

***CITY OF FAIRBURY, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***For the fiscal year ended April 30, 2023***



# CITY OF FAIRBURY, ILLINOIS

## CONTENTS

April 30, 2023

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1 - 3</b>
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>4 - 5</b>
<b>Management's Discussion and Analysis</b>	<b>6 - 15</b>
<b>Government-wide Financial Statements:</b>	
<b>Statement of Net Position - Modified Cash Basis</b>	<b>16</b>
<b>Statement of Activities - Modified Cash Basis</b>	<b>17</b>
<b>Fund Financial Statements:</b>	
<b>Statement of Assets, Liabilities and Fund Balances -     Modified Cash Basis - Governmental Funds</b>	<b>18</b>
<b>Reconciliation of the Statement of Assets, Liabilities     and Fund Balances - Modified Cash Basis -     Governmental Funds to the Statement of Net     Position - Modified Cash Basis</b>	<b>19</b>
<b>Statement of Revenues Collected, Expenditures Paid and     Changes in Fund Balances - Modified Cash Basis -     Governmental Funds</b>	<b>20</b>
<b>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</b>	<b>21</b>
<b>Statement of Net Position - Modified Cash Basis - Proprietary Funds</b>	<b>22</b>
<b>Statement of Revenues Received, Expenses Paid and Changes     in Net Position - Modified Cash Basis - Proprietary Funds</b>	<b>23</b>
<b>Statement of Cash Flows - Modified Cash Basis - Proprietary Funds</b>	<b>24</b>

# **CITY OF FAIRBURY, ILLINOIS**

## **CONTENTS (Continued)**

**April 30, 2023**

---

<b>Notes to Financial Statements</b>	<b>25 - 48</b>
<b>OTHER INFORMATION - AUDITED</b>	
<b>Combining Statement of Assets, Liabilities and Fund Balances -         Non-major Governmental Funds - Modified Cash Basis</b>	<b>49</b>
<b>Combining Statement of Revenues Collected, Expenditures         Paid and Changes in Fund Balances - Non-major Governmental         Funds – Modified Cash Basis</b>	<b>50</b>
<b>OTHER INFORMATION - UNAUDITED</b>	
<b>Budgetary Comparison Schedules - Modified Cash Basis:</b>	
General Fund	51
Library Fund	52
Motor Fuel Tax Fund	53
Audit Fund	54
Water Fund	55
Sewer Fund	56
<b>Expenditures Paid - Budget to Actual -         Modified Cash Basis - General Fund</b>	<b>57</b>
<b>Statements of Receipts, Disbursements, and Other Data -         Modified Cash Basis - Governmental Funds</b>	<b>58</b>
<b>Statements of Operations and Data - Modified Cash Basis -         Enterprise Fund - Water Fund</b>	<b>59</b>
<b>Statements of Operations and Data - Modified Cash Basis -         Enterprise Fund - Sewer Fund</b>	<b>60</b>
<b>Schedules of General Property Taxes</b>	<b>61</b>
<b>INFORMATION REQUIRED BY THE ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT</b>	
<b>Consolidated Year-End Financial Report</b>	<b>62</b>

---



202 N. Prospect Rd., Ste. 206  
Bloomington, Illinois 61704  
PH: (309) 828-6071  
FAX: (309) 827-2465  
www.mckcpa.com

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Fairbury, Illinois

### Report on the Audit of the Financial Statements

#### 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, 2023, 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, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government 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 and *Government 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, budgetary comparison information, and statistical data 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.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2023, on our consideration of the City of Fairbury, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Fairbury, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fairbury, Illinois' internal control over financial reporting and compliance.

*MCK CPAs & Advisors*

Bloomington, Illinois  
September 20, 2023



202 N. Prospect Rd., Ste. 206  
Bloomington, Illinois 61704  
PH: (309) 828-6071  
FAX: (309) 827-2465  
www.mckcpa.com

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

To the City Council  
City of Fairbury, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fairbury, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise City of Fairbury, Illinois' basic financial statements, and have issued our report thereon dated September 20, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Fairbury, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

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

*MCK CPAs & Advisors*

Bloomington, Illinois  
September 20, 2023



## CITY OF FAIRBURY, ILLINOIS

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

Year ended April 30, 2023

---

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, 2023 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 16.

