	-	1,215
Transportation	16,521	-	-	-	-	16,521
Public works	-	-	-	-	44,904	44,904
Culture and recreation	-	-	-	130,262	-	130,262
Capital outlay	234,813	-	-	-	-	234,813
Total expenditures	<u>251,334</u>	<u>-</u>	<u>1,215</u>	<u>130,262</u>	<u>44,904</u>	<u>427,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>102,571</u>	<u>5,911</u>	<u>60,931</u>	<u>(14,084)</u>	<u>(44,903)</u>	<u>110,426</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	5,262	5,262
Transfers out	-	(40,000)	(37,800)	-	(25,402)	(103,202)
Total other financing sources (uses)	<u>-</u>	<u>(40,000)</u>	<u>(37,800)</u>	<u>-</u>	<u>(20,140)</u>	<u>(97,940)</u>
Net change in fund balances	102,571	(34,089)	23,131	(14,084)	(65,043)	12,486
Fund balances - beginning	<u>547,445</u>	<u>472,633</u>	<u>502</u>	<u>692,477</u>	<u>65,043</u>	<u>1,778,100</u>
Fund balances - ending	<u>\$ 650,016</u>	<u>\$ 438,544</u>	<u>\$ 23,633</u>	<u>\$ 678,393</u>	<u>\$ -</u>	<u>\$ 1,790,586</u>

CITY OF FAIRFIELD, IL
 COMBINING STATEMENT OF NET POSITION – MODIFIED CASH BASIS
 FIDUCIARY FUNDS
 APRIL 30, 2021

	Pension Trust Funds		Total Pension Trust Funds
	Fire Pension	Police Pension	
ASSETS			
Cash and equivalents	\$ 145,028	\$ 395,518	\$ 540,546
Investments	2,355,969	2,606,667	4,962,636
Due from other funds	29,527	84,841	114,368
Total assets	<u>\$ 2,530,524</u>	<u>\$ 3,087,026</u>	<u>\$ 5,617,550</u>
FUND BALANCES			
Fund balances:			
Restricted	<u>\$ 2,530,524</u>	<u>\$ 3,087,026</u>	<u>\$ 5,617,550</u>
Total fund balances	<u>2,530,524</u>	<u>3,087,026</u>	<u>5,617,550</u>
Total fund balances	<u>\$ 2,530,524</u>	<u>\$ 3,087,026</u>	<u>\$ 5,617,550</u>

CITY OF FAIRFIELD, IL
 COMBINING STATEMENT OF CHANGES IN NET POSITION –
 MODIFIED CASH BASIS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED APRIL 30, 2021

	Pension Trust Funds		Total Pension Trust Funds
	Fire Pension	Police Pension	
ADDITIONS			
Contributions:			
Employer	\$ 182,891	\$ 370,841	\$ 553,732
Plan members	23,677	60,476	84,153
Total contributions	<u>206,568</u>	<u>431,317</u>	<u>637,885</u>
Investment earnings:			
Interest	12,943	17,432	30,375
Dividends	4,571	21,061	25,632
Change in fair market value of investments	399,381	65,204	464,585
Net investment earnings	<u>416,895</u>	<u>103,697</u>	<u>520,592</u>
Total additions	<u>623,463</u>	<u>535,014</u>	<u>1,158,477</u>
DEDUCTIONS			
Benefits	145,701	365,092	510,793
Administrative expenses	535	571	1,106
Total deductions	<u>146,236</u>	<u>365,663</u>	<u>511,899</u>
Change in net position	477,227	169,351	646,578
Net position - beginning	<u>2,053,297</u>	<u>2,917,675</u>	<u>4,970,972</u>
Net position - end of year	<u>\$ 2,530,524</u>	<u>\$ 3,087,026</u>	<u>\$ 5,617,550</u>

