

CITY OF FAIRBURY, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended April 30, 2021



CITY OF FAIRBURY, ILLINOIS

**CONTENTS
APRIL 30, 2021**

| | |
|--|----------------|
| INDEPENDENT AUDITORS' REPORT | 1 and 2 |
| Management's Discussion and Analysis | 3 - 12 |
| Government-wide Financial Statements: | |
| Statement of Net Position - Modified Cash Basis | 13 |
| Statement of Activities - Modified Cash Basis | 14 |
| Fund Financial Statements: | |
| Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis - Governmental Funds | 15 |
| Reconciliation of the Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis - Governmental Funds to the Statement of Net Position - Modified Cash Basis | 16 |
| Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Modified Cash Basis - Governmental Funds | 17 |
| Reconciliation of the Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Modified Cash Basis - Governmental Funds to the Statement of Activities - Modified Cash Basis | 18 |
| Statement of Net Position - Modified Cash Basis - Proprietary Funds | 19 |
| Statement of Revenues Received, Expenses Paid and Changes in Net Position - Modified Cash Basis - Proprietary Funds | 20 |
| Statement of Cash Flows - Modified Cash Basis - Proprietary Funds | 21 |
| Notes to Financial Statements | 22 - 44 |

CITY OF FAIRBURY, ILLINOIS

CONTENTS (Continued)

April 30, 2021

OTHER INFORMATION - AUDITED

| | |
|--|-----------|
| Combining Statement of Assets, Liabilities and Fund Balances - Non-major Governmental Funds - Modified Cash Basis | 45 |
|--|-----------|

| | |
|---|-----------|
| Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Non-major Governmental Funds – Modified Cash Basis | 46 |
|---|-----------|

OTHER INFORMATION - UNAUDITED

| | |
|--|-----------|
| Budgetary Comparison Schedules - Modified Cash Basis: | |
| General Fund | 47 |
| Library Fund | 48 |
| Motor Fuel Tax Fund | 49 |
| Audit Fund | 50 |
| Water Fund | 51 |
| Sewer Fund | 52 |

| | |
|--|-----------|
| Expenditures Paid - Budget to Actual - Modified Cash Basis - General Fund | 53 |
|--|-----------|

| | |
|---|-----------|
| Statements of Receipts, Disbursements, and Other Data - Modified Cash Basis - Governmental Funds | 54 |
|---|-----------|

| | |
|---|-----------|
| Statements of Operations and Data - Modified Cash Basis - Enterprise Fund - Water Fund | 55 |
|---|-----------|

| | |
|---|-----------|
| Statements of Operations and Data - Modified Cash Basis - Enterprise Fund - Sewer Fund | 56 |
|---|-----------|

| | |
|--|-----------|
| Schedules of General Property Taxes | 57 |
|--|-----------|



207 W. Jefferson Street, #203
Bloomington, Illinois 61701
PH: (309) 828-6071
FAX: (309) 827-2465
www.mckcpa.com

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Fairbury, Illinois

Report on the Financial Statements

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 Fairbury, Illinois (the City), 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.

Auditors' Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairbury, Illinois, as of April 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Fairbury, Illinois' basic financial statements. The management's discussion and analysis and budgetary comparison schedules on pages 3 through 12 and 47 through 52, 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.

The combining and individual nonmajor fund financial statements on pages 45 and 46 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The remaining other information on pages 53 through 57 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.

MCK CPAs & Advisors

Bloomington, Illinois
October 6, 2021

CITY OF FAIRBURY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended April 30, 2021

Our discussion and analysis of the City of Fairbury's financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2021 within the limitations of the City's modified cash basis of accounting. Please read it in conjunction with the City's financial statements that begin on page 13.

FINANCIAL HIGHLIGHTS

- The City's total revenues exceeded total expenses, on the modified cash basis of accounting, by \$ 1,825,375 for the year, resulting in an increase in total net position of 8.3% from the previous year. This is mostly due to the City continuing to control expenses in anticipation of beginning to repay the sewer project loan.
- The City's General Fund ended the year with a fund balance of \$ 2,663,610, which represents a 48.0% increase from the previous year. Increase is primarily due to increased sales and local use tax and controlling expenditures.
- \$ 101,000 was received as a result of an intergovernmental agreement with the Village of Forrest for Police coverage.
- Annual contributions of \$ 22,000 were received from the Rural Fire Protection District.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the City's modified cash basis of accounting.

Report Components

This annual report consists of five parts as follows:

Government-Wide Financial Statements: The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis (*on pages 13-14*) provide information about the activities of the City government-wide (or “as a whole”) and present a longer-term view of the City's finances.

Fund Financial Statements: Fund financial statements (*starting on page 15*) focus on the individual parts of the City government. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant “major” funds. For *governmental activities*, these statements tell how these services were financed in the short term as well as what remains for future spending. For *proprietary activities*, these statements offer short-term and long-term financial information about the activities the City operates like businesses, such as the water and sewer.

Notes to the Financial Statements: The notes to the financial statements (*starting on page 22*) are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

CITY OF FAIRBURY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) Year ended April 30, 2021

Report Components, continued

Other Information - Audited: This part of the annual report (*starting on page 45*) includes the non-major fund combining statements. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as “the basic financial statements”).

Other Information - Unaudited: This Management's Discussion and Analysis and the Budgetary Comparison Schedules (*starting on page 47*), represent financial information required by GASB to be presented. The budgetary comparison schedule for General Fund expenditures, and additional statements for the water and sewer funds and property taxes, is other information that is provided to address certain specific needs of various users of the City's annual report.

Basis of Accounting

The City has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the City's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense on capital assets in the government-wide financial statements for all activities and in the fund financial statement for proprietary fund activities.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the City as a Whole

The City's Reporting Entity Presentation

This annual report includes the primary government activities for which the City of Fairbury's City Council is fiscally responsible. These activities, defined as the City's reporting entity, are operated within separate legal entities that make up the primary government.

The primary government includes the legal entity of the City of Fairbury.

CITY OF FAIRBURY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) **Year ended April 30, 2021**

Reporting the City as a Whole, continued

The Government-Wide Financial Statements

Our financial analysis of the City as a whole begins on page 6. The government-wide financial statements are presented on pages 13 and 14. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position – Modified Cash Basis and the Statement of Activities - Modified Cash Basis report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all of the City's assets and liabilities resulting from the use of the modified cash basis of accounting.

These two statements report the City's net position and changes in it. Keeping in mind the limitations of the modified cash basis of accounting, one can think of the City's net position - the difference between assets and liabilities - as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other nonfinancial factors, however, such as changes in the City's sales tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis, we divide the City into two kinds of activities:

Governmental activities. Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks, pool, and library. Property taxes, sales and use taxes, income taxes, other miscellaneous taxes and fees, franchise fees, fines, and state and federal grants finance most of these activities.

Business-type activities. The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer are reported here.

Reporting the City's Most Significant Funds

The Fund Financial Statements

Our financial analysis of the City's funds begins on page 10. The fund financial statements begin on page 15 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds – *governmental and proprietary* - use different accounting approaches.

CITY OF FAIRBURY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) **Year ended April 30, 2021**

Reporting the City's Most Significant Funds, continued

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets - Modified Cash Basis and the Statement of Activities - Modified Cash Basis) and governmental funds in a reconciliation after the fund financial statements. The City considers the General Fund to be its only significant major governmental fund.

Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are reported as a reduction to the liability. In fact, the City's proprietary (enterprise) fund financial statements are essentially the same as the business-type activities we report in the government-wide statements but the fund statements provide more detail and additional information, such as cash flows. The City has two enterprise funds, the Water Fund and the Sewer Fund.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position - Modified Cash Basis

The City's combined net position, resulting from modified cash basis transactions, increased from approximately \$ 22.09 million to \$ 23.91 million from fiscal year 2020 to fiscal year 2021. Looking at the net position and net expenses of governmental and business-type activities separately, governmental activities had an approximately \$ 846,500 increase and business-type activities had an approximately \$ 979,000 increase.

CITY OF FAIRBURY, ILLINOIS**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**
Year ended April 30, 2021**Net Position - Modified Cash Basis, continued**

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|------------|
| Current and other assets | \$ 3,454,868 | 5,202,747 | 8,657,615 |
| Capital assets | 3,994,570 | 33,336,585 | 37,331,155 |
| Total assets | 7,449,438 | 38,539,332 | 45,988,770 |
| Long-term debt outstanding | 891,510 | 21,182,622 | 22,074,132 |
| Other liabilities | - | 2,890 | 2,890 |
| Total liabilities | 891,510 | 21,185,512 | 22,077,022 |
| Net Position: | | | |
| Invested in capital assets, net of related debt | 3,103,060 | 12,153,963 | 15,257,023 |
| Restricted | 1,121,570 | 52,000 | 1,173,570 |
| Unrestricted | 2,333,298 | 5,147,857 | 7,481,155 |
| Total net position | \$ 6,557,928 | 17,353,820 | 23,911,748 |

Net position of the City's governmental activities increased 14.82% to \$ 6.56 million. Net position of the City's business-type activities increased 6.00% to \$ 17.35 million. \$ 16,430,593 of the total net position is either restricted as to the purposes for which it can be used or is invested in capital assets (buildings, roads, bridges, etc.).

Changes from 2020 to 2021 reflect an increase of 21.27% in total assets, with an increase of 14.15% for governmental assets and an increase of 22.75% for business-type assets. Significant increase for the business-type assets is due to the addition of construction in progress for the sewer project.

Changes from 2020 to 2021 also reflect an increase of 39.42% in total liabilities, with an increase of 9.42% for governmental liabilities and an increase of 41.04% for business-type liabilities. Significant increase is due to the receipt of proceeds from the new EPA loan for the sewer project.

CITY OF FAIRBURY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year ended April 30, 2021

Changes in Net Position - Modified Cash Basis

For the year ended April 30, 2021, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-----------|
| <u>Revenues</u> | | | |
| Program revenues: | | | |
| Charges for services | \$ 564,462 | 2,188,945 | 2,753,407 |
| Operating grants and contributions | 325,329 | - | 325,329 |
| General revenues: | | | |
| Property tax | 1,026,947 | - | 1,026,947 |
| Replacement tax | 29,210 | - | 29,210 |
| Sales, use, cannabis & video gaming tax | 964,277 | - | 964,277 |
| State income tax | 430,692 | - | 430,692 |
| Motor fuel tax | 133,282 | - | 133,282 |
| Investment income | 29,225 | 96,846 | 126,071 |
| Loss on disposal of capital asset | - | (376,812) | (376,812) |
| Forgiveness of debt | - | 255,981 | 255,981 |
| Other | 79,468 | 12,369 | 91,837 |
| Total revenues | 3,582,892 | 2,177,329 | 5,760,221 |
| <u>Expenses</u> | | | |
| General government | 737,569 | - | 737,569 |
| Public safety | 828,935 | - | 828,935 |
| Streets, parks, culture, and recycling | 1,141,209 | - | 1,141,209 |
| Interest | 28,671 | - | 28,671 |
| Water | - | 706,098 | 706,098 |
| Sewer | - | 492,364 | 492,364 |
| Total expenses | 2,736,384 | 1,198,462 | 3,934,846 |
| Increase in net position | \$ 846,508 | 978,867 | 1,825,375 |

CITY OF FAIRBURY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) Year ended April 30, 2021

Governmental Activities

To aid in the understanding of the Statement of Activities - Modified Cash Basis, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. Expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This type of format highlights the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

For the year ended April 30, 2021, the City's governmental activities were funded as follows:

Sources of Funds for Governmental Activities

| | | |
|---------------------------|---------------------|---------------|
| Property taxes | \$ 1,026,947 | 28.7% |
| Sales and local use taxes | 964,277 | 26.9 |
| State income tax | 430,692 | 12.0 |
| Other taxes | 162,492 | 4.5 |
| Investment income | 29,225 | 0.8 |
| Charges for services | 564,462 | 15.8 |
| Grants | 245,792 | 6.9 |
| Contributions | 79,537 | 2.2 |
| Other | 79,468 | 2.2 |
| | <u>\$ 3,582,892</u> | <u>100.0%</u> |

Uses of Funds in Governmental Activities

| | | |
|------------------------------|---------------------|---------------|
| General government | \$ 737,569 | 27.0% |
| Public safety | 828,935 | 30.3 |
| Streets, parks and recycling | 1,141,209 | 41.7 |
| Interest | 28,671 | 1.0 |
| | <u>\$ 2,736,384</u> | <u>100.0%</u> |

For the year ended April 30, 2021, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$ 2,736,384. Of these total expenses, taxpayers and other general revenues funded only \$ 1,846,593 while those directly benefiting from the program funded \$ 325,329 from grants and other contributions and \$ 564,462 from charges for services.