### FINANCIAL HIGHLIGHTS

- The City's total revenues exceeded total expenses, on the modified cash basis of accounting, by \$ 1,546,920 for the year, resulting in an increase in total net position of 6.12% from the previous year. This is mostly due to the City continuing to control expenses now that repayment of the sewer project loan has begun.
- The City's General Fund ended the year with a fund balance of \$ 4,531,706, which represents a 33.20% increase from the previous year. Increase is primarily due to increased state and property taxes and controlling expenditures.
- \$ 83,000 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 16-17*) 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 18*) 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 25*) 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, 2023

---

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

**Other Information - Audited:** This part of the annual report (*starting on page 49*) 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 51*), 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, 2023**

---

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

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

Our financial analysis of the City as a whole begins on page 9. The government-wide financial statements are presented on pages 16 and 17. 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 13. The fund financial statements begin on page 18 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, 2023**

---

#### **Reporting the City's Most Significant Funds, continued**

##### ***The Fund Financial Statements, 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 \$ 25.28 million to \$ 26.83 million from fiscal year 2022 to fiscal year 2023. Looking at the net position and net expenses of governmental and business-type activities separately, governmental activities had an approximately \$ 1,296,000 increase and business-type activities had an approximately \$ 251,000 increase.

**CITY OF FAIRBURY, ILLINOIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**Year ended April 30, 2023**

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

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 5,704,972	5,459,380	11,164,352	4,361,586	5,314,441	9,676,027
Capital assets	3,745,562	33,528,139	37,273,701	3,903,357	34,112,838	38,016,195
Total assets	9,450,534	38,987,519	48,438,053	8,264,943	39,427,279	47,692,222
Long-term debt outstanding	672,372	20,936,279	21,608,651	782,925	21,623,926	22,406,851
Other liabilities					2,890	2,890
Total liabilities	672,372	20,936,279	21,608,651	782,925	21,626,816	22,409,741
Net Position:						
Net investment in capital assets	3,073,190	12,591,860	15,665,050	3,120,432	12,488,912	15,609,344
Restricted	1,347,923	52,000	1,399,923	1,240,887	52,000	1,292,887
Unrestricted	4,357,049	5,407,380	9,764,429	3,120,699	5,259,551	8,380,250
Total net position	\$ 8,778,162	18,051,240	26,829,402	7,482,018	17,800,463	25,282,481

Net position of the City's governmental activities increased 17.32% to \$ 8.78 million. Net position of the City's business-type activities increased 1.41% to \$ 18.05 million. \$ 17,064,973 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 2022 to 2023 reflect an increase of 1.35% in total assets, with an increase of 12.98% for governmental assets and a decrease of 1.12% for business-type assets.

Changes from 2022 to 2023 also reflect a decrease of 3.57% in total liabilities, with a decrease of 14.12% for governmental liabilities and a decrease of 3.19% for business-type liabilities.

# CITY OF FAIRBURY, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued) Year ended April 30, 2023

### Changes in Net Position - Modified Cash Basis

For the year ended April 30, 2023, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 669,727	2,233,842	2,903,569	568,869	2,180,870	2,749,739
Operating grants and contributions	467,038	300,000	767,038	228,351	246,195	474,546
General revenues:						
Property tax	1,086,560		1,086,560	1,059,614		1,059,614
Replacement tax	88,097		88,097	67,900		67,900
Sales, use, cannabis & video gaming tax	1,073,008		1,073,008	1,006,723		1,006,723
State income tax	587,014		587,014	533,190		533,190
Motor fuel tax	149,673		149,673	149,541		149,541
Interest income	52,124	67,787	119,911	21,964	55,981	77,945
Loss on disposal of capital asset				(59,846)	(4,613)	(64,459)
Insurance Proceeds				84,496		84,496
Other	101,784	7,453	109,237	154,665	5,309	159,974
Total revenues	4,275,025	2,609,082	6,884,107	3,815,467	2,483,742	6,299,209
<u>Expenses</u>						
General government	568,758		568,758	752,095		752,095
Public safety	935,338		935,338	750,493		750,493
Streets, parks, culture, and recycling	1,451,242		1,451,242	1,263,096		1,263,096
Interest	23,544		23,544	26,211		26,211
Water		835,564	835,564		706,047	706,047
Sewer		1,522,741	1,522,741		1,331,052	1,331,052
Total expenses	2,978,882	2,358,305	5,337,187	2,791,895	2,037,099	4,828,994
Increase in net position	\$ 1,296,143	250,777	1,546,920	1,023,572	446,643	1,470,215

