

**CITY OF FAIRFIELD  
FAIRFIELD, ILLINOIS**

**TAX INCREMENT FINANCING FUND  
AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED APRIL 30, 2023**

**CITY OF FAIRFIELD, IL  
TAX INCREMENT FINANCING FUND  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED APRIL 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council  
City of Fairfield  
Fairfield, Illinois

### Opinion

We have audited the accompanying financial statements of the Tax Increment Financing Fund (TIF #1 Fund) of the City of Fairfield, Illinois, which comprise the statement of assets, liabilities, and fund balance – modified cash basis as of April 30, 2023, and the related statements of revenue, expenditures, and changes in fund balance – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the Tax Increment Financing Fund of the City of Fairfield, Illinois, as of April 30, 2023, and its revenue and expenditures and changes in fund balance for the year then ended, in accordance with the modified cash 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 opinion is not modified with respect to this matter.

### Emphasis-of-matter

As discussed in Note 1, the financial statements present only the Tax Increment Financing Fund (TIF #1 Fund) of the City of Fairfield, Illinois and do not purport to, and do not present fairly the financial position of the City of Fairfield, Illinois, as of April 30, 2023, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with the modified cash basis of accounting. Our opinion is not modified with respect to this matter.

To the Mayor and City Council  
City of Fairfield

### **Responsibilities of Management for the Financial Statements**

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Increment Financing Funds (TIF #1 Fund and TIF #2 Fund)'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Increment Financing Fund (TIF #1 Fund)'s ability to continue as a going concern for a reasonable period of time.

To the Mayor and City Council  
City of Fairfield

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

A handwritten signature in dark ink that reads "Kemper CPA Group, LLP". The signature is written in a cursive, flowing style.

Kemper CPA Group LLP  
Certified Public Accountants and Consultants

Evansville, Indiana  
December 6, 2023

## **INDEPENDENT ACCOUNTANT'S REPORT**

To the Mayor and City Council  
City of Fairfield  
Fairfield, Illinois

We have performed the procedures enumerated below on the compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 84-1417) of the City of Fairfield, Illinois' Tax Increment Financing Fund's for the year ended April 30, 2023. The City of Fairfield, Illinois' Tax Increment Financing Fund's management is responsible for the compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 84-1417).

The City of Fairfield, Illinois' Tax Increment Financing Fund has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 84-1417). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures are as follows:

- 1) Examining, on a test basis, evidence about the City of Fairfield, Illinois' compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 84-1417). No exceptions were found as a result of applying the procedures.

We were engaged by the City of Fairfield, Illinois' Tax Increment Financing Fund to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Fairfield, Illinois' Tax Increment Financing Fund and meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

To the Mayor and City Council  
City of Fairfield

This report is intended solely for the information and use of the Mayor, City Council, management, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "Kemper CPA Group, LLP". The signature is written in a cursive, slightly slanted style.

Kemper CPA Group LLP  
Certified Public Accountants and Consultants

Evansville, Indiana  
December 6, 2023

CITY OF FAIRFIELD, ILLINOIS  
TAX INCREMENTS FINANCING FUND  
STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCE  
MODIFIED CASH BASIS  
APRIL 30, 2023

	<b>TIF #1</b>
<b>Assets:</b>	<b>Fund</b>
Cash	<u>\$ 1,039,400</u>
Total assets	<u><u>\$ 1,039,400</u></u>
 <b>Liabilities:</b>	
Due to other funds	\$ 0
 <b>Fund Balance:</b>	
Restricted	<u>\$ 1,039,400</u>
Total fund balance	<u><u>\$ 1,039,400</u></u>

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



CITY OF FAIRFIELD, ILLINOIS  
TAX INCREMENTS FINANCING FUND  
STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS  
FOR THE YEAR ENDED APRIL 30, 2023

	<b>TIF #1</b>
	<b>Fund</b>
Revenue:	
Property taxes	\$ 1,000,057
Interest income	7,446
Total revenues	<u>1,007,503</u>
Expenditures:	
Taxes - interest subsidy	27,145
Rehabilitation of existing buildings	256,500
Public works	265
Professional services	10,613
Return of TIF surplus money	389,273
Miscellaneous	79
Total expenditures	<u>683,875</u>
Excess of revenues over expenditures	<u>323,628</u>
Other Financing Uses	
Transfers in (out)	(519,114)
Total other financing uses	<u>(519,114)</u>
Net change in fund balance	(195,486)
Fund balance - beginning of year	<u>1,234,886</u>
Fund balance - end of year	<u><u>\$ 1,039,400</u></u>

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

CITY OF FAIRFIELD, ILLINOIS  
TAX INCREMENTS FINANCING FUND  
BUDGETARY COMPARISON SCHEDULE-  
MODIFIED CASH BASIS  
TIF #1 FUND  
FOR THE YEAR ENDED APRIL 30, 2023

