

***CITY OF FAIRBURY, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***For the fiscal year ended April 30, 2022***



**CITY OF FAIRBURY, ILLINOIS**

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**APRIL 30, 2022**

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# **CITY OF FAIRBURY, ILLINOIS**

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**April 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Fairbury, Illinois

### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Fairbury, Illinois (the City), as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairbury, Illinois, as of April 30, 2022, 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 for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Fairbury, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter - Basis of Accounting

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

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

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

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

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

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

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

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

## Other Matters

### *Other Information*

The combining and individual nonmajor fund financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*MCK CPAs & Advisors*

Bloomington, Illinois  
September 21, 2022

## CITY OF FAIRBURY, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year ended April 30, 2022

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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, 2022 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 14.

### FINANCIAL HIGHLIGHTS

- The City's total revenues exceeded total expenses, on the modified cash basis of accounting, by \$ 1,470,215 for the year, resulting in an increase in total net position of 6.15% 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 \$ 3,489,943, which represents a 31.02% increase from the previous year. Increase is primarily due to increased state and property taxes and controlling expenditures.
- \$ 82,000 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 14-15*) 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 16*) 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 23*) 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 (UNAUDITED) (Continued) Year ended April 30, 2022

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#### **Report Components, continued**

**Other Information - Audited:** This part of the annual report (*starting on page 46*) 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 48*), 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 (UNAUDITED) (Continued)** **Year ended April 30, 2022**

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#### **Reporting the City as a Whole, continued**

##### ***The Government-Wide Financial Statements***

Our financial analysis of the City as a whole begins on page 7. The government-wide financial statements are presented on pages 14 and 15. 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 11. The fund financial statements begin on page 16 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 (UNAUDITED) (Continued) Year ended April 30, 2022

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#### **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 \$ 23.91 million to \$ 25.38 million from fiscal year 2021 to fiscal year 2022. Looking at the net position and net expenses of governmental and business-type activities separately, governmental activities had an approximately \$ 1,023,500 increase and business-type activities had an approximately \$ 446,500 increase.

**CITY OF FAIRBURY, ILLINOIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**Year ended April 30, 2022**

**Net Position - Modified Cash Basis, continued**

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 4,461,068	5,314,441	9,775,509	3,454,868	5,202,747	8,657,615
Capital assets	3,903,357	34,112,838	38,016,195	3,994,570	33,336,585	37,331,155
Total assets	8,364,425	39,427,279	47,791,704	7,449,438	38,539,332	45,988,770
Long-term debt outstanding	782,925	21,623,926	22,406,851	891,510	21,182,622	22,074,132
Other liabilities	-	2,890	2,890	-	2,890	2,890
Total liabilities	782,925	21,626,816	22,409,741	891,510	21,185,512	22,077,022
Net Position:						
Net investment in capital assets	3,120,432	12,488,912	15,609,344	3,103,060	12,153,963	15,257,023
Restricted	1,240,887	52,000	1,292,887	1,077,570	52,000	1,129,570
Unrestricted	3,220,181	5,259,551	8,479,732	2,377,298	5,147,857	7,525,155
Total net position	\$ 7,581,500	17,800,463	25,381,963	6,557,928	17,353,820	23,911,748

Net position of the City's governmental activities increased 15.61 % to \$ 7.58 million. Net position of the City's business-type activities increased 2.57% to \$ 17.80 million. \$ 16,946,231 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 2021 to 2022 reflect an increase of 3.92% in total assets, with an increase of 12.28% for governmental assets and an increase of 2.30% for business-type assets.

Changes from 2021 to 2022 also reflect an increase of 1.51% in total liabilities, with a decrease of 12.18% for governmental liabilities and an increase of 2.08% for business-type liabilities.

# CITY OF FAIRBURY, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued) Year ended April 30, 2022

### Changes in Net Position - Modified Cash Basis

For the year ended April 30, 2022, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 568,869	2,180,870	2,749,739	564,462	2,188,945	2,753,407
Operating grants and contributions	228,351	246,195	474,546	325,329	-	325,329
General revenues:						
Property tax	1,059,614	-	1,059,614	1,026,947	-	1,026,947
Replacement tax	67,900	-	67,900	29,210	-	29,210
Sales, use, cannabis & video gaming tax	1,006,723	-	1,006,723	964,277	-	964,277
State income tax	533,190	-	533,190	430,692	-	430,692
Motor fuel tax	149,541	-	149,541	133,282	-	133,282
Interest income	21,964	55,981	77,945	29,225	96,846	126,071
Loss on disposal of capital asset	(59,846)	(4,613)	(64,459)	-	(376,812)	(376,812)
Insurance proceeds	84,496	-	84,496	-	-	-
Forgiveness of debt				-	255,981	255,981
Other	154,665	5,309	159,974	79,468	12,369	91,837
Total revenues	3,815,467	2,483,742	6,299,209	3,582,892	2,177,329	5,760,221
<u>Expenses</u>						
General government	752,095	-	752,095	737,569	-	737,569
Public safety	750,493	-	750,493	828,935	-	828,935
Streets, parks, culture, and recycling	1,263,096	-	1,263,096	1,141,209	-	1,141,209
Interest	26,211	-	26,211	28,671	-	28,671
Water	-	706,047	706,047	-	706,098	706,098
Sewer	-	1,331,052	1,331,052	-	492,364	492,364
Total expenses	2,791,895	2,037,099	4,828,994	2,736,384	1,198,462	3,934,846
Increase in net position	\$ 1,023,572	446,643	1,470,215	846,508	978,867	1,825,375

## CITY OF FAIRBURY, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued) Year ended April 30, 2022

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#### 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, 2022, the City's governmental activities were funded as follows:

#### Sources of Funds for Governmental Activities

Property taxes	\$ 1,059,614	27.7%
Sales and local use taxes	1,006,723	26.4
State income tax	533,190	14.0
Other taxes	217,441	5.7
Interest income	21,964	0.6
Charges for services	568,869	14.9
Grants	161,921	4.2
Contributions	66,430	1.7
Other	179,315	4.8
	<u>\$ 3,815,467</u>	<u>100.0%</u>

#### Uses of Funds in Governmental Activities

General government	\$ 752,095	26.9%
Public safety	750,493	26.9
Streets, parks and recycling	1,263,096	45.3
Interest	26,211	0.9
	<u>\$ 2,791,895</u>	<u>100.0%</u>

For the year ended April 30, 2022, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$ 2,791,895. Of these total expenses, taxpayers and other general revenues funded only \$ 1,994,675 while those directly benefiting from the program funded \$ 228,351 from grants and other contributions and \$ 568,869 from charges for services.