CITY OF FAIRBURY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) Year ended April 30, 2021

Business-Type Activities

In reviewing the business-type activities' net (expense)/revenue resulting from modified cash basis transactions, there are certain activities that need to be examined more closely. The water and sewer service activities reported net expenses of \$ 706,098 and \$ 492,364, respectively. As noted on the table at page 8, the revenue for sewer service included \$ 255,981 in forgiveness of debt on an Illinois Environmental Protection Agency loan as well as a loss of \$ 376,812 from the deconstruction and removal of a wind turbine.

| | Water | Sewer |
|------------------------|-------------------|----------------|
| Revenue | \$ 1,103,108 | 1,074,221 |
| Expense | <u>706,098</u> | <u>492,364</u> |
| Change in net position | <u>\$ 397,010</u> | <u>581,857</u> |

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- On the modified cash basis of accounting, the General Fund reported revenues, transfers, and proceeds totaling \$ 3,296,052 and expenditures of \$ 2,431,911, resulting in an increase in fund balance of \$ 864,141. This fund showed an increase in revenues due to the receipt of loan proceeds, and an increase in expenses due to the purchase of fire department equipment.
- On the modified cash basis of accounting, the Motor Fuel Tax Fund reported revenues of \$ 265,685 and expenditures and transfers totaling \$ 75,062, resulting in an increase in fund balance of \$ 190,623. This fund showed an increase in revenue due to receipt of a Rebuild Illinois grant.

General Fund Budgetary Highlights

Expenditures were consistent with the budget with one significant exception. This difference between expenditures and the budget was due to several projects budgeted for during the year but were not actually completed. As a result, General Fund Expenditures for capital outlay were approximately \$ 1.32 million below appropriations for the year ended April 30, 2021.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - Modified Cash Basis

At April 30, 2021, the City had \$ 37.33 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, water and sewer lines, and construction in progress related to the sewer project (see table below). This represents a net increase of \$ 5,849,207 or 18.58%, from last year.

CITY OF FAIRBURY, ILLINOIS**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)****Year ended April 30, 2021****Capital Assets - Modified Cash Basis, continued**

Primary Government Capital Assets - Modified Cash Basis
(Net of accumulated depreciation)

| | Governmental Activities | Business-Type Activities | Total |
|----------------------------|----------------------------|-----------------------------|-------------------|
| Land | \$ 1,071,332 | 52,245 | 1,123,577 |
| Construction in process | 42,810 | 29,535,931 | 29,578,741 |
| Land improvements | 56,658 | - | 56,658 |
| Buildings and improvements | 1,349,122 | - | 1,349,122 |
| Utility plant | - | 251,760 | 251,760 |
| Water tower | - | 536,363 | 536,363 |
| Vehicles | 745,093 | 33,008 | 778,101 |
| Equipment | 591,674 | 686,254 | 1,277,928 |
| Wells and improvements | - | 402,968 | 402,968 |
| Infrastructure | 137,881 | 1,838,056 | 1,975,937 |
| | <u>\$ 3,994,570</u> | <u>33,336,585</u> | <u>37,331,155</u> |

This year's more significant capital asset additions included:

| | |
|--|--------------|
| Construction in progress - sewer project | \$ 6,511,408 |
| Air Packs and Rescue Pack SCBA equipment | 153,610 |
| 1994 FL70 truck rehab | 51,010 |

Long-Term Debt – Modified Cash Basis

At April 30, 2021, the City had \$ 22,074,132 in long-term debt and capital leases arising from modified cash basis transactions compared to \$ 15,832,370 at April 30, 2020. This represents an increase of 39.42%. Increase is due to proceeds from an EPA loan for the sewer project. At April 30, 2021, \$ 891,510 of the debt is related to governmental activities and \$ 21,182,622 is related to business-type activities. (See table below.)

Primary Government Long-Term Debt – Modified Cash Basis

| | |
|---|----------------------|
| EPA loans | \$ 21,182,622 |
| Brian J. Munz Public Safety Complex bonds | 345,000 |
| Fire truck loan | 36,794 |
| Fire equipment loan | 149,938 |
| Fire truck lease | <u>359,778</u> |
| Total | <u>\$ 22,074,132</u> |

CITY OF FAIRBURY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) **Year ended April 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Significant economic factors affecting the year ended April 30, 2021:

- The City continued seeking grant and stimulus money for water, sewer, and infrastructure projects.
- Employee benefit costs (Medicare and FICA taxes, health insurance, and IMRF) were \$ 496,015 which represents 31.6% of employee wages. Overtime paid was \$ 36,349 which represents a decrease of 29.6% compared to the previous year.
- City-wide cash and investments increased approximately \$ 2,200,000 due to controlling expenditures and accumulating funds to repay the Long-Term Control Plan sewer project loan.
- Capital assets, net of accumulated depreciation experienced an increase of approximately \$ 5,850,000 due to the construction in progress for the Long Term Control Plan sewer project.
- The City had expenditures of approximately \$ 29,500,000 during the last four fiscal years for the Long Term Control Plan sewer project. Those expenditures were mostly paid for by Illinois Environmental Protection loan receipts totaling approximately \$ 29,450,000.

Significant economic factors expected to affect the upcoming fiscal year ending April 30, 2022:

- The City's budget is fairly consistent with this year.
- In May 2021, the City increased most employee wages based on annual evaluations.
- The City has approved an EPA loan of approximately \$ 30 million for the new Combined Sewer overflow/treatment plant. The project started in August 2018. Payments to the EPA will start approximately six months after completion of the project, which was in June of 2021.
- The City's cash position is expected to remain stable.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If there are questions about this report or a need for additional financial information, contact the City Treasurer's office at:

201 W Locust St.
PO Box 228
Fairbury, IL 61739
fairbury@route24.net
(815) 692-2743

CITY OF FAIRBURY, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2021

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------|
| <u>ASSETS</u> | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 3,292,007 | 3,634,078 | 6,926,085 |
| Investments | 118,861 | 1,516,669 | 1,635,530 |
| Total current assets | 3,410,868 | 5,150,747 | 8,561,615 |
| Noncurrent assets | | | |
| Restricted investments | 44,000 | 52,000 | 96,000 |
| Capital assets, net of accumulated depreciation | 3,994,570 | 33,336,585 | 37,331,155 |
| Total noncurrent assets | 4,038,570 | 33,388,585 | 37,427,155 |
| TOTAL ASSETS | 7,449,438 | 38,539,332 | 45,988,770 |
| <u>LIABILITIES</u> | | | |
| Current liabilities | | | |
| Current maturities of capital lease | 40,244 | | 40,244 |
| Current maturities of long term debt | 68,352 | 376,549 | 444,901 |
| Total current liabilities | 108,596 | 376,549 | 485,145 |
| Noncurrent liabilities | | | |
| Capital lease, less current maturities | 319,534 | | 319,534 |
| Long term debt | 463,380 | 20,806,073 | 21,269,453 |
| Customer deposits | | 2,890 | 2,890 |
| Total noncurrent liabilities | 782,914 | 20,808,963 | 21,591,877 |
| TOTAL LIABILITIES | 891,510 | 21,185,512 | 22,077,022 |
| <u>NET POSITION</u> | | | |
| Invested in capital assets, net of related debt | 3,103,060 | 12,153,963 | 15,257,023 |
| Restricted for: | | | |
| Debt service | 44,000 | 52,000 | 96,000 |
| Other purposes | 1,077,570 | | 1,077,570 |
| Unrestricted | 2,333,298 | 5,147,857 | 7,481,155 |
| TOTAL NET POSITION | \$ 6,557,928 | 17,353,820 | 23,911,748 |

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended April 30, 2021

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | Net (Expense)/Revenue and Changes in Net Position | | |
|-----------------------------------|--------------|----------------------------|--|--|-----------------------------|-------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | |
| General government | \$ 737,569 | 51,864 | 155,000 | (530,705) | | (530,705) |
| Public safety | 828,935 | 170,485 | | (658,450) | | (658,450) |
| Streets and recycling | 879,389 | 308,663 | 123,801 | (446,925) | | (446,925) |
| Culture and recreation | 261,820 | 33,450 | 46,528 | (181,842) | | (181,842) |
| Interest on long term debt | 28,671 | | | (28,671) | | (28,671) |
| Total governmental activities | 2,736,384 | 564,462 | 325,329 | (1,846,593) | - | (1,846,593) |
| Business-type activities: | | | | | | |
| Water | 706,098 | 1,060,085 | | | 353,987 | 353,987 |
| Sewer | 492,364 | 1,128,860 | | | 636,496 | 636,496 |
| Total business-type activities | 1,198,462 | 2,188,945 | - | - | 990,483 | 990,483 |
| TOTAL | \$ 3,934,846 | 2,753,407 | 325,329 | (1,846,593) | 990,483 | (856,110) |
| General Revenues: | | | | | | |
| Taxes | | | | | | |
| Property | | | | 1,026,947 | | 1,026,947 |
| Replacement | | | | 29,210 | | 29,210 |
| Sales and local use | | | | 964,277 | | 964,277 |
| State income | | | | 430,692 | | 430,692 |
| Motor fuel | | | | 133,282 | | 133,282 |
| Interest on investments | | | | 29,225 | 96,846 | 126,071 |
| Other | | | | 79,468 | 12,369 | 91,837 |
| Loss on disposal of capital asset | | | | | (376,812) | (376,812) |
| Forgiveness of debt | | | | | 255,981 | 255,981 |
| Total general revenues | | | | 2,693,101 | (11,616) | 2,681,485 |
| Change in net position | | | | 846,508 | 978,867 | 1,825,375 |
| Net position - beginning | | | | 5,711,420 | 16,374,953 | 22,086,373 |
| Net position - ending | | | | \$ 6,557,928 | 17,353,820 | 23,911,748 |

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND

BALANCES - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

April 30, 2021

| | General Fund | Non-Major Funds | Total |
|-----------------------------|-----------------|--------------------|-----------|
| <hr/> | | | |
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 2,619,610 | 672,397 | 3,292,007 |
| Investments | | 118,861 | 118,861 |
| Restricted investments | 44,000 | | 44,000 |
| | <hr/> | | |
| TOTAL ASSETS | 2,663,610 | 791,258 | 3,454,868 |
| | <hr/> <hr/> | | |
| <u>FUND BALANCES</u> | | | |
| Restricted | 330,312 | 791,258 | 1,121,570 |
| Assigned | 45,646 | | 45,646 |
| Unassigned | 2,287,652 | | 2,287,652 |
| | <hr/> | | |
| TOTAL FUND BALANCES | \$ 2,663,610 | 791,258 | 3,454,868 |
| | <hr/> | | |