## CITY OF FAIRBURY, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued) Year ended April 30, 2023

---

#### 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, 2023, the City's governmental activities were funded as follows:

#### Sources of Funds for Governmental Activities

Property taxes	\$ 1,086,560	25.4%
Sales and local use taxes	1,073,008	25.1
State income tax	587,014	13.7
Other taxes	237,770	5.6
Interest income	52,124	1.2
Charges for services	669,727	15.7
Grants	312,842	7.3
Contributions	154,196	3.6
Other	101,784	2.4
	<u>\$ 4,275,025</u>	<u>100.0%</u>

#### Uses of Funds in Governmental Activities

General government	\$ 568,758	19.1%
Public safety	935,338	31.4
Streets, parks and recycling	1,451,242	48.7
Interest	23,544	0.8
	<u>\$ 2,978,882</u>	<u>100.0%</u>

For the year ended April 30, 2023, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$ 2,978,882. Of these total expenses, taxpayers and other general revenues funded only \$ 1,842,117 while those directly benefiting from the program funded \$ 467,038 from grants and other contributions and \$ 669,727 from charges for services.

## CITY OF FAIRBURY, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued) Year ended April 30, 2023

---

#### **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 \$ 835,564 and \$ 1,522,741, respectively.

	Water	Sewer
Revenue	\$ 1,122,828	1,486,254
Expense	(835,564)	(1,522,741)
	<hr/>	<hr/>
Change in net position	\$ 287,264	(36,487)
	<hr/>	<hr/>

#### **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 \$ 3,744,663 and expenditures of \$ 2,615,059, resulting in an increase in fund balance of \$ 1,129,604. This fund showed an increase in revenues due to increasing state and property taxes and new grants.

#### **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 \$ 930,000 below appropriations for the year ended April 30, 2023.

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

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

At April 30, 2023, the City had \$ 37.27 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 decrease of \$ 742,494 or 1.95%, from last year.



**CITY OF FAIRBURY, ILLINOIS****MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**Year ended April 30, 2023****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	46,546		46,546
Buildings and improvements	1,270,838		1,270,838
Utility plant		14,536,658	14,536,658
Water tower		510,257	510,257
Vehicles	773,856	76,429	850,285
Equipment	474,003	1,086,812	1,560,815
Wells and improvements		400,225	400,225
Infrastructure	108,987	16,845,763	16,954,750
Construction in progress		19,750	19,750
	<u>\$ 3,745,562</u>	<u>33,528,139</u>	<u>37,273,701</u>

This year's more significant capital asset additions included:

Water meter replacement project completion	\$ 127,761
2022 Ford Super Duty F-250	67,661
Aries Inspection Camera System	59,989

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

At April 30, 2023, the City had \$ 21,608,651 in long-term debt and leases arising from modified cash basis transactions compared to \$ 22,406,851 at April 30, 2022. This represents a decrease of 3.56%. Decrease is due to payments made during the year. At April 30, 2023, \$ 672,372 of the debt is related to governmental activities and \$ 20,936,279 is related to business-type activities. (See table below.)