## CITY OF FAIRBURY, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued) Year ended April 30, 2022

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#### **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 \$ 706,047 and \$ 1,331,052, respectively.

	Water	Sewer
Revenue	\$ 1,200,267	1,283,475
Expense	(706,047)	(1,331,052)
Change in net position	<u>\$ 494,220</u>	<u>(47,577)</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 \$ 3,412,752 and expenditures of \$ 2,586,419, resulting in an increase in fund balance of \$ 826,333. This fund showed an increase in revenues due to state taxes, and an increase in expenses due to the purchase of a fire truck and general increase in expenses.

#### **General Fund Budgetary Highlights**

Expenditures were consistent with the appropriation with one significant exception. This difference between expenditures and the appropriation was due to several projects appropriated for during the year but were not actually completed. As a result, General Fund Expenditures for capital outlay were approximately \$ 2.69 million below appropriations for the year ended April 30, 2022.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets - Modified Cash Basis**

At April 30, 2022, the City had \$ 38.02 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, and water and sewer lines. This represents a net increase of \$ 685,040 or 1.84%, from last year.

**CITY OF FAIRBURY, ILLINOIS****MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**Year ended April 30, 2022****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
Land improvements	51,602	-	51,602
Buildings and improvements	1,335,483	-	1,335,483
Utility plant	-	14,933,310	14,933,310
Water tower	-	511,348	511,348
Vehicles	788,213	16,635	804,848
Equipment	533,293	936,883	1,470,176
Wells and improvements	-	372,671	372,671
Infrastructure	123,434	17,289,746	17,413,180
	<u>\$ 3,903,357</u>	<u>34,112,838</u>	<u>38,016,195</u>

This year's more significant capital asset additions included:

Final Sewer Treatment Plant construction	\$ 817,853
1 <sup>st</sup> to 4 <sup>th</sup> Street Sewer Replacement	407,792
Initial water meter replacement project	207,913

**Long-Term Debt – Modified Cash Basis**

At April 30, 2022, the City had \$ 22,406,851 in long-term debt and capital leases arising from modified cash basis transactions compared to \$ 22,074,132 at April 30, 2021. This represents an increase of 1.51%. Increase is due to proceeds from an EPA loan for the sewer project. At April 30, 2022, \$ 782,925 of the debt is related to governmental activities and \$ 21,623,926 is related to business-type activities. (See table below.)

## Primary Government Long-Term Debt – Modified Cash Basis

EPA loans	\$ 21,623,926
Brian J. Munz Public Safety Complex bonds	320,000
Fire truck loan	27,595
Fire equipment loan	115,796
Fire truck lease	<u>319,534</u>
Total	<u>\$ 22,406,851</u>

## **CITY OF FAIRBURY, ILLINOIS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)** **Year ended April 30, 2022**

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

Significant economic factors affecting the year ended April 30, 2022:

- 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 \$ 505,536 which represents 31.34% of employee wages. Overtime paid was \$ 42,650 which represents an increase of 17.33% compared to the previous year.
- City-wide cash and investments increased approximately \$ 1.12 million 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 \$ 685,040 due to the construction in progress for the Long Term Control Plan sewer project.
- The City had expenditures of approximately \$ 30.35 million during the Long Term Control Plan sewer project. Those expenditures were mostly paid for by Illinois Environmental Protection loan receipts totaling approximately \$ 30.26 million, of which \$9.13 million was forgiven for a net loan of \$21.13 million.

Significant economic factors expected to affect the upcoming fiscal year ending April 30, 2023:

- The City's budget is fairly consistent with this year.
- In May 2022, 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 started in December 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, 2022**

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Current assets			
Cash and cash equivalents	\$ 4,297,582	5,120,024	9,417,606
Certificates of deposit	163,486	142,417	305,903
Total current assets	4,461,068	5,262,441	9,723,509
Noncurrent assets			
Restricted certificates of deposit		52,000	52,000
Capital assets, net of accumulated depreciation	3,903,357	34,112,838	38,016,195
Total noncurrent assets	3,903,357	34,164,838	38,068,195
TOTAL ASSETS	8,364,425	39,427,279	47,791,704
<b><u>LIABILITIES</u></b>			
Current liabilities			
Current maturities of capital lease	41,513		41,513
Current maturities of long term debt	69,040	687,648	756,688
Total current liabilities	110,553	687,648	798,201
Noncurrent liabilities			
Capital lease, less current maturities	278,021		278,021
Long term debt	394,351	20,936,278	21,330,629
Customer deposits		2,890	2,890
Total noncurrent liabilities	672,372	20,939,168	21,611,540
TOTAL LIABILITIES	782,925	21,626,816	22,409,741
<b><u>NET POSITION</u></b>			
Net investment in capital assets	3,120,432	12,488,912	15,609,344
Restricted for:			
Debt service		52,000	52,000
Other purposes	1,240,887		1,240,887
Unrestricted	3,220,181	5,259,551	8,479,732
TOTAL NET POSITION	\$ 7,581,500	17,800,463	25,381,963

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended April 30, 2022

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	\$ 752,095	60,053	75,286	(616,756)		(616,756)
Public safety	750,493	143,187		(607,306)		(607,306)
Streets and recycling	1,007,399	315,169	82,534	(609,696)		(609,696)
Culture and recreation	255,697	50,460	70,531	(134,706)		(134,706)
Interest on long term debt	26,211			(26,211)		(26,211)
Total governmental activities	2,791,895	568,869	228,351	(1,994,675)	-	(1,994,675)
Business-type activities:						
Water	706,047	1,053,143	123,097		470,193	470,193
Sewer	1,331,052	1,127,727	123,098		(80,227)	(80,227)
Total business-type activities	2,037,099	2,180,870	246,195	-	389,966	389,966
TOTAL	\$ 4,828,994	2,749,739	474,546	(1,994,675)	389,966	(1,604,709)
General Revenues:						
Taxes						
Property				1,059,614		1,059,614
Replacement				67,900		67,900
Sales and local use				1,006,723		1,006,723
State income				533,190		533,190
Motor fuel				149,541		149,541
Interest on certificates of deposit				21,964	55,981	77,945
Insurance proceeds				84,496		84,496
Other				154,665	5,309	159,974
Loss on disposal of capital asset				(59,846)	(4,613)	(64,459)
Total general revenues				3,018,247	56,677	3,074,924
Change in net position				1,023,572	446,643	1,470,215
Net position - beginning				6,557,928	17,353,820	23,911,748
Net position - ending				\$ 7,581,500	17,800,463	25,381,963

See Notes to Financial Statements.