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF ASSETS,
LIABILITIES AND FUND BALANCES - MODIFIED CASH
BASIS - GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET POSITION - MODIFIED CASH BASIS**

April 30, 2021

| | |
|--|----------------------------|
| Total fund balances - governmental funds | \$ 3,454,868 |
| Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | 3,994,570 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | (891,510) |
| | <hr/> |
| Net position of governmental activities | <u><u>\$ 6,557,928</u></u> |

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
Year ended April 30, 2021**

| | General Fund | Non-Major Funds | Total |
|---|-----------------|--------------------|-----------|
| Revenues collected: | | | |
| Property taxes | \$ 888,588 | 138,359 | 1,026,947 |
| Replacement taxes | 24,776 | 4,434 | 29,210 |
| Sales and local use taxes | 964,277 | | 964,277 |
| State income taxes | 430,692 | | 430,692 |
| Motor fuel taxes | | 133,282 | 133,282 |
| Rebuild Illinois grant | | 123,801 | 123,801 |
| Other grants | 117,295 | 4,696 | 121,991 |
| Donations | 37,705 | 41,832 | 79,537 |
| Investment income | 20,173 | 9,052 | 29,225 |
| Licenses, fees, and fines | 102,123 | 8,894 | 111,017 |
| Garbage collection fees | 308,663 | | 308,663 |
| Intergovernmental - public safety | 123,000 | | 123,000 |
| Rental income | 1,600 | 1,423 | 3,023 |
| Pool revenues | 18,759 | | 18,759 |
| Other income | 78,917 | 551 | 79,468 |
| Total revenues collected | 3,116,568 | 466,324 | 3,582,892 |
| Expenditures paid: | | | |
| Current: | | | |
| General government | 551,623 | 15,500 | 567,123 |
| Public safety | 923,832 | | 923,832 |
| Streets and recycling | 692,027 | 70,578 | 762,605 |
| Culture and recreation | 53,890 | 164,772 | 218,662 |
| Debt service: | | | |
| Retirement of principal | 98,276 | | 98,276 |
| Interest | 28,671 | | 28,671 |
| Capital outlay | 83,592 | 39,306 | 122,898 |
| Total expenditures paid | 2,431,911 | 290,156 | 2,722,067 |
| Excess (deficiency) of revenues collected over (under) expenditures paid | 684,657 | 176,168 | 860,825 |
| Other financing sources (uses): | | | |
| Transfers in | 4,484 | | 4,484 |
| Transfers out | | (4,484) | (4,484) |
| Proceeds of long-term debt | 175,000 | | 175,000 |
| Net other sources and uses of financial resources | 179,484 | (4,484) | 175,000 |
| Net change in fund balances | 864,141 | 171,684 | 1,035,825 |
| Fund balances - beginning | 1,799,469 | 619,574 | 2,419,043 |
| Fund balances - ending | \$ 2,663,610 | 791,258 | 3,454,868 |

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year ended April 30, 2021**

Net change in fund balances - governmental funds \$ 1,035,825

Amounts reported for governmental activities in the Statement of
Activities - Modified Cash Basis are different because:

Governmental funds report capital outlays as expenditures;
however, in the Statement of Activities - Modified Cash
Basis the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

| | | |
|-------------------------------------|------------------|-----------|
| Capital asset purchases capitalized | \$ 285,187 | |
| Construction in process completed | (32,758) | |
| Depreciation expense | <u>(365,022)</u> | (112,593) |

Loan proceeds provide current financial resources to governmental
funds in the period issued, but increase long-term liabilities in the
Statement of Net Position - Modified Cash Basis. (175,000)

Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the Statement of Net Position - Modified Cash Basis. 98,276

Change in net position of governmental activities \$ 846,508

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS**

April 30, 2021

| | Business-Type Activities Proprietary Funds | | |
|---|---|---------------|------------|
| | Water Fund | Sewer Fund | Total |
| <u>ASSETS</u> | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 1,342,476 | 2,291,602 | 3,634,078 |
| Investments | 459,197 | 1,057,472 | 1,516,669 |
| Total current assets | 1,801,673 | 3,349,074 | 5,150,747 |
| Noncurrent assets | | | |
| Restricted investments | 25,000 | 27,000 | 52,000 |
| Capital assets, net of accumulated depreciation | 2,201,063 | 31,135,522 | 33,336,585 |
| Total noncurrent assets | 2,226,063 | 31,162,522 | 33,388,585 |
| TOTAL ASSETS | 4,027,736 | 34,511,596 | 38,539,332 |
| <u>LIABILITIES</u> | | | |
| Current liabilities | | | |
| Current maturities of debt | 40,831 | 335,718 | 376,549 |
| Total current liabilities | 40,831 | 335,718 | 376,549 |
| Noncurrent liabilities | | | |
| EPA waste water treatment loans | | 20,431,107 | 20,431,107 |
| EPA drinking water loans | 374,966 | | 374,966 |
| Customer deposits | 2,890 | | 2,890 |
| Total noncurrent liabilities | 377,856 | 20,431,107 | 20,808,963 |
| TOTAL LIABILITIES | 418,687 | 20,766,825 | 21,185,512 |
| <u>NET POSITION</u> | | | |
| Invested in capital assets, net of related debt | 1,785,266 | 10,368,697 | 12,153,963 |
| Restricted for: | | | |
| Debt service | 25,000 | 27,000 | 52,000 |
| Unrestricted | 1,798,783 | 3,349,074 | 5,147,857 |
| TOTAL NET POSITION | \$ 3,609,049 | 13,744,771 | 17,353,820 |

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

**STATEMENT OF REVENUES RECEIVED, EXPENSES PAID
AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year ended April 30, 2021**

| | Business-Type Activities Proprietary Funds | | |
|---|---|---------------|------------|
| | Water Fund | Sewer Fund | Total |
| Operating revenues: | | | |
| Charges for services | \$ 1,060,085 | 1,128,860 | 2,188,945 |
| Operating expenses: | | | |
| Salaries and related expenses | 324,897 | 210,060 | 534,957 |
| Contractual services | 98,777 | 74,780 | 173,557 |
| Utilities | 22,915 | 66,674 | 89,589 |
| Commodities | 112,775 | 23,958 | 136,733 |
| Permits and fees | | 11,000 | 11,000 |
| Miscellaneous | 2,514 | | 2,514 |
| Depreciation | 137,035 | 98,533 | 235,568 |
| Total operating expenses | 698,913 | 485,005 | 1,183,918 |
| Operating income | 361,172 | 643,855 | 1,005,027 |
| Non-operating revenues (expenses): | | | |
| Interest income | 31,308 | 65,538 | 96,846 |
| Interest expense | (7,185) | (7,359) | (14,544) |
| Miscellaneous | 11,715 | 654 | 12,369 |
| Loss on disposal of capital asset | | (376,812) | (376,812) |
| Forgiveness of debt | | 255,981 | 255,981 |
| Total non-operating revenues (expenses) | 35,838 | (61,998) | (26,160) |
| Change in net position | 397,010 | 581,857 | 978,867 |
| Net position - beginning | 3,212,039 | 13,162,914 | 16,374,953 |
| Net position - ending | \$ 3,609,049 | 13,744,771 | 17,353,820 |

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS

Year ended April 30, 2021

| | Business-Type Activities Proprietary Funds | | |
|---|---|-----------------|------------------|
| | Water Fund | Sewer Fund | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 1,060,085 | 1,128,860 | 2,188,945 |
| Cash paid to suppliers for goods and services | (236,981) | (176,412) | (413,393) |
| Cash paid to employees for services | (324,897) | (210,060) | (534,957) |
| Net cash flows from operating activities | 498,207 | 742,388 | 1,240,595 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Miscellaneous non operating receipts | 11,715 | 654 | 12,369 |
| Net cash flows from noncapital financing activities | 11,715 | 654 | 12,369 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Payments on construction in progress | | (6,511,408) | (6,511,408) |
| Loan proceeds received | | 6,495,923 | 6,495,923 |
| Principal payments on debt | (40,169) | (34,735) | (74,904) |
| Interest paid | (7,185) | (7,359) | (14,544) |
| Acquisition of capital assets | (59,774) | (2,998) | (62,772) |
| Net cash flows from capital and related financing activities | (107,128) | (60,577) | (167,705) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from investments | 35,104 | 143,198 | 178,302 |
| Interest received on certificates of deposit | 31,308 | 65,538 | 96,846 |
| Net cash flows from investing activities | 66,412 | 208,736 | 275,148 |
| Net increase in cash and cash equivalents | 469,206 | 891,201 | 1,360,407 |
| Cash and cash equivalents, beginning of year | 873,270 | 1,400,401 | 2,273,671 |
| Cash and cash equivalents, end of year | 1,342,476 | 2,291,602 | 3,634,078 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income | 361,172 | 643,855 | 1,005,027 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | |
| Depreciation | 137,035 | 98,533 | 235,568 |
| Net cash flows from operating activities | \$ 498,207 | 742,388 | 1,240,595 |

Supplemental Disclosure of Noncash Financing Transactions:

Forgiveness of debt - EPA sewer loan \$ 255,981

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

Note 1 - Summary of Significant Accounting Policies

Except for the use of the modified cash basis of accounting as described later, accounting policies of the City of Fairbury, Illinois (the City) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant policies. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity: For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, the City of Fairbury, Illinois is a primary government in that it is a city with a separately elected governing body - one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

Principles Used to Determine the Scope of the Reporting Entity: The City has developed criteria to determine whether other entities are component units of the City. Component units are legally separate organizations for which the elected officials of the City are financially accountable. The City would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) 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 (i.e., entitled to or can access the organization's resources; is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to, the organization; or is obligated in some manner for the debt of the organization).

If an organization is fiscally dependent on the City, the City is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The City has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. In addition, the City is not aware of any entity which would exercise such oversight as to result in the City being considered a component of the entity.

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

Government-wide Financial Statements: The Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are supported by taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are supported in whole or in part by fees charged to external parties for goods or services. For the most part, the effect of interfund activity has been removed from these statements.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 1 - Summary of Significant Accounting Policies, continued

Government-wide Financial Statements, continued:

The Statement of Net Position - Modified Cash Basis presents the City's nonfiduciary assets and liabilities, with the difference reported as net position.

The Statement of Activities - Modified Cash Basis demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements: 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 comprised of its assets, liabilities, fund balances, revenues, and expenditures. The City's 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. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

Governmental Fund Types: Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities are accounted for through Governmental Funds. The City's major Governmental Funds include the following:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources and expenditures not required by law or contractual agreement to be accounted for in another fund.

Non-Major Governmental Funds: These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's non-major governmental funds include the following:

Special Revenue Funds: Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes other than debt service or capital projects. The City includes the following special revenue funds:

Library Fund: To account for the property taxes levied for library purposes and other resources used to provide library services to the citizens of the City.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 1 - Summary of Significant Accounting Policies, continued

Fund Financial Statements, continued:

Motor Fuel Tax Fund: To account for the operations of the City's Street Department in connection with highway construction and maintenance projects authorized by the Illinois Department of Transportation. Financing is provided by the City's share of the state motor fuel tax.