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
CONSOLIDATED YEAR-END FINANCIAL REPORT
APRIL 30, 2021

Grantee Name	City of Fairfield			
ID Numbers	AUDIT: 26465 Grantee: 679606 DUNS: 079925533 FEIN: 376002316			
Audit Period	5/1/2020 - 4/30/2021			
Submitted	11/10/2021; Tina Hutchcraft; City Clerk; clerk@fairfieldilcitygov.us; 618-847-7396			
Accepted				
Program Count	7			
All Programs Total				
Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	232,618.00	0.00	232,618.00
Fringe Benefits	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Contractual Services	0.00	0.00	0.00	0.00
Consultant (Professional Services)	22,599.29	109,424.99	6,079.17	138,103.45
Construction	352,222.48	0.00	21,864.45	374,086.93
Occupancy - Rent and Utilities	0.00	0.00	0.00	0.00
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	1,154.23	0.00	0.00	1,154.23
Training and Education	0.00	0.00	0.00	0.00
Direct Administrative Costs	0.00	0.00	0.00	0.00
Miscellaneous Costs	0.00	0.00	0.00	0.00
All Grant Specific Categories	60.00	0.00	0.00	60.00
TOTAL DIRECT EXPENDITURES	376,036.00	342,042.99	27,943.62	746,022.61
Indirect Costs	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	376,036.00	342,042.99	27,943.62	746,022.61

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
CONSOLIDATED YEAR-END FINANCIAL REPORT
APRIL 30, 2021

State Agency	Department Of Commerce And Economic Opportunity (420)			
Program Name	Grants Management Program (420-00-0505)			
Program Limitations	No			
Mandatory Match	No			
Indirect Cost Rate	0.00 Base:			
Category	State	Federal	Other	Total
Construction	37,800.00	0.00	0.00	37,800.00
Telecommunications	1,154.23	0.00	0.00	1,154.23
MARKETING/ADVERTISING/WEBSITE	60.00	0.00	0.00	60.00
TOTAL DIRECT EXPENDITURES	39,014.23	0.00	0.00	39,014.23

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
 CONSOLIDATED YEAR-END FINANCIAL REPORT
 APRIL 30, 2021

State Agency	Department Of Commerce And Economic Opportunity (420)			
Program Name	Local Coronavirus Urgent Remediation Emergency (or Local CURE) & Economic Support Payments Grants Program (420-00-2433)			
Program Limitations	No			
Mandatory Match	No			
Indirect Cost Rate	0.00 Base:			
Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	212,618.00	0.00	212,618.00
TOTAL DIRECT EXPENDITURES	0.00	212,618.00	0.00	212,618.00

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
 CONSOLIDATED YEAR-END FINANCIAL REPORT
 APRIL 30, 2021

State Agency	Department Of Transportation (494)			
Program Name	Airport Improvement Program (494-60-0327)			
Program Limitations	No			
Mandatory Match	Yes 5%			
Indirect Cost Rate	0.00 Base:			
Category	State	Federal	Other	Total
Consultant (Professional Services)	6,079.17	109,424.99	6,079.17	121,583.33
TOTAL DIRECT EXPENDITURES	6,079.17	109,424.99	6,079.17	121,583.33

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
 CONSOLIDATED YEAR-END FINANCIAL REPORT
 APRIL 30, 2021

State Agency	Department Of Transportation (494)			
Program Name	COVID-19 Airport Relief Program (494-60-2421)			
Program Limitations	No			
Mandatory Match	No			
Indirect Cost Rate	0.00 Base:			
Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	20,000.00	0.00	20,000.00
TOTAL DIRECT EXPENDITURES	0.00	20,000.00	0.00	20,000.00

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
 CONSOLIDATED YEAR-END FINANCIAL REPORT
 APRIL 30, 2021

State Agency	Department Of Transportation (494)			
Program Name	Local REBUILD ILLNOIS Bond Program (494-00-2356)			
Program Limitations	No			
Mandatory Match	No			
Indirect Cost Rate	0.00 Base:			
Category	State	Federal	Other	Total
	0.00	0.00	0.00	0.00
TOTAL DIRECT EXPENDITURES	0.00	0.00	0.00	0.00