**CITY OF FAIRBURY, ILLINOIS**

**STATEMENT OF ASSETS, LIABILITIES AND FUND**

**BALANCES - MODIFIED CASH BASIS**

**GOVERNMENTAL FUNDS**

**April 30, 2022**

	General Fund	Non-Major Funds	Total
<hr/>			
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,445,943	851,639	4,297,582
Certificates of deposit	44,000	119,486	163,486
	<hr/>		
TOTAL ASSETS	3,489,943	971,125	4,461,068
	<hr/> <hr/>		
<b><u>FUND BALANCES</u></b>			
Restricted	269,762	971,125	1,240,887
Assigned	4,271		4,271
Unassigned	3,215,910		3,215,910
	<hr/>		
TOTAL FUND BALANCES	\$ 3,489,943	971,125	4,461,068
	<hr/> <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, 2022**

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Total fund balances - governmental funds	\$ 4,461,068
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.	3,903,357
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(782,925)
	<hr/>
Net position of governmental activities	<u><u>\$ 7,581,500</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, 2022**

	General Fund	Non-Major Funds	Total
Revenues collected:			
Property taxes	\$ 927,837	131,777	1,059,614
Replacement taxes	57,592	10,308	67,900
Sales and local use taxes	1,006,723		1,006,723
State income taxes	533,190		533,190
Motor fuel taxes		149,541	149,541
Rebuild Illinois grant		82,534	82,534
Other grants	73,846	5,542	79,388
Donations	1,440	64,989	66,429
Interest income	17,168	4,796	21,964
Licenses, fees, and fines	107,590	9,328	116,918
Garbage collection fees	315,169		315,169
Intergovernmental - public safety	104,000		104,000
Rental income	1,000	2,112	3,112
Pool revenues	29,670		29,670
Insurance proceeds	84,496		84,496
Other income	153,031	1,634	154,665
Total revenues collected	3,412,752	462,561	3,875,313
Expenditures paid:			
Current:			
General government	508,037	16,250	524,287
Public safety	793,661		793,661
Streets and recycling	762,692	100,585	863,277
Culture and recreation	78,356	160,209	238,565
Debt service:			
Retirement of principal	108,585		108,585
Interest	26,211		26,211
Capital outlay	308,877	5,650	314,527
Total expenditures paid	2,586,419	282,694	2,869,113
Net change in fund balances	826,333	179,867	1,006,200
Fund balances - beginning	2,663,610	791,258	3,454,868
Fund balances - ending	\$ 3,489,943	971,125	4,461,068

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, 2022**

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Net change in fund balances - governmental funds \$ 1,006,200

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	\$ 350,285	
Construction in process completed	(42,810)	
Depreciation expense	(338,842)	
Loss on disposal of assets	<u>(59,846)</u>	(91,213)

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.

108,585

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Change in net position of governmental activities \$ 1,023,572

See Notes to Financial Statements.

**CITY OF FAIRBURY, ILLINOIS**

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

**PROPRIETARY FUNDS**

**April 30, 2022**

	Business-Type Activities Proprietary Funds		
	Water Fund	Sewer Fund	Total
<b><u>ASSETS</u></b>			
Current assets			
Cash and cash equivalents	\$ 2,028,657	3,091,367	5,120,024
Certificates of deposit	142,417		142,417
Total current assets	2,171,074	3,091,367	5,262,441
Noncurrent assets			
Restricted certificates of deposit	25,000	27,000	52,000
Capital assets, net of accumulated depreciation	2,285,051	31,827,787	34,112,838
Total noncurrent assets	2,310,051	31,854,787	34,164,838
TOTAL ASSETS	4,481,125	34,946,154	39,427,279
<b><u>LIABILITIES</u></b>			
Current liabilities			
Current maturities of debt	41,504	646,144	687,648
Total current liabilities	41,504	646,144	687,648
Noncurrent liabilities			
EPA waste water treatment loans		20,602,816	20,602,816
EPA drinking water loans	333,462		333,462
Customer deposits	2,890		2,890
Total noncurrent liabilities	336,352	20,602,816	20,939,168
TOTAL LIABILITIES	377,856	21,248,960	21,626,816
<b><u>NET POSITION</u></b>			
Net investment in capital assets	1,910,085	10,578,827	12,488,912
Restricted for:			
Debt service	25,000	27,000	52,000
Unrestricted	2,168,184	3,091,367	5,259,551
TOTAL NET POSITION	\$ 4,103,269	13,697,194	17,800,463

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, 2022**

	Business-Type Activities Proprietary Funds		
	Water Fund	Sewer Fund	Total
Operating revenues:			
Charges for services	\$ 1,053,143	1,127,727	2,180,870
Operating expenses:			
Salaries and related expenses	335,476	204,219	539,695
Contractual services	90,534	103,033	193,567
Utilities	21,219	84,964	106,183
Commodities	106,403	28,506	134,909
Permits and fees		11,000	11,000
Miscellaneous	2,149	2,815	4,964
Depreciation	143,743	784,837	928,580
Total operating expenses	699,524	1,219,374	1,918,898
Operating income (loss)	353,619	(91,647)	261,972
Non-operating revenues (expenses):			
Interest income	18,918	37,063	55,981
Interest expense	(6,523)	(111,678)	(118,201)
Grant income	123,097	123,098	246,195
Miscellaneous	5,109	200	5,309
Loss on disposal of capital asset		(4,613)	(4,613)
Total non-operating revenues (expenses)	140,601	44,070	184,671
Change in net position	494,220	(47,577)	446,643
Net position - beginning	3,609,049	13,744,771	17,353,820
Net position - ending	\$ 4,103,269	13,697,194	17,800,463

See Notes to Financial Statements.