Audit Fund: To account for the revenue and expenditures resulting from the City's compliance with the "Municipal Auditing Law" as stipulated in Chapter 65 of the Illinois Compiled Statutes. Financing is provided by a specific annual real estate tax levy and payments are made only for the costs of the annual audit of all City funds.

Proprietary Fund Types: Proprietary funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains the following proprietary funds:

Enterprise Funds: To account for resources from fees charged directly to those entities or individuals that use its services. The City reports the following enterprise funds as major proprietary funds.

Water Fund: To account for the water operations. Revenue is provided through user charges which are designed to pay operating expenses (including depreciation of the Fund's capital assets) and provide for a net income to finance the continued operations of the system.

Sewer Fund: To account for the wastewater operations. Revenue is provided through user charges which are designed to pay operating expenses (including depreciation of the Fund's capital assets) and provide for a net income to finance the continued operations of the system.

Measurement Focus and Basis of Accounting: Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting.

- The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2021

Note 1 - Summary of Significant Accounting Policies, continued

Measurement Focus and Basis of Accounting, continued:

- This basis of accounting recognizes assets, liabilities, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary fund financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Balances: Fund Balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance: The portion of a Governmental Fund's net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance: The portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following accounts have restricted fund balances: General Fund, Library Fund, Motor Fuel Tax Fund, and Audit Fund, as well as Water Fund and Sewer Fund restricted for debt service.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 1 - Summary of Significant Accounting Policies, continued

Governmental Fund Balances, continued:

Committed Fund Balance: The portion of a Governmental Fund's net position with self-imposed constraints or limitations that has been placed at the highest level of decision making authority (the City Council). The committed amounts cannot be used for any other purpose unless the City Council takes the same formal action to remove or change the imposed constraints. There are no accounts presenting a committed fund balance.

Assigned Fund Balance: The portion of a Governmental Fund's net position to denote an intended use of resources. The City Council, through resolution establishing the City's fund balance policy, has delegated to the City Administrator the authority to assign amounts to specific purposes. Pursuant to the City's fund balance policy, any fund balance assigned by the City Administrator must be reported to the City Council at its next regular meeting. The City Council has the authority to remove or change the assigned fund balance with a simple majority vote. The account presenting an assigned fund balance is the General Fund.

Unassigned Fund Balance: Available expendable financial resources in a governmental fund that are not designated for a specific purpose. In governmental funds other than the General Fund, the unassigned fund balance classification would only be used, as applicable, to report a deficit balance in that fund. The General Fund presents an unassigned fund balance.

Net Position: Equity in the government-wide statements is classified as net position. Net position represents the difference between assets and liabilities and is displayed in three components:

Invested in capital assets, net of related debt: 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 improvement of those assets.

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 or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position: All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Use of Restricted Resources: When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

The City does not have a formal minimum fund balance policy.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 1 - Summary of Significant Accounting Policies, continued

Budgets: The budget for all governmental fund types is prepared on the modified cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. The original and final budget was passed through an appropriations ordinance on July 15, 2020.

For each fund, total fund expenditures may not legally exceed the budgeted expenditures. The budget lapses at the end of each fiscal year. The City adopts its annual budget in accordance with Chapter 65, Paragraph 5/8-2-9 of the Illinois Compiled Statutes, as follows:

- (1) The budget officer submits to the City Council a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) The Council approves the proposed operating budget as a basis for the appropriation.
- (3) A public hearing is conducted to obtain taxpayer comments on the appropriation.
- (4) Prior to August 1, the budget is legally adopted through passage of an appropriations ordinance.
- (5) Budgeted amounts may be transferred between object classes within a fund at any time. The annual budget may be revised by a vote of two-thirds of the City Council by deleting, adding to, or changing budgeted items. Except as provided for by the statute, no revision of the budget can be made increasing the budget in the event funds are not available.

The City also adopts an informal operating budget for proprietary funds containing estimated revenues and expenditures, which is used as a management control device.

Use of Estimates in Preparing Financial Statements: The preparation of financial statements in conformity with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund balance during the reporting period. Actual results could differ from those estimates.

Compensated Absences: As a result of using the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures/expenses related to compensated absences are recorded when paid. It is the City's policy to permit employees to accumulate a limited amount of sick time (maximum of 48 days per employee). Vacation time must be taken annually based upon the calendar year or it is forfeited. Upon termination, employees are paid for unused sick and vacation time, up to a maximum of 30 days.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2021

Note 1 - Summary of Significant Accounting Policies, continued

Interfund Balances and Activities: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the noncurrent portion of interfund loans). All other outstanding balances between funds is reported as “due to/from other funds.”

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements.

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows - Modified Cash Basis, the City’s proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments: The City’s investments are comprised of certificates of deposit. Certificates of deposit are classified together regardless of maturity. Certificates of deposit are carried at cost, which approximates fair value.

Notes Receivable: The City occasionally makes community development assistance loans to local businesses. During the fiscal year ended April 30, 2021, two loans were discharged, totaling \$ 44,684. This amount is included in general government expenditures on the Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Modified Cash Basis – Governmental Funds. As of April 30, 2021, there are no loans outstanding.

Construction in Progress: Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Construction in progress at April 30, 2021 represents the Long Term Control Plan for the sewer project, a squad car for the police department, and sidewalk and railing infrastructure.

Capital Assets: The City’s modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Statements: In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position - Modified Cash Basis. All capital assets are valued at historical cost less a provision for depreciation. Prior to May 1, 2004, governmental funds’ infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004 are capitalized at cost.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 1 - Summary of Significant Accounting Policies, continued

Capital Assets, continued:

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities - Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position - Modified Cash Basis. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$ 20,000 for infrastructure and \$ 2,500 for all other capital assets is used. The range of estimated useful lives by type of asset is as follows:

| | |
|-------------------------------------|-------------|
| Building and improvements | 10-50 years |
| Improvements other than buildings | 10-40 years |
| Machinery, furniture, and equipment | 3-40 years |
| Infrastructure | 20-40 years |

Fund Financial Statements: In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term Debt: All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Program Revenues: In the Statement of Activities - Modified Cash Basis, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

- General government - Licenses, permits and fees, grants, and contributions
- Public safety - Fine revenue, grants from other governmental entities, and contributions
- Streets and recycling - Garbage collection
- Culture and recreation - Pool and Library revenues

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenue and Expenses: Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses related to capital and related financing, noncapital financing, or investing activities.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 1 - Summary of Significant Accounting Policies, continued

New Accounting Pronouncements: During the year ended April 30, 2021, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement was issued in order to provide temporary relief in light of the COVID-19 pandemic by postponing the effective dates of certain other GASB Statements and Implementation Guides. As a result of this, the City did not adopt any other new accounting pronouncements during the fiscal year ended April 30, 2021.

Note 2 - Cash and Investments

The *Illinois Compiled Statutes* authorize the City to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Public Treasurer's Investment Pool.

The City's cash and investments at April 30, 2021 consisted of deposits with financial institutions, including certificates of deposit and money market funds. Separate bank accounts are not maintained for all City funds. Instead, certain general and special revenue funds maintain their cash balances in common demand deposit, money market accounts and certificates of deposit. Accounting records are maintained to show the portion of the common cash and balances attributable to each participating fund. At April 30, 2021, the carrying amount of the City's various bank deposits totaled \$ 8,657,615 and the bank balances totaled \$ 8,684,252.

Custodial credit risk is the risk that in the event of a bank failure, the deposits of the City may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City does not have a policy to address custodial credit risk. Deposits of the City's reporting entity are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the name of the City. At April 30, 2021, \$ 1,016,248 of the deposits made by the City were covered by the Federal Depository Insurance Corporation (FDIC), and \$ 7,668,004 were collateralized by the respective institution. The City's certificates of deposit have original maturities from 15 months to 120 months.

The deposits are reflected on the financial statements at April 30, 2021 as follows:

| | |
|--|--------------|
| Government-wide statement of net position - modified cash basis: | |
| Cash | \$ 1,753,447 |
| Insured cash sweep | 5,172,638 |
| Certificates of deposit (reported as Investments) | 1,635,530 |
| Certificates of deposit (reported as Restricted Investments) | 96,000 |
| | <hr/> |
| | \$ 8,657,615 |
| | <hr/> |

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2021

Note 2 - Cash and Investments, continued

Interest rate risk is the risk that changes in market rates 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 interest rates. The City's investments in certificates of deposit are as follows:

| | Fair Value | Interest Rate | Terms in Months | Maturity Date |
|-----------------------------|----------------------------|---------------|-----------------|-------------------|
| Busey Bank | \$ 5,306 | 0.10% | 36 mo | 4/14/23 |
| Bank of Pontiac | 1,374,713 | 2.80% | 28 mo | 7/27/21 |
| Morton Community Bank | 64,000 | 1.50 to 1.71% | 60 to 120 mo | 2/26/23 - 3/24/23 |
| First State Bank of Forrest | <u>287,511</u> | 0.40 to 3.00% | 15 to 60 mo | 1/28/22 - 6/13/23 |
| | <u><u>\$ 1,731,530</u></u> | | | |

Note 3 - Restricted Investments

Ordinance 2012-13, approved June 5, 2012, provided for the issuance of \$ 500,000 General Obligation Bonds. The proceeds of this issue were used to construct and equip a public safety building (fire station). The certificate of deposit restricted for debt service of these bonds at April 30, 2021 was \$ 44,000.

In connection with the \$ 627,937 EPA wastewater treatment loan agreement and the \$ 595,825 EPA drinking water loan agreement, the Illinois Environmental Protection Agency requires the City to establish wastewater and waterworks reserve accounts equal to one years' principal and interest payments to fund future required loan payments. As of April 31, 2021, the balances of the wastewater and waterworks restricted accounts were \$ 27,000 and \$ 25,000, respectively.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
April 30, 2021

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended April 30, 2021 was as follows:

| | Balance April 30, 2020 | Additions | Deletions | Balance April 30, 2021 |
|---------------------------------------|---------------------------|-----------|-----------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,071,332 | | | 1,071,332 |
| Construction in progress | 32,758 | 42,810 | 32,758 | 42,810 |
| Total assets not being depreciated | 1,104,090 | 42,810 | 32,758 | 1,114,142 |
| Other capital assets: | | | | |
| Land improvements | 164,011 | | | 164,011 |
| Buildings and improvements | 2,380,717 | 16,387 | | 2,397,104 |
| Vehicles | 2,441,411 | 51,010 | | 2,492,421 |
| Equipment | 2,379,260 | 174,980 | | 2,554,240 |
| Infrastructure | 288,932 | | | 288,932 |
| Total other capital assets | 7,654,331 | 242,377 | - | 7,896,708 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 102,297 | 5,056 | | 107,353 |
| Buildings and improvements | 979,797 | 68,185 | | 1,047,982 |
| Vehicles | 1,581,755 | 165,573 | | 1,747,328 |
| Equipment | 1,850,804 | 111,762 | | 1,962,566 |
| Infrastructure | 136,605 | 14,446 | | 151,051 |
| Total accumulated depreciation | 4,651,258 | 365,022 | - | 5,016,280 |
| Other capital assets, net | 3,003,073 | (122,645) | - | 2,880,428 |
| Governmental activities, net | \$ 4,107,163 | (79,835) | 32,758 | 3,994,570 |

Depreciation expense for the year ended April 30, 2021 was charged to functions of the City as follows:

| | |
|--|-------------------|
| General government | \$ 89,482 |
| Public safety | 93,728 |
| Streets and recycling | 145,761 |
| Culture and recreation | 36,051 |
| Total depreciation expense - governmental activities | <u>\$ 365,022</u> |