	Budget	Actual	Actual Over (Under)
Revenue:			
Property taxes	\$ 1,500,000	\$ 1,000,057	\$ (499,943)
Interest income	0	7,446	7,446
Total revenues	<u>1,500,000</u>	<u>1,007,503</u>	<u>(492,497)</u>
Expenditures:			
Taxes - interest subsidy	40,000	27,145	(12,855)
Rehabilitation of existing buildings	200,000	256,500	56,500
Public works	2,000,700	265	(2,000,435)
Professional services	90,000	10,613	(79,387)
Return of TIF surplus money	450,000	389,273	(60,727)
Total expenditures	<u>2,780,700</u>	<u>683,875</u>	<u>(2,096,825)</u>
Excess of revenues over expenditures		<u>323,628</u>	
Other Financing Uses			
Transfers out		<u>(519,114)</u>	
Total other financing uses		<u>(519,114)</u>	
Net change in fund balance	<u>\$ (1,280,700)</u>	(195,486)	<u>\$ 1,604,328</u>
Fund balance - beginning of year		<u>1,234,886</u>	
Fund balance - end of year		<u>\$ 1,039,400</u>	

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

CITY OF FAIRFIELD, ILLINOIS  
TAX INCREMENT FINANCING FUND  
SCHEDULE OF FINDINGS AND RESPONSES  
APRIL 30, 2023

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

**A. Financial Reporting Entity**

The accompanying financial statements present only financial position and the results of operations for the Tax Increment Financing Fund (TIF #1 Fund) and do not contain financial data for any other fund of the City of Fairfield, Illinois (City).

**B. Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Tax Increment Financing Fund, which is a special revenue fund, is the only fund in the financial statements in this report. A special revenue fund is a governmental fund and is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The City maintains its accounting records for the Tax Increment Financing Fund on the modified cash basis. Accordingly, revenue and expenditures or expenses are recorded when received and disbursed. This differs from the generally accepted accounting principle of recording revenues and expenditures of governmental funds when they become measurable and available and when the related liability is incurred. As a result these statements are not intended to and do not present financial position and results of operations in conformity with generally accepted accounting principles.

CITY OF FAIRFIELD, ILLINOIS  
TAX INCREMENT FINANCING FUND  
SCHEDULE OF FINDINGS AND RESPONSES  
APRIL 30, 2023

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

**D. Budgets and Budgetary Accounting**

The City adopts its budget in accordance with the modified cash basis of accounting. All annual appropriations lapse at fiscal yearend. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 1, the Mayor submits to the City Council a proposed appropriation ordinance for the fiscal year commencing on May 1.
2. Public hearings are conducted at an advertised location to obtain taxpayer comments.
3. Prior to August 1, the budget is legally enacted through passage of an ordinance.
4. The original budget was approved by Council on July 26, 2022.

For the year ended April 30, 2023, TIF #1 rehabilitation of buildings expenditures exceeded appropriate expenditures.

**E. Cash and Deposits**

For purposes of the Statement of Assets, Liabilities, and Fund Balance, the City considers all checking, savings, certificates of deposits, and money market accounts, as cash. As such, the City does not maintain any cash equivalents.

**F. Fund Equity**

According to Government Auditing Standards, fund balances are to be classified into five major classifications: Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance based on the nature and extent of the constraints placed on a government's fund balances. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balance – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

CITY OF FAIRFIELD, ILLINOIS  
TAX INCREMENT FINANCING FUND  
SCHEDULE OF FINDINGS AND RESPONSES  
APRIL 30, 2023

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

F. Fund Equity (Concluded)

Committed fund balance - amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned fund balance – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for a specific purpose. Only the City Council may assign amounts for specific purposes.

Unassigned fund balance – all other spendable amounts.

When an expenditure is incurred 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.

G. Date of Management's Review

The City has evaluated subsequent events through December 6, 2023 the date which the financial statements were available to be issued.

**NOTE 2 – CASH AND INVESTMENTS**

A. Cash

The City maintains its' Tax Increment Financing Fund operating cash accounts at one bank. At April 30, 2023, the carrying amount and bank balance of the Tax Increment Financing Fund cash deposits was \$1,039,400 and \$1,041,589, respectively.

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 does not have a deposit policy for custodial credit risk. As of April 30, 2023, \$791,589 of the City's bank balance of \$1,041,589 was exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the City's name	\$ <u>791,589</u>
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CITY OF FAIRFIELD, ILLINOIS  
TAX INCREMENT FINANCING FUND  
SCHEDULE OF FINDINGS AND RESPONSES  
APRIL 30, 2023

**NOTE 2 – CASH AND INVESTMENTS (CONCLUDED)**

B. Investments

The City is authorized by state statute and its own local ordinances to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper noted within the three highest classifications by at least two standard rating services, obligations of states and their political subdivisions, savings accounts and certificates of deposit, credit union shares, and the Illinois Funds Money Market Fund (IFMMF).

**NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables or payables for the year ended April 30, 2023.

**NOTE 4 – TRANSFERS**

During the year ended April 30, 2023, TIF#1 transferred out \$519,114 to other funds of the City. The transfer relates to assets capitalized in other funds.