**CITY OF FAIRBURY, ILLINOIS**

**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS**

**Year ended April 30, 2022**

	Business-Type Activities Proprietary Funds		
	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,053,143	1,127,727	2,180,870
Cash paid to suppliers for goods and services	(220,305)	(230,318)	(450,623)
Cash paid to employees for services	(335,476)	(204,219)	(539,695)
<b>Net cash flows from operating activities</b>	<b>497,362</b>	<b>693,190</b>	<b>1,190,552</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Miscellaneous non operating receipts	5,109	200	5,309
Grant income	123,097	123,098	246,195
<b>Net cash flows from noncapital financing activities</b>	<b>128,206</b>	<b>123,298</b>	<b>251,504</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments on construction in progress		(817,852)	(817,852)
Construction in progress completed		30,353,784	30,353,784
Loan proceeds received		817,853	817,853
Principal payments on debt	(40,832)	(335,718)	(376,550)
Interest paid	(6,523)	(111,678)	(118,201)
Acquisition of capital assets	(227,730)	(31,017,647)	(31,245,377)
<b>Net cash flows from capital and related financing activities</b>	<b>(275,085)</b>	<b>(1,111,258)</b>	<b>(1,386,343)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from certificates of deposit	316,780	1,057,472	1,374,252
Interest received on certificates of deposit	18,918	37,063	55,981
<b>Net cash flows from investing activities</b>	<b>335,698</b>	<b>1,094,535</b>	<b>1,430,233</b>
Net increase in cash and cash equivalents	686,181	799,765	1,485,946
Cash and cash equivalents, beginning of year	1,342,476	2,291,602	3,634,078
Cash and cash equivalents, end of year	2,028,657	3,091,367	5,120,024
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	353,619	(91,647)	261,972
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	143,743	784,837	928,580
<b>Net cash flows from operating activities</b>	<b>\$ 497,362</b>	<b>693,190</b>	<b>1,190,552</b>

See Notes to Financial Statements.

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

April 30, 2022

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#### 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, 2022

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#### 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, 2022

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#### 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, 2022

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#### 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, 2022

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#### 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:

Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or 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, 2022

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#### 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 21, 2021.

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, 2022

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#### 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.

**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

**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, 2022

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#### 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

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#### Note 1 - Summary of Significant Accounting Policies, continued

**New Accounting Pronouncements:** During the year ended April 30, 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, and GASB Statement No. 93, *Replacement of Interbank Offered Rates*. None of these statements had a significant impact on the City's financial statements.

#### 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, 2022 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, 2022, the carrying amount of the City's various bank deposits totaled \$ 9,775,509 and the bank balances totaled \$ 9,778,051. \$ 99,879 of this bank balance is held by Prairie Lands Foundation.

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, 2022, \$ 8,530,805 of the deposits made by the City were covered by the Federal Depository Insurance Corporation (FDIC), and \$ 1,247,246 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, 2022 as follows:

Government-wide statement of net position - modified cash basis:	
Cash and cash equivalents	\$ 9,417,606
Certificates of deposit	305,903
Certificates of deposit (reported as Restricted)	52,000
	<hr/>
	\$ 9,775,509
	<hr/>

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2022

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#### 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	\$ 5,312	0.10%	36 mo	4/14/23
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>288,591</u>	0.40 to 2.94%	15 to 60 mo	5/12/22 - 8/7/23
	<u><u>\$ 357,903</u></u>			

#### Note 3 - Restricted Investments

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, 2022, 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, 2022**

**Note 4 - Capital Assets**

Capital asset activity for the fiscal year ended April 30, 2022 was as follows:

	Balance April 30, 2021	Additions	Deletions	Balance April 30, 2022
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,071,332			1,071,332
Construction in progress	42,810		42,810	-
Total assets not being depreciated	1,114,142	-	42,810	1,071,332
Other capital assets:				
Land improvements	164,011			164,011
Buildings and improvements	2,397,104	51,374		2,448,478
Vehicles	2,492,421	258,481	82,987	2,667,915
Equipment	2,554,240	40,430		2,594,670
Infrastructure	288,932			288,932
Total other capital assets	7,896,708	350,285	82,987	8,164,006
Less accumulated depreciation for:				
Land improvements	107,353	5,056		112,409
Buildings and improvements	1,047,982	65,013		1,112,995
Vehicles	1,747,328	155,515	23,141	1,879,702
Equipment	1,962,566	98,811		2,061,377
Infrastructure	151,051	14,447		165,498
Total accumulated depreciation	5,016,280	338,842	23,141	5,331,981
Other capital assets, net	2,880,428	11,443	59,846	2,832,025
Governmental activities, net	\$ 3,994,570	11,443	102,656	3,903,357

Depreciation expense for the year ended April 30, 2022 was charged to functions of the City as follows:

General government	\$ 85,924
Public safety	88,461
Streets and recycling	136,327
Culture and recreation	28,130
Total depreciation expense - governmental activities	<u>\$ 338,842</u>

**CITY OF FAIRBURY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2022**

**Note 4 - Capital Assets, continued**

	Balance April 30, 2021	Additions	Deletions	Balance April 30, 2022
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 52,245			52,245
Construction in progress	29,535,931	1,025,766	30,353,784	207,913
Total assets not being depreciated	29,588,176	1,025,766	30,353,784	260,158
Other capital assets:				
Utility plant	8,462,964	15,050,000	1,396	23,511,568
Wells and improvements	1,036,009			1,036,009
Water tower	1,000,616			1,000,616
Vehicles	144,407			144,407
Equipment	1,592,898	121,021	19,122	1,694,797
Infrastructure	2,398,079	15,866,444		18,264,523
Total other capital assets	14,634,973	31,037,465	20,518	45,651,920
Less accumulated depreciation for:				
Utility plant	8,211,205	368,449	1,396	8,578,258
Wells and improvements	633,041	30,297		663,338
Water tower	464,253	25,015		489,268
Vehicles	111,399	16,373		127,772
Equipment	906,644	73,692	14,509	965,827
Infrastructure	560,023	414,754		974,777
Total accumulated depreciation	10,886,565	928,580	15,905	11,799,240
Other capital assets, net	3,748,408	30,108,885	4,613	33,852,680
Business-type activities, net	\$ 33,336,584	31,134,651	30,358,397	34,112,838

Depreciation expense for the year ended April 30, 2022 was charged to functions of the City as follows:

Water	\$ 143,743
Sewer	784,837
Total depreciation expense - business-type activities	<u>\$ 928,580</u>

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2022

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#### 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 to be paid from business-type activities.