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

EPA loans	\$ 20,936,279
Brian J. Munz Public Safety Complex bonds	295,000
Fire truck loan	18,397
Fire equipment loan	80,954
Fire truck lease	<u>278,021</u>
Total	<u>\$ 21,608,651</u>

## **CITY OF FAIRBURY, ILLINOIS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)** **Year ended April 30, 2023**

---

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

Significant economic factors affecting the year ended April 30, 2023:

- 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 \$ 462,641 which represents 27.49% of employee wages. Overtime paid was \$ 58,182 which represents an increase of 36.42% compared to the previous year. The Police Department accounted for \$ 42,979 of the total overtime paid.
- City-wide cash and investments increased approximately \$ 1.39 million due to increasing revenues and controlling expenditures
- Capital assets, net of accumulated depreciation experienced a decrease of approximately \$ 742,490 due to annual depreciation exceeding capital outlays.
- In August of 2022 the City outsourced residential garbage collection. The City increased residential and commercial garbage rates due to the new contract and other increasing costs.

Significant economic factors expected to affect the upcoming fiscal year ending April 30, 2024:

- The City's budget is fairly consistent with this year.
- In May 2023, the City increased most employee wages based on annual evaluations.
- 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, 2023**

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Current assets			
Cash and cash equivalents	\$ 3,512,096	1,258,445	4,770,541
Certificates of deposit	2,192,876	4,148,935	6,341,811
Total current assets	5,704,972	5,407,380	11,112,352
Noncurrent assets			
Restricted certificates of deposit		52,000	52,000
Capital assets, net of accumulated depreciation	3,745,562	33,528,139	37,273,701
Total noncurrent assets	3,745,562	33,580,139	37,325,701
TOTAL ASSETS	9,450,534	38,987,519	48,438,053
<b><u>LIABILITIES</u></b>			
Current liabilities			
Current maturities of lease obligation	42,820		42,820
Current maturities of long term debt	74,742	695,035	769,777
Total current liabilities	117,562	695,035	812,597
Noncurrent liabilities			
Lease obligation, less current maturities	235,201		235,201
Long term debt	319,609	20,241,244	20,560,853
Total noncurrent liabilities	554,810	20,241,244	20,796,054
TOTAL LIABILITIES	672,372	20,936,279	21,608,651
<b><u>NET POSITION</u></b>			
Net investment in capital assets	3,073,190	12,591,860	15,665,050
Restricted for:			
Debt service		52,000	52,000
Other purposes	1,347,923		1,347,923
Unrestricted	4,357,049	5,407,380	9,764,429
TOTAL NET POSITION	\$ 8,778,162	18,051,240	26,829,402

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended April 30, 2023

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	\$ 568,758	60,463	270,401	(237,894)		(237,894)
Public safety	935,337	154,396		(780,941)		(780,941)
Streets and recycling	1,144,510	399,326	41,267	(703,917)		(703,917)
Culture and recreation	306,732	55,542	155,370	(95,820)		(95,820)
Interest on long term debt	23,544			(23,544)		(23,544)
Total governmental activities	2,978,881	669,727	467,038	(1,842,116)	-	(1,842,116)
Business-type activities:						
Water	835,564	1,086,453	-		250,889	250,889
Sewer	1,522,741	1,147,389	300,000		(75,352)	(75,352)
Total business-type activities	2,358,305	2,233,842	300,000	-	175,537	175,537
TOTAL	\$ 5,337,186	2,903,569	767,038	(1,842,116)	175,537	(1,666,579)
General Revenues:						
Taxes						
Property				1,086,560		1,086,560
Replacement				88,097		88,097
Sales and local use				1,073,008		1,073,008
State income				587,014		587,014
Motor fuel				149,673		149,673
Interest on certificates of deposit				52,124	67,787	119,911
Other				101,784	7,453	109,237
Total general revenues				3,138,260	75,240	3,213,500
Change in net position				1,296,144	250,777	1,546,921
Net position - beginning, as restated				7,482,018	17,800,463	25,282,481
Net position - ending				\$ 8,778,162	18,051,240	26,829,402

See Notes to Financial Statements.