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
 CONSOLIDATED YEAR-END FINANCIAL REPORT
 APRIL 30, 2021

State Agency	Department Of Transportation (494)			
Program Name	Motor Fuel Tax Program (494-00-1488)			
Program Limitations	No			
Mandatory Match	No			
Indirect Cost Rate	0.00 Base:			
Category	State	Federal	Other	Total
Consultant (Professional Services)	16,520.12	0.00	0.00	16,520.12
Construction	234,813.43	0.00	0.00	234,813.43
TOTAL DIRECT EXPENDITURES	251,333.55	0.00	0.00	251,333.55

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
CONSOLIDATED YEAR-END FINANCIAL REPORT
APRIL 30, 2021

State Agency	Illinois Environmental Protection Agency (532)			
Program Name	Wastewater Treatment Plant Energy Efficiency (532-30-2080)			
Program Limitations	No			
Mandatory Match	Yes 10%			
Indirect Cost Rate	0.00 Base:			
Category	State	Federal	Other	Total
Construction	79,609.05	0.00	21,864.45	101,473.50
TOTAL DIRECT EXPENDITURES	79,609.05	0.00	21,864.45	101,473.50

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
 CONSOLIDATED YEAR-END FINANCIAL REPORT
 APRIL 30, 2021

Program Name	Other grant programs and activities			
Category	State	Federal	Other	Total
	0.00	0.00	0.00	0.00
TOTAL DIRECT EXPENDITURES	0.00	0.00	0.00	0.00

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
 CONSOLIDATED YEAR-END FINANCIAL REPORT
 APRIL 30, 2021

Program Name	All other costs not allocated			
Category	State	Federal	Other	Total
	0.00	0.00	0.00	0.00
TOTAL DIRECT EXPENDITURES	0.00	0.00	0.00	0.00

OTHER
INFORMATION

CITY OF FAIRFIELD, IL
 BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Total revenues	\$ 3,520,000	\$ 3,520,000	\$ 3,891,474	\$ (371,474)
EXPENDITURES				
Current:				
General government	-	-	1,093,250	1,093,250
Public safety	-	-	1,988,315	1,988,315
Social services	-	-	262,045	262,045
Transportation	-	-	897,197	897,197
Public works	2,969,000	2,969,000	283,569	(2,685,431)
Sanitation	-	-	263,360	263,360
Culture and recreation	-	-	50,416	50,416
Debt Service:				
Principal	-	-	40,526	40,526
Interest	-	-	-	-
Capital outlay	-	-	281,320	281,320
Total expenditures	2,969,000	2,969,000	5,159,998	2,190,998
Excess (deficiency) of revenues over (under) expenditures	551,000	551,000	(1,268,524)	1,819,524
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Transfers in	-	-	1,357,049	1,357,049
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,357,049	1,357,049
Net change in fund balances	\$ 4,071,000	\$ 4,071,000	88,525	\$ 3,176,573
Fund balances - beginning			(192,537)	
Fund balances - ending			\$ (104,012)	

CITY OF FAIRFIELD, IL
 BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS
 TIF #1 FUND
 FOR THE YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Property taxes	\$ 992,360	\$ 992,360	\$ 992,360	\$ -
Interest income	1,522	1,522	1,522	-
Total revenues	<u>993,882</u>	<u>993,882</u>	<u>993,882</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	2,874,000	2,874,000	757,747	(2,116,253)
Total expenditures	<u>2,874,000</u>	<u>2,874,000</u>	<u>757,747</u>	<u>(2,116,253)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,880,118)</u>	<u>(1,880,118)</u>	<u>236,135</u>	<u>2,116,253</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(386,537)	(386,537)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(386,537)</u>	<u>(386,537)</u>
Net change in fund balances	<u>\$ (1,880,118)</u>	<u>\$ (1,880,118)</u>	<u>(150,402)</u>	<u>\$ 1,729,716</u>
Fund balances - beginning			<u>2,094,886</u>	
Fund balances - ending			<u>\$ 1,944,484</u>	