The changes in the City's long-term debt for the year ended April 30, 2022 are as follows:

	Balance April 30, 2021	Additions	Reductions	Balance April 30, 2022	Amount Due Within One Year
Governmental Activities:					
Bonds payable	\$ 345,000		25,000	320,000	25,000
Notes payable	186,732		43,341	143,391	44,040
	531,732	-	68,341	463,391	69,040
Business-type Activities:					
Notes payable	\$ 21,182,622	817,853	376,549	21,623,926	687,648

#### Governmental Activities:

As of April 30, 2022, 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, 2022**

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**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	
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	3,655	3,655	30,000	37,310
2028-2032	10,013	10,013	175,000	195,026
	<u>\$ 32,985</u>	<u>32,985</u>	<u>320,000</u>	<u>385,970</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 \$ 24,529. \$ 27,595

\$ 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. \$ 115,796

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

<u>Year ended April 30,</u>	Interest	Principal	Total Due
2023	\$ 2,053	44,040	46,093
2024	1,351	44,742	46,093
2025	635	45,459	46,094
2026	45	9,150	9,195
	<u>\$ 4,084</u>	<u>143,391</u>	<u>147,475</u>

**CITY OF FAIRBURY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2022**

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**Note 5 - Long-term Debt, continued**

Business-Type Activities:

As of April 30, 2022, 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.	\$ 24,225
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\$ 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.	173,492
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\$ 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.	244,481
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\$ 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.	230,966
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\$ 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.	119,775
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\$ 30,260,764 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 State of Illinois has forgiven \$ 9,129,310 of the loan amount pursuant to principal forgiveness provisions contained in the Water Pollution Control Loan Program Loan Rules.	20,830,987
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\$ 21,623,926



**CITY OF FAIRBURY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**April 30, 2022**

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**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>
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	189,673	704,537	894,210
2028 - 2032	835,576	3,633,033	4,468,609
2033 – 2037	648,185	3,512,290	4,160,475
2038 – 2042	469,591	3,616,183	4,085,774
2043 – 2047	284,659	3,801,115	4,085,774
2048 - 2052	90,269	3,586,926	3,677,195
	<u>\$ 3,349,797</u>	<u>21,623,926</u>	<u>24,973,723</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 \$ 4,998,186 at April 30, 2022.

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2022

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#### 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, 2022:

Governmental activities:

Vehicles	\$ 508,835
Less accumulated depreciation	<u>(125,089)</u>

Total net property held under capital lease	<u>\$ 383,746</u>
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Depreciation on the asset held under capital lease charged to expense during the fiscal year ended April 30, 2022 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>
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	4,582	46,995	51,577
2028-2029	<u>4,677</u>	<u>98,478</u>	<u>103,155</u>
	<u>\$ 41,509</u>	<u>319,534</u>	<u>361,043</u>

Total interest cost incurred on the capital lease for the year ended April 30, 2022 was \$ 11,333.

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2022

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#### 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
Unemployment insurance	11,499
Fire station (bonds)	44,000
Law enforcement	86,177
Fire department	83,276
Street lighting	969
Street repair and improvements	751,356
Library	219,142
Audit	627
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	\$ 1,284,887

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 \$ 4,271 represents vehicle seizure funds (law enforcement) assigned for police equipment to be determined.

#### Note 8 - Interfund Transactions

##### Interfund Transfers:

There were no transfers between funds of the primary government for the year ended April 30, 2022.

##### Due To/From Other Funds:

As of April 30, 2022, there were no interfund receivables and payables.

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2022

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#### 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, 2022.
- B. The following fund had an excess of actual expenditures over budget for the year ended April 30, 2022.

Fund	Budget Amount	Expenditures	Unfavorable Variance
Audit Fund	\$15,500	16,250	750

#### 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, 2022 was passed November 18, 2020.

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 2020 per \$ 100 of assessed valuation:

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2022

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#### Note 11 - Property Taxes, continued

Type of Tax	Rate Limits	2020 Actual Levy
Corporate	0.4375	0.35888
Garbage	0.2000	0.17932
Fire protection	0.6000	0.08539
Public benefits	0.0500	0.05000
Police protection	0.6000	0.36337
Audit	No limit	0.00854
IMRF	No limit	0.25616
Tort	No limit	0.11989
Unemployment compensation	No limit	0.00086
Social security	No limit	0.11101
Street lighting	0.0500	0.03074
Total tax rates		<u>1.56416</u>
County Clerk Extension		<u>\$ 915,931</u>
Assessed Valuation		<u>\$ 58,557,364</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](http://www.imrf.org).

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

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2022

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#### 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, 2021, 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>28</u>
Total	<u><u>79</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 2021 was 15.70 percent. For the calendar year ended 2021, the City contributed \$ 212,394 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, 2022

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#### Note 12 - Retirement Plan, continued

**Net Pension Liability:** The City's net pension liability was measured as of December 31, 2021. 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 (asset) for the Regular Plan at December 31, 2021 is as follows:

	<u>Regular</u>
Total pension liability	\$ 8,756,503
Plan fiduciary net position	<u>8,996,138</u>
Net pension liability/(asset)	<u>\$ (239,635)</u>
Percent funded	<u>102.74%</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, 2022, 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, 2022

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#### Note 14 - Fair Value Measurement, continued

Financial assets and liabilities measured at fair value on a recurring basis during the year ended April 30, 2022:

Assets	Fair Value 4/30/2022	Level 1	Level 2	Level 3
Certificates of deposit	\$ 357,903	357,903		
	<u>\$ 357,903</u>	<u>357,903</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, 2022.

There were no major categories of assets and liabilities measured at fair value on a nonrecurring basis during the year ended April 30, 2022.

#### Note 15 - Commitments

The City recently had 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 was funded by a loan from the Illinois Environmental Protection Agency (see Note 5). The project was completed during the year ended April 30, 2022.

During the fiscal year ended April 30, 2022, the City entered into an agreement with Ferguson Waterworks totaling \$ 444,421 for a city-wide water meter replacement project. The City paid \$ 246,195 of the total upfront, with the remainder to be paid as material ships. The City anticipates the project will be completed during the fiscal year ended April 30, 2023.