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 4 - Capital Assets, continued

| | Balance April 30, 2020 | Additions | Deletions | Balance April 30, 2021 |
|---------------------------------------|---------------------------|-----------|-----------|---------------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 52,245 | | | 52,245 |
| Construction in progress | 23,024,523 | 6,511,408 | | 29,535,931 |
| Total assets not being depreciated | 23,076,768 | 6,511,408 | - | 29,588,176 |
| Other capital assets: | | | | |
| Utility plant | 8,462,964 | | | 8,462,964 |
| Wells and improvements | 999,009 | 37,000 | | 1,036,009 |
| Water tower | 1,000,616 | | | 1,000,616 |
| Vehicles | 144,407 | | | 144,407 |
| Equipment | 2,200,673 | 25,772 | 633,547 | 1,592,898 |
| Infrastructure | 2,398,079 | | | 2,398,079 |
| Total other capital assets | 15,205,748 | 62,772 | 633,547 | 14,634,973 |
| Less accumulated depreciation for: | | | | |
| Utility plant | 8,181,169 | 30,035 | | 8,211,204 |
| Wells and improvements | 603,053 | 29,988 | | 633,041 |
| Water tower | 439,238 | 25,015 | | 464,253 |
| Vehicles | 95,025 | 16,374 | | 111,399 |
| Equipment | 1,089,223 | 74,156 | 256,735 | 906,644 |
| Infrastructure | 500,023 | 60,000 | | 560,023 |
| Total accumulated depreciation | 10,907,731 | 235,568 | 256,735 | 10,886,564 |
| Other capital assets, net | 4,298,017 | (172,796) | 376,812 | 3,748,409 |
| Business-type activities, net | \$ 27,374,785 | 6,338,612 | 376,812 | 33,336,585 |

Depreciation expense for the year ended April 30, 2021 was charged to functions of the City as follows:

| | |
|---|-------------------|
| Water | \$ 137,035 |
| Sewer | 98,533 |
| Total depreciation expense - business-type activities | <u>\$ 235,568</u> |

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2021

Note 5 - Long-term Debt

The City's long-term debt arising from cash transactions is segregated between amounts to be paid from governmental activities and amounts repaid from business-type activities.

The changes in the City's long-term debt for the year ended April 30, 2021 are as follows:

| | Balance April 30, 2020 | Additions | Reductions | Balance April 30, 2021 | Amount Due Within One Year |
|------------------------------|---------------------------|-----------|------------|---------------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Bonds payable | \$ 370,000 | | 25,000 | 345,000 | 25,000 |
| Notes payable | 45,992 | 175,000 | 34,260 | 186,732 | 43,352 |
| | 415,992 | 175,000 | 59,260 | 531,732 | 68,352 |
| Business-type Activities: | | | | | |
| Notes payable | \$ 15,017,584 | 6,495,923 | 330,885 | 21,182,622 | 309,086 |

Governmental Activities:

As of April 30, 2021, the long-term debt, arising from cash transactions payable from governmental fund resources consisted of the following:

Bonds Payable:

On June 20, 2012, the City issued general obligation bonds in the principal amount of \$ 500,000 with interest rates ranging from 2.8% to 7.0% due at various maturity dates until December 2031. The bond proceeds were used to offset expenditures incurred in construction and equipping of the Brian J. Munz Public Safety Complex.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
April 30, 2021

Note 5 - Long-term Debt, continued

The schedule of principal and interest requirements of the bonds payable are as follows:

| <u>Year ending April 30,</u> | June 1 | December 1 | | Total |
|------------------------------|------------------|---------------|----------------|----------------|
| | Interest | Interest | Principal | |
| 2022 | \$ 5,813 | 5,813 | 25,000 | 36,626 |
| 2023 | 5,463 | 5,463 | 25,000 | 35,926 |
| 2024 | 5,088 | 5,088 | 30,000 | 40,176 |
| 2025 | 4,623 | 4,623 | 30,000 | 39,246 |
| 2026 | 4,143 | 4,143 | 30,000 | 38,286 |
| 2027-2031 | 12,910 | 12,910 | 165,000 | 190,820 |
| 2032 | 760 | 760 | 40,000 | 41,520 |
| | <u>\$ 38,800</u> | <u>38,800</u> | <u>345,000</u> | <u>422,600</u> |

Notes Payable:

\$ 183,967 note payable to Illinois Finance Authority for a fire truck, payable in annual installments of \$ 9,199, non-interest bearing, final payment due November 2024, secured by fire truck, net book value \$ 33,727.

\$ 36,794

\$ 175,000 note payable to Morton Community Bank for fire department equipment, payable in quarterly installments of \$ 9,224, including principal and interest at 2%, final payment due May 2025.

\$ 149,938

The schedule of principal and interest requirements on the notes payable is as follows:

| <u>Year ended April 30,</u> | Interest | Principal | Total Due |
|-----------------------------|-----------------|----------------|----------------|
| 2022 | \$ 2,741 | 43,352 | 46,093 |
| 2023 | 2,053 | 44,040 | 46,093 |
| 2024 | 1,351 | 44,743 | 46,094 |
| 2025 | 635 | 45,459 | 46,094 |
| 2026 | 45 | 9,138 | 9,183 |
| | <u>\$ 6,825</u> | <u>186,732</u> | <u>193,557</u> |

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 5 - Long-term Debt, continued

Business-Type Activities:

As of April 30, 2021, the long-term debt, arising from cash transactions payable from proprietary fund resources consisted of the following:

Notes Payable:

| | |
|---|-----------|
| \$ 228,948 note payable (\$ 235,872 available) to Illinois Environmental Protection Agency for water meter improvements, payable in semi-annual installments of \$ 6,196, including principal and interest at 1.995%, final payment due April 2024. | \$ 35,957 |
|---|-----------|

| | |
|--|---------|
| \$ 258,046 note payable to Illinois Environmental Protection Agency for sewer improvements, payable in semi-annual installments of \$ 7,874, including principal and interest at 1.93%, final payment due July 2034. | 185,702 |
|--|---------|

| | |
|--|---------|
| \$ 627,937 note payable to Illinois Environmental Protection Agency for sewer improvements, payable in semi-annual installments of \$ 13,172, including principal and interest at 1.25%, final payment due January 2032. | 267,522 |
|--|---------|

| | |
|---|---------|
| \$ 595,825 note payable to Illinois Environmental Protection Agency for water main improvements, payable in semi-annual installments of \$ 12,321, including principal and interest at 1.25%, final payment due January 2032. | 252,519 |
|---|---------|

| | |
|--|---------|
| \$ 165,768 note payable to Illinois Environmental Protection Agency for water tower improvements, payable in semi-annual installments of \$ 5,160, including principal and interest at 2.21%, final payment due August 2035. | 127,321 |
|--|---------|

| | |
|---|------------|
| \$ 29,981,843 note payable to Illinois Environmental Protection Agency for the long-term control plan sewer project; payable in semi-annual installments including principal and interest at 1.00% as follows: \$ 405,303 at December 9, 2021; \$ 408,591 at June 9, 2022; and \$ 408,577 at December 9, 2022 and thereafter. Final payment is due June 9, 2051. The first \$ 9,129,310 of the loan was forgiven. | 20,313,601 |
|---|------------|

\$ 21,182,622

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
April 30, 2021

Note 5 - Long-term Debt, continued

The schedule of principal and interest requirements on the business-type activities long-term debt is as follows:

| <u>Year ended April 30,</u> | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|-------------------|
| 2022 | \$ 118,201 | 376,549 | 494,750 |
| 2023 | 218,967 | 687,648 | 906,615 |
| 2024 | 211,616 | 695,035 | 906,651 |
| 2025 | 204,257 | 689,953 | 894,210 |
| 2026 | 197,004 | 697,206 | 894,210 |
| 2027-2031 | 873,445 | 3,597,603 | 4,471,048 |
| 2032-2036 | 684,679 | 3,550,412 | 4,235,091 |
| 2037-2041 | 505,483 | 3,580,290 | 4,085,773 |
| 2042-2046 | 322,387 | 3,763,387 | 4,085,774 |
| 2047-2051 | 129,927 | 3,137,994 | 3,267,921 |
| 2052 | 2,032 | 406,545 | 408,577 |
| | <u>\$ 3,467,988</u> | <u>21,182,622</u> | <u>24,650,620</u> |

The City is limited under state law to aggregate indebtedness of 8.625% of assessed valuation. This limitation does not apply to indebtedness used to finance fire protection equipment and facilities or water and wastewater treatment facilities or alternate revenue bonds. The available legal debt margin was \$ 4,159,064 at April 30, 2021.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
April 30, 2021

Note 6 - Capital Lease

During the fiscal year ended April 30, 2018, the City acquired a fire truck via a capital lease. The lease payments are \$ 51,577 annually for twelve years at 3.15%, beginning September 30, 2017 with a \$ 1 purchase option at the end of the lease term.

The following is a summary of property held under the capital lease as of April 30, 2021:

| | |
|---|-------------------|
| Governmental activities: | |
| Vehicles | \$ 508,835 |
| Less accumulated depreciation | <u>(99,647)</u> |
| Total net property held under capital lease | <u>\$ 409,188</u> |

Depreciation on the asset held under capital lease charged to expense during the fiscal year ended April 30, 2021 was \$ 25,442, and is included with depreciation expense.

The following is a schedule of the future minimum payments required under the lease:

| <u>Year ended April 30,</u> | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
|-----------------------------|------------------|------------------|----------------|
| 2022 | \$ 11,333 | 40,244 | 51,577 |
| 2023 | 10,065 | 41,512 | 51,577 |
| 2024 | 8,758 | 42,820 | 51,578 |
| 2025 | 7,409 | 44,169 | 51,578 |
| 2026 | 6,018 | 45,560 | 51,578 |
| 2027-2029 | <u>9,260</u> | <u>145,473</u> | <u>154,733</u> |
| | <u>\$ 52,843</u> | <u>359,778</u> | <u>412,621</u> |

Total interest cost incurred on the capital lease for the year ended April 30, 2021 was \$ 12,562.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 7 - Governmental Fund Balances

The following is a detailed summary of fund balance classifications as presented in the governmental funds Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis. The following is a summary of restricted fund balances:

| | |
|--------------------------------|--------------|
| Canine unit | \$ 87,841 |
| IMRF | 612 |
| Unemployment insurance | 15,272 |
| Fire station (bonds) | 44,000 |
| Law enforcement | 63,045 |
| Fire department | 115,160 |
| Street lighting | 4,382 |
| Street repair and improvements | 615,412 |
| Library | 163,873 |
| Audit | 11,973 |
| | <hr/> |
| | \$ 1,121,570 |

The street repair and improvements, library, and audit fund balances presented above represent resources restricted for the Motor Fuel Fund, Library Fund, and Audit Fund, respectively. The remaining amounts above represent resources restricted for the indicated purposes within the General Fund.

The assigned amount for the General Fund of \$ 45,646 represents vehicle seizure funds (law enforcement) assigned for police equipment to be determined and amounts assigned for the insurance fund.

Note 8 - Interfund Transactions

Interfund Transfers:

Transfers between funds of the primary government for the year ended April 30, 2021 were as follows:

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|---------------------|--------------------|---------------------|
| General Fund | \$ 4,484 | |
| Motor Fuel Tax Fund | | 4,484 |
| | <hr/> | <hr/> |
| | \$ 4,484 | 4,484 |

The interfund transfer represents the reimbursement of an expenditure incurred by one fund but paid by another.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) **April 30, 2021**

Note 8 - Interfund Transactions, continued

Due To/From Other Funds:

As of April 30, 2021, there were no interfund receivables and payables.