**CITY OF FAIRBURY, ILLINOIS**

**STATEMENT OF ASSETS, LIABILITIES AND FUND**

**BALANCES - MODIFIED CASH BASIS**

**GOVERNMENTAL FUNDS**

**April 30, 2023**

	General Fund	Non-Major Funds	Total
<hr/>			
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 2,515,754	996,342	3,512,096
Certificates of deposit	2,012,952	179,924	2,192,876
Due from other fund	3,000		3,000
	<hr/>		
TOTAL ASSETS	4,531,706	1,176,266	5,707,972
<hr/> <hr/>			
<b><u>LIABILITIES</u></b>			
Due to General Fund		3,000	3,000
	<hr/>		
TOTAL LIABILITIES	-	3,000	3,000
<hr/>			
<b><u>FUND BALANCES</u></b>			
Restricted	172,268	1,175,655	1,347,923
Assigned	3,831		3,831
Unassigned	4,355,607	(2,389)	4,353,218
	<hr/>		
Total fund balances	4,531,706	1,173,266	5,704,972
	<hr/>		
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,531,706	1,176,266	5,707,972
<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, 2023**

---

Total fund balances - governmental funds	\$ 5,704,972
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.	3,745,562
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(672,372)
	<hr/>
Net position of governmental activities	<u><u>\$ 8,778,162</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, 2023**

	General Fund	Non-Major Funds	Total
Revenues collected:			
Property taxes	\$ 939,612	146,948	1,086,560
Replacement taxes	75,500	12,597	88,097
Sales and local use taxes	1,073,008		1,073,008
State income taxes	587,014		587,014
Motor fuel taxes		149,673	149,673
Rebuild Illinois grant		41,267	41,267
Other grants	266,216	5,359	271,575
Donations	4,185	150,011	154,196
Interest income	44,131	7,993	52,124
Licenses, fees, and fines	116,551	8,838	125,389
Garbage collection fees	399,326		399,326
Intergovernmental - public safety	105,000		105,000
Rental income	1,900	5,734	7,634
Pool revenues	32,378		32,378
Other income	99,842	1,942	101,784
Total revenues collected	3,744,663	530,362	4,275,025
Expenditures paid:			
Current:			
General government	452,772	18,250	471,022
Public safety	833,792		833,792
Streets and recycling	923,526	114,797	1,038,323
Culture and recreation	107,332	175,749	283,081
Debt service:			
Retirement of principal	110,552		110,552
Interest	23,544		23,544
Capital outlay	163,541	7,784	171,325
Total expenditures paid	2,615,059	316,580	2,931,639
Net change in fund balances	1,129,604	213,782	1,343,386
Fund balances - beginning, as restated	3,402,102	959,484	4,361,586
Fund balances - ending	\$ 4,531,706	1,173,266	5,704,972

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, 2023**

---

Net change in fund balances - governmental funds		\$ 1,343,386
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	\$ 157,055	
Depreciation expense	<u>(314,850)</u>	(157,795)
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.		
		<u>110,552</u>
Change in net position of governmental activities		<u><u>\$ 1,296,143</u></u>

See Notes to Financial Statements.



**CITY OF FAIRBURY, ILLINOIS**

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

**April 30, 2023**

	Business-Type Activities Proprietary Funds		
	Water Fund	Sewer Fund	Total
<b><u>ASSETS</u></b>			
Current assets			
Cash and cash equivalents	\$ 193,632	1,064,813	1,258,445
Certificates of deposit	2,135,983	2,012,952	4,148,935
Total current assets	2,329,615	3,077,765	5,407,380
Noncurrent assets			
Restricted certificates of deposit	25,000	27,000	52,000
Capital assets, net of accumulated depreciation	2,369,381	31,158,758	33,528,139
Total noncurrent assets	2,394,381	31,185,758	33,580,139
TOTAL ASSETS	4,723,996	34,263,523	38,987,519
<b><u>LIABILITIES</u></b>			
Current liabilities			
Current maturities of debt	42,238	652,797	695,035
Total current liabilities	42,238	652,797	695,035
Noncurrent liabilities			
EPA waste water treatment loans		19,950,019	19,950,019
EPA drinking water loans	291,225		291,225
Total noncurrent liabilities	291,225	19,950,019	20,241,244
TOTAL LIABILITIES	333,463	20,602,816	20,936,279
<b><u>NET POSITION</u></b>			
Net investment in capital assets	2,035,918	10,555,942	12,591,860
Restricted for:			
Debt service	25,000	27,000	52,000
Unrestricted	2,329,615	3,077,765	5,407,380
TOTAL NET POSITION	\$ 4,390,533	13,660,707	18,051,240