#### Note 16 - Subsequent Events

The City has evaluated events occurring after the statement of net position - modified cash basis date through September 21, 2022, 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, 2022**

	Special Revenue Funds			
	Library Fund	Motor Fuel Tax Fund	Audit Fund	Total
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 205,325	645,687	627	851,639
Certificates of deposit	13,817	105,669		119,486
TOTAL ASSETS	219,142	751,356	627	971,125
<b><u>FUND BALANCES</u></b>				
Fund Balances:				
Restricted	219,142	751,356	627	971,125
TOTAL FUND BALANCES	\$ 219,142	751,356	627	971,125

**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, 2022**

	Special Revenue Funds			
	Library Fund	Motor Fuel Tax Fund	Audit Fund	Total
Revenues collected:				
Property taxes	\$ 126,873		4,904	131,777
Replacement taxes	10,308			10,308
Motor fuel taxes		149,541		149,541
Rebuild Illinois grant		82,534		82,534
Other grants	5,542			5,542
Donations	64,989			64,989
Interest income	342	4,454		4,796
Licenses, fees, and fines	9,328			9,328
Rental income	2,112			2,112
Other income	1,634			1,634
Total revenues collected	221,128	236,529	4,904	462,561
Expenditures paid:				
Current:				
General government			16,250	16,250
Streets and recycling		100,585		100,585
Culture and recreation	160,209			160,209
Capital outlay	5,650			5,650
Total expenditures paid	165,859	100,585	16,250	282,694
Net change in fund balances	55,269	135,944	(11,346)	179,867
Fund balances, beginning	163,873	615,412	11,973	791,258
Fund balances, ending	\$ 219,142	751,356	627	971,125

**OTHER INFORMATION – UNAUDITED**

**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - GENERAL FUND  
Year ended April 30, 2022**

	Budget			Over (Under)
	Original	Final	Actual	Budget
Revenues collected:				
Property taxes	\$ 925,000	925,000	927,837	2,837
Replacement taxes	20,000	20,000	57,592	37,592
Sales, local use, and video gaming taxes	860,400	860,400	1,006,723	146,323
State income taxes	400,000	400,000	533,190	133,190
Grants and donations - nonpublic			73,846	73,846
Donations - public			1,440	1,440
Investment income	28,000	28,000	17,168	(10,832)
Licenses, fees and fines	95,000	95,000	107,590	12,590
Garbage collection fees	310,000	310,000	315,169	5,169
Intergovernmental - public safety	104,000	104,000	104,000	-
Rental income	1,000	1,000	1,000	-
Pool revenues	30,000	30,000	29,670	(330)
Insurance proceeds			84,496	84,496
Other income	42,000	42,000	153,031	111,031
Total revenues collected	2,815,400	2,815,400	3,412,752	597,352
Expenditures paid:				
Current:				
General government	474,050	474,050	508,037	33,987
Public safety	872,300	872,300	793,661	(78,639)
Streets and recycling	787,200	787,200	762,692	(24,508)
Culture and recreation	90,150	90,150	78,356	(11,794)
Capital outlay	2,800,500	2,800,500	308,877	(2,491,623)
Contingencies	200,000	200,000		(200,000)
Debt service:				
Principal	37,125	37,125	108,585	71,460
Interest and fees	14,200	14,200	26,211	12,011
Total expenditures paid	5,275,525	5,275,525	2,586,419	(2,689,106)
Net change in fund balance	\$ (2,460,125)	(2,460,125)	826,333	3,286,458
Fund balance, beginning			2,663,610	
Fund balance, ending			\$ 3,489,943	

**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - LIBRARY FUND  
Year ended April 30, 2022**

	Budget			Over (Under)
	Original	Final	Actual	Budget
Revenues collected:				
Property taxes	\$ 122,000	122,000	126,873	4,873
Replacement taxes			10,308	10,308
Grants			5,542	5,542
Donations			64,989	64,989
Investment income			342	342
Licenses, fees and fines			9,328	9,328
Rental income			2,112	2,112
Other income	65,000	65,000	1,634	(63,366)
Total revenues collected	187,000	187,000	221,128	34,128
Expenditures paid:				
Current:				
Culture and recreation	209,500	209,500	160,209	(49,291)
Capital outlay	40,000	40,000	5,650	(34,350)
Total expenditures paid	249,500	249,500	165,859	(83,641)
Net change in fund balance	\$ (62,500)	(62,500)	55,269	117,769
Fund balance, beginning			163,873	
Fund balance, ending			\$ 219,142	

**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - MOTOR FUEL TAX FUND  
Year ended April 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues collected:				
Motor fuel taxes	\$ 140,000	140,000	149,541	9,541
Rebuild Illinois grant	41,267	41,267	82,534	41,267
Investment income	8,500	8,500	4,454	(4,046)
Total revenues collected	189,767	189,767	236,529	46,762
Expenditures paid:				
Current:				
Streets and recycling	160,000	160,000	100,585	(59,415)
Total expenditures paid	160,000	160,000	100,585	(59,415)
Net change in fund balance	\$ 29,767	29,767	135,944	106,177
Fund balance, beginning			615,412	
Fund balance, ending			\$ 751,356	

**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - AUDIT FUND  
Year ended April 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues collected:				
Property taxes	\$ 5,000	5,000	4,904	(96)
Total revenues collected	5,000	5,000	4,904	(96)
Expenditures paid:				
Current:				
General government	15,500	15,500	16,250	750
Total expenditures paid	15,500	15,500	16,250	750
Net change in fund balance	<u>\$ (10,500)</u>	<u>(10,500)</u>	(11,346)	<u>(846)</u>
Fund balance, beginning			<u>11,973</u>	
Fund balance, ending			<u>\$ 627</u>	



**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - WATER FUND  
Year ended April 30, 2022**

	Budget			Over (Under)
	Original	Final	Actual	Budget
Operating revenues:				
Charges for services	\$ 1,044,500	1,044,500	1,053,143	8,643
Total operating revenues	1,044,500	1,044,500	1,053,143	8,643
Operating expenses:				
Salaries and related expenses	331,200	331,200	335,476	4,276
Contractual services	110,000	110,000	90,534	(19,466)
Utilities	30,000	30,000	21,219	(8,781)
Commodities	124,500	124,500	106,403	(18,097)
Miscellaneous	3,500	3,500	2,149	(1,351)
Projects	774,000	774,000		(774,000)
Contingencies	50,000	50,000		(50,000)
Depreciation			143,743	143,743
Total operating expenses	1,423,200	1,423,200	699,524	(723,676)
Operating income (loss)	(378,700)	(378,700)	353,619	732,319
Non-operating revenues (expenses):				
Interest income	32,000	32,000	18,918	(13,082)
Interest expense	(6,600)	(6,600)	(6,523)	77
Grant income			123,097	123,097
Miscellaneous	10,000	10,000	5,109	(4,891)
Loan principal repayment	(41,000)	(41,000)		41,000
Total non-operating revenues (expenses)	(5,600)	(5,600)	140,601	146,201
Change in net position	\$ (384,300)	(384,300)	494,220	878,520
Net position, beginning			3,609,049	
Net position, ending			\$ 4,103,269	