Note 9 - Other Disclosures

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances and funds which overextended appropriations during the year are required to be disclosed.

- A. There were no funds with a deficit fund balance at April 30, 2021.
- B. There were no funds that had an excess of actual expenditures over budget for the year ended April 30, 2021.

Note 10 - 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; workers' compensation; and natural disasters. The City self-insures the risk of damage to small equipment owned by the various departments within the City. Consequently, the City is responsible for the cost of repairing or replacing such small equipment if it is damaged, destroyed or stolen. The City carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. There has not been a significant reduction in insurance coverage from the previous year. The City has not incurred an event where the settlement was over the coverage amount in the past three fiscal years.

Note 11 - Property Taxes

Real estate taxes are a lien on individual properties from January 1 in the year in which the taxes are levied. The levy must be filed with the County Clerk by the last Tuesday in December each year. The tax levy for the taxes collected in the fiscal year ended April 30, 2021 was passed November 6, 2019.

Due dates by statute are June 1 and September 1 of the following year. Generally, collections of tax monies are made within 30 to 60 days of the due dates. The following are the tax rate limits permitted by state law and local referendum and the actual rates levied for 2019 per \$ 100 of assessed valuation:

CITY OF FAIRBURY, ILLINOIS**NOTES TO FINANCIAL STATEMENTS (Continued)**
April 30, 2021

Note 11 - Property Taxes, continued

| Type of Tax | Rate Limits | 2019 Actual Levy |
|---------------------------|----------------|----------------------|
| Corporate | 0.4375 | 0.38883 |
| Garbage | 0.2000 | 0.19969 |
| Fire protection | 0.6000 | 0.09224 |
| Public benefits | 0.0500 | 0.04993 |
| Police protection | 0.6000 | 0.32282 |
| Audit | No limit | 0.03136 |
| IMRF | No limit | 0.27670 |
| Tort | No limit | 0.12950 |
| Unemployment compensation | No limit | 0.00738 |
| Social security | No limit | 0.11991 |
| Street lighting | 0.0500 | 0.04612 |
| Total tax rates | | <u>1.66448</u> |
| County Clerk Extension | | <u>\$ 889,375</u> |
| Assessed Valuation | | <u>\$ 54,211,035</u> |

Note 12 - Retirement Plan

IMRF 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 managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available comprehensive annual financial report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 12 - Retirement Plan, continued

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

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

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms: As of December 31, 2020, the following employees were covered by the benefit terms:

| | <u>IMRF</u> |
|--|------------------|
| Retirees and Beneficiaries currently receiving benefits | 27 |
| Inactive Plan Members entitled to but not yet receiving benefits | 24 |
| Active Plan Members | <u>29</u> |
| Total | <u><u>80</u></u> |

Contributions: As set by statute, the City's Regular Plan Members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2020 was 15.73 percent. For the calendar year ended 2020, the City contributed \$ 200,601 to the plan. The contribution rate includes contributions for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2021

Note 12 - Retirement Plan, continued

Net Pension Liability: The City's net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liability for the Regular Plan at December 31, 2020 is as follows:

| | <u>Regular</u> |
|-----------------------------|-------------------|
| Total pension liability | \$ 8,738,385 |
| Plan fiduciary net position | <u>7,937,481</u> |
| Net pension liability | <u>\$ 800,904</u> |
| Percent funded | <u>90.83%</u> |

Note 13 - Postemployment Benefits

Prior to July 5, 2018, retirees of the City were able to elect to maintain health insurance, dental insurance, and vision insurance through the City subsequent to retirement. Such retirees are responsible for paying the full cost of all premiums. As of April 30, 2021, there were no retirees participating in the health insurance plan, but two retirees participating in the vision and dental insurance plans. As of July 5, 2018, the City policy changed to prohibit employees from maintaining City provided health insurance after retirement. The current retirees on the plan, however, are being allowed to continue their participation.

Note 14 - Fair Value Measurement

The City has adopted the fair value accounting guidance related to financial assets and liabilities. The guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It also establishes a fair value hierarchy that prioritizes the inputs used to measure fair value:

- Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

CITY OF FAIRBURY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2021

Note 14 - Fair Value Measurement, continued

Financial assets and liabilities measured at fair value on a recurring basis during the year ended April 30, 2021:

| Assets | Fair Value 4/30/2021 | Level 1 | Level 2 | Level 3 |
|-------------------------|-------------------------|------------------|----------|----------|
| Certificates of deposit | \$ 1,731,530 | 1,731,530 | | |
| | <u>\$ 1,731,530</u> | <u>1,731,530</u> | <u>-</u> | <u>-</u> |

For the above noted certificates of deposit, the City uses quoted prices in active markets for identical assets to determine their fair value. Thus they are considered to be Level 1 instruments. There was no change in this valuation technique during the year ended April 30, 2021.

There were no major categories of assets and liabilities measured at fair value on a nonrecurring basis during the year ended April 30, 2021.

Note 15 - Commitment

The City has begun a Long-Term Control Plan related to a sewer department project. In May 2018, the City council approved an agreement in the amount of \$ 1,662,000 for on-site engineering services for the project. In July 2018, the City council awarded the project construction services to the lowest bidder, at an amount of \$ 26,681,375. This contract was modified by a change order in February 2021, increasing the amount to \$ 26,911,064. The project is being funded by a loan from the Illinois Environmental Protection Agency (see Note 5). As of the date of these financial statements, both the engineering and construction services have been completed.

Note 16 - Subsequent Events

The City has evaluated events occurring after the statement of net position - modified cash basis date through October 6, 2021, in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

OTHER INFORMATION - AUDITED

CITY OF FAIRBURY, ILLINOIS

**COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES - NON-MAJOR GOVERNMENTAL
FUNDS - MODIFIED CASH BASIS
April 30, 2021**

| | Special Revenue Funds | | | |
|-----------------------------|-----------------------|------------------------|---------------|---------|
| | Library Fund | Motor Fuel Tax Fund | Audit Fund | Total |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 150,259 | 510,165 | 11,973 | 672,397 |
| Investments | 13,614 | 105,247 | | 118,861 |
| | | | | |
| TOTAL ASSETS | 163,873 | 615,412 | 11,973 | 791,258 |
| <u>FUND BALANCES</u> | | | | |
| Fund Balances: | | | | |
| Restricted | 163,873 | 615,412 | 11,973 | 791,258 |
| | | | | |
| TOTAL FUND BALANCES | \$ 163,873 | 615,412 | 11,973 | 791,258 |

CITY OF FAIRBURY, ILLINOIS

**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES
PAID AND CHANGES IN FUND BALANCES - NON-MAJOR
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Year ended April 30, 2021**

| | Special Revenue Funds | | | |
|---|-----------------------|------------------------|---------------|---------|
| | Library Fund | Motor Fuel Tax Fund | Audit Fund | Total |
| Revenues collected: | | | | |
| Property taxes | \$ 121,955 | | 16,404 | 138,359 |
| Replacement taxes | 4,434 | | | 4,434 |
| Motor fuel taxes | | 133,282 | | 133,282 |
| Rebuild Illinois grant | | 123,801 | | 123,801 |
| Other grants | 4,696 | | | 4,696 |
| Donations | 41,832 | | | 41,832 |
| Investment income | 450 | 8,602 | | 9,052 |
| Licenses, fees, and fines | 8,894 | | | 8,894 |
| Rental income | 1,423 | | | 1,423 |
| Other income | 551 | | | 551 |
| Total revenues collected | 184,235 | 265,685 | 16,404 | 466,324 |
| Expenditures paid: | | | | |
| Current: | | | | |
| General government | | | 15,500 | 15,500 |
| Streets and recycling | | 70,578 | | 70,578 |
| Culture and recreation | 164,772 | | | 164,772 |
| Capital outlay | 39,306 | | | 39,306 |
| Total expenditures paid | 204,078 | 70,578 | 15,500 | 290,156 |
| Excess (deficiency) of revenues collected over (under) expenditures paid | (19,843) | 195,107 | 904 | 176,168 |
| Other financing sources (uses): | | | | |
| Transfers out | | (4,484) | | (4,484) |
| Net change in fund balances | (19,843) | 190,623 | 904 | 171,684 |
| Fund balances, beginning | 183,716 | 424,789 | 11,069 | 619,574 |
| Fund balances, ending | \$ 163,873 | 615,412 | 11,973 | 791,258 |

OTHER INFORMATION – UNAUDITED

CITY OF FAIRBURY, ILLINOIS

**BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - GENERAL FUND
Year ended April 30, 2021**

| | Budget | | Actual | Over (Under) Budget |
|---|----------------|-------------|--------------|------------------------|
| | Original | Final | | |
| Revenues collected: | | | | |
| Property taxes | \$ 850,000 | 850,000 | 888,588 | 38,588 |
| Replacement taxes | 20,000 | 20,000 | 24,776 | 4,776 |
| Sales, local use, and video gaming taxes | 747,000 | 747,000 | 964,277 | 217,277 |
| State income taxes | 350,000 | 350,000 | 430,692 | 80,692 |
| Grants and donations - nonpublic | | | 117,295 | 117,295 |
| Donations - public | | | 37,705 | 37,705 |
| Investment income | 3,500 | 3,500 | 20,173 | 16,673 |
| Licenses, fees and fines | 89,000 | 89,000 | 102,123 | 13,123 |
| Garbage collection fees | 310,000 | 310,000 | 308,663 | (1,337) |
| Intergovernmental - public safety | 103,000 | 103,000 | 123,000 | 20,000 |
| Rental income | 1,000 | 1,000 | 1,600 | 600 |
| Pool revenues | 28,500 | 28,500 | 18,759 | (9,741) |
| Other income | 58,500 | 58,500 | 78,917 | 20,417 |
| Total revenues collected | 2,560,500 | 2,560,500 | 3,116,568 | 556,068 |
| Expenditures paid: | | | | |
| Current: | | | | |
| General government | 450,200 | 450,200 | 551,623 | 101,423 |
| Public safety | 796,550 | 796,550 | 923,832 | 127,282 |
| Streets and recycling | 761,200 | 761,200 | 692,027 | (69,173) |
| Culture and recreation | 75,700 | 75,700 | 53,890 | (21,810) |
| Capital outlay | 1,401,300 | 1,401,300 | 83,592 | (1,317,708) |
| Contingencies | 200,000 | 200,000 | | (200,000) |
| Debt service: | | | | |
| Principal | 38,500 | 38,500 | 98,276 | 59,776 |
| Interest and fees | | | 28,671 | 28,671 |
| Total expenditures paid | 3,723,450 | 3,723,450 | 2,431,911 | (1,291,539) |
| Excess (deficiency) of revenues collected over (under) expenditures paid | (1,162,950) | (1,162,950) | 684,657 | 1,847,607 |
| Other financing sources (uses): | | | | |
| Transfers in | | | 4,484 | 4,484 |
| Proceeds of long-term debt | | | 175,000 | 175,000 |
| Net other sources and uses of financial resources | - | - | 179,484 | 179,484 |
| Net change in fund balance | \$ (1,162,950) | (1,162,950) | 864,141 | 2,027,091 |
| Fund balance, beginning | | | 1,799,469 | |
| Fund balance, ending | | | \$ 2,663,610 | |