CITY OF FAIRFIELD, IL
 BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS
 TIF #2 FUND
 FOR THE YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 10,425	\$ 10,425
Interest income	-	-	174	174
Total revenues	<u>-</u>	<u>-</u>	<u>10,599</u>	<u>10,599</u>
EXPENDITURES				
Current:				
Public works	95,000	95,000	-	(95,000)
Total expenditures	<u>95,000</u>	<u>95,000</u>	<u>-</u>	<u>(95,000)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(95,000)</u>	<u>(95,000)</u>	<u>10,599</u>	<u>105,599</u>
Net change in fund balances	<u>\$ (95,000)</u>	<u>\$ (95,000)</u>	10,599	<u>\$ 105,599</u>
Fund balances - beginning			<u>(1,008,051)</u>	
Fund balances - ending			<u>\$ (997,452)</u>	

CITY OF FAIRFIELD, IL
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2021

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Regular employees						
12/31/2020	\$ 6,116,101	\$ 7,844,828	1,728,727	77.96%	\$ 3,002,450	57.58%
12/31/2019	7,733,387	9,688,633	1,955,246	79.82%	2,941,676	66.47%
12/31/2018	9,009,791	10,958,979	1,949,188	82.21%	2,862,578	68.09%
12/31/2017	10,583,799	11,516,929	933,130	91.90%	2,973,720	31.38%
12/31/2016	10,414,328	12,131,888	1,717,560	85.84%	2,904,320	59.14%
12/31/2015	9,775,960	11,479,046	1,703,086	85.16%	2,827,904	60.22%
12/31/2014	9,749,512	11,610,537	1,861,025	83.97%	2,782,132	66.89%

On market value basis, the actuarial value of assets as of December 31, 2020 is \$8,200,946. On a market basis, the funded ration is 104.54%.

The actuarial value of assets and accrued liabilities cover active and inactive members who have service credit with the City of Fairfield. They do not include amounts for retirees. The actuarial liability for retirees is 100% funded.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until the full 10 year trend is compiled, information is presented for those year which information is available.

CITY OF FAIRFIELD, IL
POLICE PENSION FUND AND FIREMEN'S PENSION FUND
SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2021

Fiscal Year April 30	Net Assets Available For Benefits (Lower of Cost or Market)	Actuarial Accrued Liability	Percentage Funded (1) / (2)	Unfunded Actuarial Liability (2) - (1)	Annual Covered Payroll	As a Percentage of Covered Payroll (4) / (5)
Police Pension						
2020	\$ 3,046,144	\$ 10,675,387	28.53%	\$ 7,629,243	\$ 541,141	1409.84%
2019	2,976,928	10,216,166	29.14%	7,239,238	565,012	1281.25%
2018	2,898,578	9,224,836	31.42%	6,326,258	549,667	1150.93%
2017	2,748,565	9,523,832	28.86%	6,775,267	549,515	1232.95%
2016	2,563,220	7,357,594	34.84%	4,794,374	583,378	821.83%
2015	2,363,765	8,041,083	29.40%	5,677,318	497,994	1140.04%
2014	2,168,295	7,265,913	29.84%	5,097,618	573,978	888.12%
Firemen's Pension						
2020	2,148,410	4,510,832	47.63%	2,362,422	250,285	943.89%
2019	2,097,116	4,421,766	47.43%	2,324,650	243,587	954.34%
2018	2,030,142	4,071,048	49.87%	2,040,906	227,548	896.91%
2017	1,949,267	4,002,936	48.70%	2,053,669	227,548	902.52%
2016	1,858,519	3,779,502	49.17%	1,920,983	223,637	858.97%
2015	1,771,768	3,622,361	48.91%	1,850,593	215,535	858.60%
2014	1,674,568	3,386,371	49.45%	1,711,803	259,068	660.75%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employees Retirement System (PERS). Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulation of sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.