**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - SEWER FUND  
Year ended April 30, 2022**

	Budget			Over (Under)
	Original	Final	Actual	Budget
Operating revenues:				
Charges for services	\$ 1,162,000	1,162,000	1,127,727	(34,273)
Total operating revenues	1,162,000	1,162,000	1,127,727	(34,273)
Operating expenses:				
Salaries and related expenses	209,900	209,900	204,219	(5,681)
Contractual services	64,000	64,000	103,033	39,033
Utilities	72,000	72,000	84,964	12,964
Commodities	22,500	22,500	28,506	6,006
Permits and fees	11,000	11,000	11,000	-
Miscellaneous	4,000	4,000	2,815	(1,185)
Projects	1,156,000	1,156,000		(1,156,000)
Contingencies	50,000	50,000		(50,000)
Depreciation			784,837	784,837
Total operating expenses	1,589,400	1,589,400	1,219,374	(370,026)
Operating income (loss)	(427,400)	(427,400)	(91,647)	335,753
Non-operating revenues (expenses):				
Interest income	65,000	65,000	37,063	(27,937)
Interest expense	(114,000)	(114,000)	(111,678)	2,322
Grant income			123,098	123,098
Miscellaneous	200	200	200	-
Loss on disposal of capital asset			(4,613)	(4,613)
Proceeds of long-term debt	550,000	550,000		(550,000)
Loan principal repayment	(340,000)	(340,000)		340,000
Total non-operating revenues (expenses)	161,200	161,200	44,070	(117,130)
Change in net position	\$ (266,200)	(266,200)	(47,577)	218,623
Net position, beginning			13,744,771	
Net position, ending			\$13,697,194	

**CITY OF FAIRBURY, ILLINOIS**

**EXPENDITURES PAID - BUDGET TO ACTUAL -  
MODIFIED CASH BASIS - GENERAL FUND  
Year ended April 30, 2022**

	Budget	Actual
Expenditures paid:		
General government		
Personnel services	\$ 311,000	309,647
Employee retirement	32,000	31,937
Insurance and supplies	12,600	10,258
Contingencies and maintenance	8,000	4,611
Utilities	23,500	18,726
Outside services	31,000	62,722
Projects		4,413
Other expenses	55,950	65,723
Total general government	474,050	508,037
Public safety		
Personnel services	575,500	520,896
Employee retirement	69,500	62,634
Insurance and supplies	44,500	71,317
Repairs and maintenance	97,500	49,309
Utilities	11,000	10,678
Outside services	61,500	58,949
Other expenses	12,800	19,878
Total public safety	872,300	793,661
Streets and recycling		
Personnel services	495,700	470,659
Employee retirement	57,000	53,956
Insurance and supplies	30,000	32,325
Repairs and maintenance	121,500	123,547
Utilities	2,500	2,133
Garbage disposal	67,500	63,504
Other expenses	13,000	16,568
Total streets and recycling	787,200	762,692
Culture and recreation		
Personnel services	50,800	47,755
Insurance and supplies	18,600	16,227
Repairs and maintenance	7,500	2,307
Utilities	11,000	10,366
Other expenses	2,250	1,701
Total culture and recreation	90,150	78,356
Capital outlay	2,800,500	308,877
Contingencies	200,000	
Debt service		
Retirement of principal	37,125	108,585
Interest	14,200	26,211
Total debt service	51,325	134,796
Total general fund expenditures paid	\$ 5,275,525	2,586,419

**CITY OF FAIRBURY, ILLINOIS**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND OTHER DATA -  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
Five Years ended April 30, 2022**

	2022	2021	2020	2019	2018
<b>RECEIPTS</b>					
Property taxes	\$ 1,059,614	1,026,947	996,928	989,293	957,878
Replacement taxes	67,900	29,210	30,979	22,767	22,799
Sales and local use taxes	1,006,723	964,277	848,273	741,325	717,125
State income taxes	533,190	430,692	407,200	364,764	397,962
Motor fuel taxes	149,541	133,282	135,813	95,812	95,552
Rebuild Illinois grant	82,534	123,801			
Other grants	79,388	121,991	66,787	60,975	47,727
Donations	66,429	79,537	2,929	66,118	111,360
Investment income	21,964	29,225	20,624	9,810	9,461
Licenses, fees and fines	116,918	111,017	121,754	108,177	128,029
Garbage collection fees	315,169	308,663	305,561	298,197	289,043
Intergovernmental - public safety	104,000	123,000	22,000	22,010	23,365
Rental income	3,112	3,023	2,996	2,947	3,076
Pool revenues	29,670	18,759	34,098	33,135	31,854
Insurance proceeds	84,496				
Other income	154,665	79,468	129,997	252,952	252,325
Total receipts	3,875,313	3,582,892	3,125,939	3,068,282	3,087,556
<b>DISBURSEMENTS</b>					
Police	642,657	641,363	572,152	723,197	627,258
Streets and recycling	708,736	639,495	608,056	694,697	680,786
Fire	88,370	216,173	66,250	64,810	77,605
Park and pool	78,356	53,890	73,635	76,369	65,594
Library	155,833	164,772	157,104	161,225	154,305
General government salaries	309,647	313,512	303,098	359,834	344,137
Repairs and maintenance	11,570	8,993	18,879	32,468	36,665
Utilities	18,726	21,421	22,645	23,238	22,342
Insurance	10,258	10,923	16,670	18,276	20,835
Outside services	78,972	47,032	34,960	25,417	30,299
Projects	4,413	7,566	6,688	4,689	883,134
Administrative	45,323	35,280	38,404	21,867	24,358
Pass-through grant funds		38,950			
Discharge of DCCA debt		44,684			
Other	13,440	6,207	8,289	7,366	7,190
Motor fuel	100,585	70,578	25,352	279,410	82,997
Employee retirement	152,904	151,383	121,390	252,704	278,802
Capital outlay	314,527	122,898	185,130	143,062	452,245
Debt service - bonds	134,796	126,947	100,775	102,376	98,675
Total disbursements	2,869,113	2,722,067	2,359,477	2,991,005	3,887,227
Excess receipts over (under) disbursements	\$ 1,006,200	860,825	766,462	77,277	(799,671)
<b>OTHER DATA</b>					
Assets and liabilities at April 30:					
Cash and investments	\$ 4,461,068	3,454,868	2,374,359	1,614,164	1,536,017
Outstanding debt	782,925	891,510	814,785	886,808	2,180,132
Proceeds of long-term debt		175,000			
Personnel costs					
Amount	1,590,187	1,426,803	1,419,638	1,731,073	1,737,741
Percent to total expenditures	55.4%	52.4%	60.2%	57.9%	44.7%
Budgeted expenditures	5,700,525	4,154,150	4,268,550	46,976,800	37,630,900