CITY OF FAIRBURY, ILLINOIS

**BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - LIBRARY FUND
Year ended April 30, 2021**

| | Budget | | Actual | Over (Under) Budget |
|---|-------------|----------|------------|------------------------|
| | Original | Final | | |
| Revenues collected: | | | | |
| Property taxes | \$ 118,000 | 118,000 | 121,955 | 3,955 |
| Replacement taxes | | | 4,434 | 4,434 |
| Grants | | | 4,696 | 4,696 |
| Donations | | | 41,832 | 41,832 |
| Investment income | | | 450 | 450 |
| Licenses, fees and fines | | | 8,894 | 8,894 |
| Rental income | | | 1,423 | 1,423 |
| Other income | 88,100 | 88,100 | 551 | (87,549) |
| Total revenues collected | 206,100 | 206,100 | 184,235 | (21,865) |
| Expenditures paid: | | | | |
| Current: | | | | |
| Culture and recreation | 203,700 | 203,700 | 164,772 | (38,928) |
| Capital outlay | 60,000 | 60,000 | 39,306 | (20,694) |
| Total expenditures paid | 263,700 | 263,700 | 204,078 | (59,622) |
| Excess (deficiency) of revenues collected over (under) expenditures paid | \$ (57,600) | (57,600) | (19,843) | 37,757 |
| Fund balance, beginning | | | 183,716 | |
| Fund balance, ending | | | \$ 163,873 | |

CITY OF FAIRBURY, ILLINOIS

**BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - MOTOR FUEL TAX FUND
Year ended April 30, 2021**

| | Budget | | Actual | Over (Under) Budget |
|---|-------------|----------|------------|------------------------|
| | Original | Final | | |
| Revenues collected: | | | | |
| Motor fuel taxes | \$ 125,000 | 125,000 | 133,282 | 8,282 |
| Rebuild Illinois grant | | | 123,801 | |
| Investment income | 2,500 | 2,500 | 8,602 | 6,102 |
| Total revenues collected | 127,500 | 127,500 | 265,685 | 14,384 |
| Expenditures paid: | | | | |
| Current: | | | | |
| Streets and recycling | 150,000 | 150,000 | 70,578 | (79,422) |
| Total expenditures paid | 150,000 | 150,000 | 70,578 | (79,422) |
| Excess (deficiency) of revenues collected over (under) expenditures paid | (22,500) | (22,500) | 195,107 | 93,806 |
| Other financing sources (uses): | | | | |
| Transfers out | | | (4,484) | (4,484) |
| Net other sources and uses of financial resources | - | - | (4,484) | (4,484) |
| Net change in fund balance | \$ (22,500) | (22,500) | 190,623 | 89,322 |
| Fund balance, beginning | | | 424,789 | |
| Fund balance, ending | | | \$ 615,412 | |

CITY OF FAIRBURY, ILLINOIS

**BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - AUDIT FUND
Year ended April 30, 2021**

| | Budget | | Actual | Over (Under) Budget |
|---|-----------|--------|-----------|------------------------|
| | Original | Final | | |
| Revenues collected: | | | | |
| Property taxes | \$ 17,000 | 17,000 | 16,404 | (596) |
| Total revenues collected | 17,000 | 17,000 | 16,404 | (596) |
| Expenditures paid: | | | | |
| Current: | | | | |
| General government | 17,000 | 17,000 | 15,500 | (1,500) |
| Total expenditures paid | 17,000 | 17,000 | 15,500 | (1,500) |
| Excess (deficiency) of revenues collected over (under) expenditures paid | \$ - | - | 904 | 904 |
| Fund balance, beginning | | | 11,069 | |
| Fund balance, ending | | | \$ 11,973 | |

CITY OF FAIRBURY, ILLINOIS

**BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - WATER FUND**

Year ended April 30, 2021

| | Budget | | Actual | Over (Under) Budget |
|--|----------------|-------------|--------------|------------------------|
| | Original | Final | | |
| Operating revenues: | | | | |
| Charges for services | \$ 1,034,000 | 1,034,000 | 1,060,085 | 26,085 |
| Total operating revenues | 1,034,000 | 1,034,000 | 1,060,085 | 26,085 |
| Operating expenses: | | | | |
| Salaries and related expenses | 308,700 | 308,700 | 324,897 | 16,197 |
| Contractual services | 142,500 | 142,500 | 98,777 | (43,723) |
| Utilities | 35,000 | 35,000 | 22,915 | (12,085) |
| Commodities | 117,500 | 117,500 | 112,775 | (4,725) |
| Miscellaneous | 3,200 | 3,200 | 2,514 | (686) |
| Projects | 1,969,000 | 1,969,000 | | (1,969,000) |
| Contingencies | 50,000 | 50,000 | | (50,000) |
| Depreciation | | | 137,035 | 137,035 |
| Total operating expenses | 2,625,900 | 2,625,900 | 698,913 | (1,926,987) |
| Operating income (loss) | (1,591,900) | (1,591,900) | 361,172 | 1,953,072 |
| Non-operating revenues (expenses): | | | | |
| Interest income | 20,000 | 20,000 | 31,308 | 11,308 |
| Gain (loss) on disposal of capital asset | 3,000 | 3,000 | | (3,000) |
| Interest expense | (7,500) | (7,500) | (7,185) | 315 |
| Miscellaneous | 15,000 | 15,000 | 11,715 | (3,285) |
| Loan principal repayment | (40,200) | (40,200) | | 40,200 |
| Total non-operating revenues (expenses) | (9,700) | (9,700) | 35,838 | 45,538 |
| Change in net position | \$ (1,601,600) | (1,601,600) | 397,010 | 1,998,610 |
| Net position, beginning | | | 3,212,039 | |
| Net position, ending | | | \$ 3,609,049 | |

CITY OF FAIRBURY, ILLINOIS

**BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - SEWER FUND
Year ended April 30, 2021**

| | Budget | | | Over (Under) |
|---|----------------|-------------|---------------|--------------|
| | Original | Final | Actual | Budget |
| Operating revenues: | | | | |
| Charges for services | \$ 1,162,000 | 1,162,000 | 1,128,860 | (33,140) |
| Total operating revenues | 1,162,000 | 1,162,000 | 1,128,860 | (33,140) |
| Operating expenses: | | | | |
| Salaries and related expenses | 198,400 | 198,400 | 210,060 | 11,660 |
| Contractual services | 100,500 | 100,500 | 74,780 | (25,720) |
| Utilities | 72,000 | 72,000 | 66,674 | (5,326) |
| Commodities | 17,000 | 17,000 | 23,958 | 6,958 |
| Permits and fees | 11,000 | 11,000 | 11,000 | - |
| Miscellaneous | 1,000 | 1,000 | | (1,000) |
| Projects | 8,356,000 | 8,356,000 | | (8,356,000) |
| Contingencies | 100,000 | 100,000 | | (100,000) |
| Depreciation | | | 98,533 | 98,533 |
| Total operating expenses | 8,855,900 | 8,855,900 | 485,005 | (8,370,895) |
| Operating income (loss) | (7,693,900) | (7,693,900) | 643,855 | 8,337,755 |
| Non-operating revenues (expenses): | | | | |
| Interest income | 50,000 | 50,000 | 65,538 | 15,538 |
| Interest expense | (7,400) | (7,400) | (7,359) | 41 |
| Miscellaneous | 1,000 | 1,000 | 654 | (346) |
| Loss on disposal of capital asset | | | (376,812) | (376,812) |
| Proceeds of long-term debt | 7,500,000 | 7,500,000 | | (7,500,000) |
| Loan principal repayment | (1,060,000) | (1,060,000) | | 1,060,000 |
| Forgiveness of debt | | | 255,981 | 255,981 |
| Total non-operating revenues (expenses) | 6,483,600 | 6,483,600 | (61,998) | (6,545,598) |
| Change in net position | \$ (1,210,300) | (1,210,300) | 581,857 | 1,792,157 |
| Net position, beginning | | | 13,162,914 | |
| Net position, ending | | | \$ 13,744,771 | |

CITY OF FAIRBURY, ILLINOIS

**EXPENDITURES PAID - BUDGET TO ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND
Year ended April 30, 2021**

| | Budget | Actual |
|--------------------------------------|--------------|-----------|
| Expenditures paid: | | |
| General government | | |
| Personnel services | \$ 284,000 | 313,512 |
| Employee retirement | 30,000 | 32,556 |
| Insurance and supplies | 16,000 | 10,923 |
| Contingencies and maintenance | 8,000 | 3,296 |
| Utilities | 25,000 | 21,421 |
| Outside services | 34,000 | 31,532 |
| Projects | | 7,566 |
| Pass-through grant funds | | 38,950 |
| Discharge of DCCA debt | | 44,684 |
| Other expenses | 53,200 | 47,183 |
| Total general government | 450,200 | 551,623 |
| Public safety | | |
| Personnel services | 555,750 | 596,901 |
| Insurance and supplies | 48,000 | 34,794 |
| Repairs and maintenance | 112,000 | 196,807 |
| Utilities | 10,500 | 10,261 |
| Other expenses | 70,300 | 85,069 |
| Total public safety | 796,550 | 923,832 |
| Streets and recycling | | |
| Personnel services | 500,700 | 488,978 |
| Insurance and supplies | 33,000 | 27,646 |
| Repairs and maintenance | 141,500 | 101,921 |
| Utilities | 2,500 | 2,120 |
| Garbage disposal | 67,500 | 66,333 |
| Other expenses | 16,000 | 5,029 |
| Total streets and recycling | 761,200 | 692,027 |
| Culture and recreation | | |
| Personnel services | 39,200 | 27,412 |
| Insurance and supplies | 16,000 | 14,311 |
| Repairs and maintenance | 8,500 | 1,048 |
| Utilities | 11,000 | 9,821 |
| Other expenses | 1,000 | 1,298 |
| Total culture and recreation | 75,700 | 53,890 |
| Capital outlay | 1,401,300 | 83,592 |
| Contingencies | 200,000 | |
| Debt service | | |
| Retirement of principal | 38,500 | 98,276 |
| Interest | | 28,671 |
| Total debt service | 38,500 | 126,947 |
| Total general fund expenditures paid | \$ 3,723,450 | 2,431,911 |

CITY OF FAIRBURY, ILLINOIS

**STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND OTHER DATA -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**