**CITY OF FAIRBURY, ILLINOIS**

**STATEMENTS OF OPERATIONS AND DATA -  
MODIFIED CASH BASIS - ENTERPRISE FUND - WATER FUND  
Five Years ended April 30, 2022**

	2022	2021	2020	2019	2018
Operating revenues					
Charges for services	\$ 1,053,143	1,060,085	1,014,824	950,020	869,768
Total operating revenues	1,053,143	1,060,085	1,014,824	950,020	869,768
Operating expenses					
Salaries and related expenses	335,476	324,897	353,001	376,714	387,418
Supplies	106,403	112,775	113,178	103,057	101,831
Truck expense	18,545	14,433	16,255	17,338	14,068
Repairs and maintenance	53,214	61,868	72,552	53,845	37,684
Utilities	21,219	22,915	30,263	33,142	32,959
Outside services	4,949	9,673	7,469	6,727	8,696
Insurance	13,826	12,803	24,526	17,577	16,044
Miscellaneous	2,149	2,514	2,373	2,602	2,563
Depreciation	143,743	137,035	133,101	133,721	125,860
Total operating expenses	699,524	698,913	752,718	744,723	727,123
Operating income	353,619	361,172	262,106	205,297	142,645
Nonoperating revenues (expenses)					
Interest income	18,918	31,308	21,226	3,719	2,236
Loss of disposal of asset			(3,373)		
Interest expense	(6,523)	(7,185)	(8,042)	(7,523)	(10,918)
Grant income	123,097				
Miscellaneous	5,109	11,715	10,048	21,131	15,176
Change in net position	\$ 494,220	397,010	281,965	222,624	149,139

**CITY OF FAIRBURY, ILLINOIS**

**STATEMENTS OF OPERATIONS AND DATA -  
MODIFIED CASH BASIS - ENTERPRISE FUND - SEWER FUND  
Five Years ended April 30, 2022**

	2022	2021	2020	2019	2018
Operating revenues					
Charges for services	\$ 1,127,727	1,128,860	1,128,938	1,042,334	907,453
Total operating revenues	1,127,727	1,128,860	1,128,938	1,042,334	907,453
Operating expenses					
Salaries and related expenses	204,219	210,060	181,805	180,162	197,075
Supplies	28,506	23,958	14,244	14,105	13,771
Truck expense	19,952	11,724	13,182	16,686	8,819
Permits and fees	11,000	11,000	11,000		
Repairs and maintenance	55,201	35,353	9,085	36,773	9,510
Utilities	84,964	66,674	71,228	69,937	64,609
Outside services	8,475	9,618	6,288	15,704	14,158
Insurance	19,405	17,737	14,595	12,300	12,091
Miscellaneous	2,815	348	6,048	3,517	2,023
Depreciation	784,837	98,533	128,673	137,023	154,592
Total operating expenses	1,219,374	485,005	456,148	486,207	476,648
Operating income (loss)	(91,647)	643,855	672,790	556,127	430,805
Nonoperating revenues (expenses)					
Interest income	37,063	65,538	47,645	4,362	1,841
Interest expense	(111,678)	(7,359)	(7,868)	(10,343)	(8,864)
Grant income	123,098				
Miscellaneous	200	654	600	1,161	1,126
Gain on transfer of capital asset			(3,606)	433	
Loss on disposal of capital asset	(4,613)	(376,812)			
Forgiveness of debt		255,981	1,239,886	7,633,443	
Change in net position	\$ (47,577)	581,857	1,949,447	8,185,183	424,908
OTHER DATA - WATER and SEWER					
Assets and liabilities at April 30:					
Cash and investments	\$ 5,314,441	5,202,747	4,020,642	2,879,182	2,054,262
EPA waste water treatment loans	21,248,960	20,766,825	14,561,617	522,182	555,904
EPA drinking water loans	374,966	415,797	455,967	511,217	580,951
Additions to property	31,245,377	62,772	25,195	43,342	233,620
Average number of users	1,706 *	1,731 *	1,700 *	1,715 *	1,828
Average revenue per user	\$ 1,278	1,265	1,261	1,162	972

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

**CITY OF FAIRBURY, ILLINOIS**

**SCHEDULES OF GENERAL PROPERTY TAXES  
2017 THROUGH 2021**

	2021 Levy		2020 Levy		2019 Levy	
Assessed Valuation	\$ 61,660,126		58,557,364		54,211,035	
	Rate	Extension	Rate	Extension	Rate	Extension
Tax Rates and Extensions:						
General Fund						
Corporate purpose	0.33734	\$ 208,004	0.35888	210,151	0.38883	210,789
Street lighting	0.02920	18,005	0.03074	18,001	0.04612	25,002
Garbage	0.18651	115,002	0.17932	105,005	0.19969	108,254
Fire protection	0.08109	50,000	0.08539	50,002	0.09224	50,004
Public benefits	0.04866	30,004	0.05000	29,279	0.04993	27,068
Police protection	0.34545	213,005	0.36337	212,780	0.32282	175,004
Audit	0.02514	15,501	0.00854	5,001	0.03136	17,001
IMRF/Social security	0.36491	225,004	0.36717	215,005	0.39661	215,006
Tort	0.09936	61,266	0.11989	70,204	0.12950	70,203
Unemployment compensation	0.00082	506	0.00086	504	0.00738	4,001
Total	1.51848	\$ 936,297	1.56416	915,931	1.66448	902,333

	2018 Levy		2017 Levy	
Assessed Valuation	54,430,537		54,742,821	
	Rate	Extension	Rate	Extension
Tax Rates and Extensions:				
General Fund				
Corporate purpose	0.32673	177,841	0.30945	169,402
Street lighting	0.04457	24,260	0.04352	23,824
Garbage	0.20000	108,861	0.19636	107,493
Fire protection	0.09782	53,244	0.09245	50,610
Public benefits	0.05000	27,215	0.04909	26,873
Police protection	0.09782	53,244	0.09245	50,610
Audit	0.03124	17,004	0.03002	16,434
IMRF/Social security	0.59280	322,664	0.57833	316,594
Tort	0.12898	70,205	0.15640	85,618
Unemployment compensation	0.00956	5,204	0.00933	5,108
Total	1.57952	859,742	1.55740	852,565