Five Years ended April 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------------|------------------|------------------|------------------|------------------|
| RECEIPTS | | | | | |
| Property taxes | \$ 1,026,947 | 996,928 | 989,293 | 957,878 | 943,565 |
| Replacement taxes | 29,210 | 30,979 | 22,767 | 22,799 | 27,972 |
| Sales and local use taxes | 964,277 | 848,273 | 741,325 | 717,125 | 675,434 |
| State income taxes | 430,692 | 407,200 | 364,764 | 397,962 | 357,714 |
| Motor fuel taxes | 133,282 | 135,813 | 95,812 | 95,552 | 95,551 |
| Rebuild Illinois grant | 123,801 | | | | |
| Other grants | 121,991 | 66,787 | 60,975 | 47,727 | 59,893 |
| Donations | 79,537 | 2,929 | 66,118 | 111,360 | |
| Investment income | 29,225 | 20,624 | 9,810 | 9,461 | 4,913 |
| Licenses, fees and fines | 111,017 | 121,754 | 108,177 | 128,029 | 99,732 |
| Garbage collection fees | 308,663 | 305,561 | 298,197 | 289,043 | 247,829 |
| Intergovernmental - public safety | 123,000 | 22,000 | 22,010 | 23,365 | 22,915 |
| Rental income | 3,023 | 2,996 | 2,947 | 3,076 | 3,156 |
| Pool revenues | 18,759 | 34,098 | 33,135 | 31,854 | 34,500 |
| Other income | 79,468 | 129,997 | 252,952 | 252,325 | 284,287 |
| Total receipts | 3,582,892 | 3,125,939 | 3,068,282 | 3,087,556 | 2,857,461 |
| DISBURSEMENTS | | | | | |
| Police | 641,363 | 572,152 | 723,197 | 627,258 | 716,170 |
| Streets and recycling | 639,495 | 608,056 | 694,697 | 680,786 | 655,681 |
| Fire | 216,173 | 66,250 | 64,810 | 77,605 | 68,209 |
| Park and pool | 53,890 | 73,635 | 76,369 | 65,594 | 78,936 |
| Library | 164,772 | 157,104 | 161,225 | 154,305 | 161,218 |
| General government salaries | 313,512 | 303,098 | 359,834 | 344,137 | 282,830 |
| Repairs and maintenance | 8,993 | 18,879 | 32,468 | 36,665 | 23,961 |
| Utilities | 21,421 | 22,645 | 23,238 | 22,342 | 18,496 |
| Insurance | 10,923 | 16,670 | 18,276 | 20,835 | 21,938 |
| Outside services | 47,032 | 34,960 | 25,417 | 30,299 | 592,104 |
| Projects | 7,566 | 6,688 | 4,689 | 883,134 | |
| Administrative | 35,280 | 38,404 | 21,867 | 24,358 | 33,487 |
| Pass-through grant funds | 38,950 | | | | |
| Discharge of DCCA debt | 44,684 | | | | |
| Other | 6,207 | 8,289 | 7,366 | 7,190 | 88,093 |
| Motor fuel | 70,578 | 25,352 | 279,410 | 82,997 | 87,010 |
| Employee retirement | 151,383 | 121,390 | 252,704 | 278,802 | 246,244 |
| Capital outlay | 122,898 | 185,130 | 143,062 | 452,245 | 210,800 |
| Debt service - bonds | 126,947 | 100,775 | 102,376 | 98,675 | 75,023 |
| Total disbursements | 2,722,067 | 2,359,477 | 2,991,005 | 3,887,227 | 3,360,200 |
| Excess receipts over (under) disbursements | \$ 860,825 | 766,462 | 77,277 | (799,671) | (502,739) |
| OTHER DATA | | | | | |
| Assets and liabilities at April 30: | | | | | |
| Cash and investments | \$ 3,454,868 | 2,374,359 | 1,614,164 | 1,536,017 | 1,660,182 |
| Outstanding debt | 891,510 | 814,785 | 886,808 | 2,180,132 | 905,270 |
| Proceeds of long-term debt | 175,000 | | | | |
| Personnel costs | | | | | |
| Amount | 1,426,803 | 1,419,638 | 1,731,073 | 1,737,741 | 1,648,000 |
| Percent to total expenditures | 52.4% | 60.2% | 57.9% | 44.7% | 49.0% |
| Budgeted expenditures | 4,154,150 | 4,268,550 | 46,976,800 | 37,630,900 | 37,828,550 |

CITY OF FAIRBURY, ILLINOIS

**STATEMENTS OF OPERATIONS AND DATA -
MODIFIED CASH BASIS - ENTERPRISE FUND - WATER FUND
Five Years ended April 30, 2021**

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|----------------------------------|--------------|-----------|---------|----------|----------|
| Operating revenues | | | | | |
| Charges for services | \$ 1,060,085 | 1,014,824 | 950,020 | 869,768 | 902,021 |
| Total operating revenues | 1,060,085 | 1,014,824 | 950,020 | 869,768 | 902,021 |
| Operating expenses | | | | | |
| Salaries and related expenses | 324,897 | 353,001 | 376,714 | 387,418 | 334,710 |
| Supplies | 112,775 | 113,178 | 103,057 | 101,831 | 113,054 |
| Truck expense | 14,433 | 16,255 | 17,338 | 14,068 | 32,200 |
| Repairs and maintenance | 61,868 | 72,552 | 53,845 | 37,684 | 38,210 |
| Utilities | 22,915 | 30,263 | 33,142 | 32,959 | 32,707 |
| Outside services | 9,673 | 7,469 | 6,727 | 8,696 | 7,186 |
| Insurance | 12,803 | 24,526 | 17,577 | 16,044 | 10,339 |
| Miscellaneous | 2,514 | 2,373 | 2,602 | 2,563 | 1,504 |
| Depreciation | 137,035 | 133,101 | 133,721 | 125,860 | 106,164 |
| Total operating expenses | 698,913 | 752,718 | 744,723 | 727,123 | 676,074 |
| Operating income (loss) | 361,172 | 262,106 | 205,297 | 142,645 | 225,947 |
| Nonoperating revenues (expenses) | | | | | |
| Interest income | 31,308 | 21,226 | 3,719 | 2,236 | 1,009 |
| Loss of disposal of asset | | (3,373) | | | (476) |
| Interest expense | (7,185) | (8,042) | (7,523) | (10,918) | (12,309) |
| Miscellaneous | 11,715 | 10,048 | 21,131 | 15,176 | 18,110 |
| Change in net position | \$ 397,010 | 281,965 | 222,624 | 149,139 | 232,281 |

CITY OF FAIRBURY, ILLINOIS

**STATEMENTS OF OPERATIONS AND DATA -
MODIFIED CASH BASIS - ENTERPRISE FUND - SEWER FUND
Five Years ended April 30, 2021**

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------------------------------------|--------------|------------|-----------|-----------|-----------|
| Operating revenues | | | | | |
| Charges for services | \$ 1,128,860 | 1,128,938 | 1,042,334 | 907,453 | 745,046 |
| Total operating revenues | 1,128,860 | 1,128,938 | 1,042,334 | 907,453 | 745,046 |
| Operating expenses | | | | | |
| Salaries and related expenses | 210,060 | 181,805 | 180,162 | 197,075 | 162,522 |
| Supplies | 23,958 | 14,244 | 14,105 | 13,771 | 13,280 |
| Truck expense | 11,724 | 13,182 | 16,686 | 8,819 | 16,239 |
| Permits and fees | 11,000 | 11,000 | | | |
| Repairs and maintenance | 35,353 | 9,085 | 36,773 | 9,510 | 11,221 |
| Utilities | 66,674 | 71,228 | 69,937 | 64,609 | 66,002 |
| Outside services | 9,618 | 6,288 | 15,704 | 14,158 | 13,699 |
| Insurance | 17,737 | 14,595 | 12,300 | 12,091 | 17,279 |
| Miscellaneous | 348 | 6,048 | 3,517 | 2,023 | 2,552 |
| Depreciation | 98,533 | 128,673 | 137,023 | 154,592 | 186,783 |
| Total operating expenses | 485,005 | 456,148 | 486,207 | 476,648 | 489,577 |
| Operating income (loss) | 643,855 | 672,790 | 556,127 | 430,805 | 255,469 |
| Nonoperating revenues (expenses) | | | | | |
| Interest income | 65,538 | 47,645 | 4,362 | 1,841 | 691 |
| Interest expense | (7,359) | (7,868) | (10,343) | (8,864) | (9,351) |
| Miscellaneous | 654 | 600 | 1,161 | 1,126 | 930 |
| Gain on transfer of capital asset | | (3,606) | 433 | | |
| Loss on disposal of capital asset | (376,812) | | | | |
| Forgiveness of debt | 255,981 | 1,239,886 | 7,633,443 | | |
| Change in net position | \$ 581,857 | 1,949,447 | 8,185,183 | 424,908 | 247,739 |
| OTHER DATA - WATER and SEWER | | | | | |
| Assets and liabilities at April 30: | | | | | |
| Cash and investments | \$ 5,202,747 | 4,020,642 | 2,879,182 | 2,054,262 | 1,374,177 |
| EPA waste water treatment loans | 20,766,825 | 14,561,617 | 522,182 | 555,904 | 589,132 |
| EPA drinking water loans | 415,797 | 455,967 | 511,217 | 580,951 | 649,261 |
| Additions to property | 62,772 | 25,195 | 43,342 | 233,620 | 186,478 |
| Average number of users | 1,731 * | 1,700 * | 1,715 * | 1,828 | 1,825 |
| Average revenue per user | \$ 1,265 | 1,261 | 1,162 | 972 | 903 |

* Excludes inactive accounts; prior year users were not adjusted for inactive accounts

CITY OF FAIRBURY, ILLINOIS

SCHEDULES OF GENERAL PROPERTY TAXES
2016 THROUGH 2020

| | 2020 Levy | | 2019 Levy | | 2018 Levy | |
|---------------------------|---------------|------------|------------|-----------|------------|-----------|
| Assessed Valuation | \$ 58,557,364 | | 54,211,035 | | 54,430,537 | |
| | Rate | Extension | Rate | Extension | Rate | Extension |
| Tax Rates and Extensions: | | | | | | |
| General Fund | | | | | | |
| Corporate purpose | 0.35888 | \$ 210,151 | 0.38883 | 210,789 | 0.32673 | 177,841 |
| Street lighting | 0.03074 | 18,001 | 0.04612 | 25,002 | 0.04457 | 24,260 |
| Garbage | 0.17932 | 105,005 | 0.19969 | 108,254 | 0.20000 | 108,861 |
| Fire protection | 0.08539 | 50,002 | 0.09224 | 50,004 | 0.09782 | 53,244 |
| Public benefits | 0.05000 | 29,279 | 0.04993 | 27,068 | 0.05000 | 27,215 |
| Police protection | 0.36337 | 212,780 | 0.32282 | 175,004 | 0.09782 | 53,244 |
| Audit | 0.00854 | 5,001 | 0.03136 | 17,001 | 0.03124 | 17,004 |
| IMRF/Social security | 0.36717 | 215,005 | 0.39661 | 215,006 | 0.59280 | 322,664 |
| Tort | 0.11989 | 70,204 | 0.12950 | 70,203 | 0.12898 | 70,205 |
| Unemployment compensation | 0.00086 | 504 | 0.00738 | 4,001 | 0.00956 | 5,204 |
| Total | 1.56416 | \$ 915,931 | 1.66448 | 902,333 | 1.57952 | 859,742 |

| | 2017 Levy | | 2016 Levy | |
|---------------------------|------------|-----------|------------|-----------|
| Assessed Valuation | 54,742,821 | | 54,771,597 | |
| | Rate | Extension | Rate | Extension |
| Tax Rates and Extensions: | | | | |
| General Fund | | | | |
| Corporate purpose | 0.30945 | 169,402 | 0.30006 | 164,348 |
| Street lighting | 0.04352 | 23,824 | 0.04218 | 23,103 |
| Garbage | 0.19636 | 107,493 | 0.19317 | 105,802 |
| Fire protection | 0.09245 | 50,610 | 0.08963 | 49,092 |
| Public benefits | 0.04909 | 26,873 | 0.04830 | 26,455 |
| Police protection | 0.09245 | 50,610 | 0.08963 | 49,092 |
| Audit | 0.03002 | 16,434 | 0.02910 | 15,939 |
| IMRF/Social security | 0.57833 | 316,594 | 0.56069 | 307,099 |
| Tort | 0.15640 | 85,618 | 0.15377 | 84,222 |
| Unemployment compensation | 0.00933 | 5,108 | 0.00918 | 5,028 |
| Total | 1.55740 | 852,565 | 1.51571 | 830,179 |