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, 2023**

	Business-Type Activities Proprietary Funds		
	Water Fund	Sewer Fund	Total
Operating revenues:			
Charges for services	\$ 1,086,453	1,147,389	2,233,842
Operating expenses:			
Salaries and related expenses	371,591	223,648	595,239
Contractual services	121,876	69,659	191,535
Utilities	25,776	95,872	121,648
Commodities	163,915	34,457	198,372
Permits and fees		11,000	11,000
Miscellaneous	2,549	2,210	4,759
Depreciation	144,007	872,778	1,016,785
Total operating expenses	829,714	1,309,624	2,139,338
Operating income (loss)	256,739	(162,235)	94,504
Non-operating revenues (expenses):			
Interest income	30,222	37,565	67,787
Interest expense	(5,850)	(213,117)	(218,967)
Grant income		300,000	300,000
Miscellaneous	6,153	1,300	7,453
Total non-operating revenues (expenses)	30,525	125,748	156,273
Change in net position	287,264	(36,487)	250,777
Net position - beginning	4,103,269	13,697,194	17,800,463
Net position - ending	\$ 4,390,533	13,660,707	18,051,240

See Notes to Financial Statements.

CITY OF FAIRBURY, ILLINOIS

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS

Year ended April 30, 2023

	Business-Type Activities Proprietary Funds		
	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,086,453	1,147,389	2,233,842
Cash paid to suppliers for goods and services	(314,116)	(213,198)	(527,314)
Cash paid to employees for services	(371,591)	(223,648)	(595,239)
<b>Net cash flows from operating activities</b>	<b>400,746</b>	<b>710,543</b>	<b>1,111,289</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Miscellaneous non operating receipts	3,263	1,300	4,563
Grant income		300,000	300,000
<b>Net cash flows from noncapital financing activities</b>	<b>3,263</b>	<b>301,300</b>	<b>304,563</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments on construction in progress	(19,750)		(19,750)
Construction in progress completed	103,957	103,956	207,913
Principal payments on debt	(41,503)	(646,144)	(687,647)
Interest paid	(5,850)	(213,117)	(218,967)
Acquisition of capital assets	(312,544)	(307,705)	(620,249)
<b>Net cash flows from capital and related financing activities</b>	<b>(275,690)</b>	<b>(1,063,010)</b>	<b>(1,338,700)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from certificates of deposit	20,000		20,000
Purchase of certificates of deposit	(2,013,566)	(2,012,952)	(4,026,518)
Interest received on certificates of deposit	30,222	37,565	67,787
<b>Net cash flows from investing activities</b>	<b>(1,963,344)</b>	<b>(1,975,387)</b>	<b>(3,938,731)</b>
Net decrease in cash and cash equivalents	(1,835,025)	(2,026,554)	(3,861,579)
Cash and cash equivalents, beginning of year	2,028,657	3,091,367	5,120,024
Cash and cash equivalents, end of year	193,632	1,064,813	1,258,445
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	256,739	(162,235)	94,504
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	144,007	872,778	1,016,785
Increase (decrease) in liabilities:			
None			-
<b>Net cash flows from operating activities</b>	<b>\$ 400,746</b>	<b>710,543</b>	<b>1,111,289</b>

See Notes to Financial Statements.

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

April 30, 2023

---

#### 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, 2023

---

#### 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, 2023

---

#### 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, 2023

---

#### 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, and Motor Fuel Tax Fund, as well as Water Fund and Sewer Fund restricted for debt service.

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2023

---

#### 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, as well as the deficit fund balance in the Audit Fund.

**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 "net investment in capital assets".

**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, 2023

---

#### 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 20, 2022.

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, 2023

---

#### 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.

**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 expensed as incurred. 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, 2023

---

#### 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, intergovernmental agreement with other entity
- Streets and recycling - Garbage collection and Rebuild Illinois grant
- 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, 2023

---

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

**New Accounting Pronouncements:** During the year ended April 30, 2023, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 97, *Component Unit Criteria and IRC Section 457 Plans*. 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, 2023 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, 2023, the carrying amount of the City's various bank deposits totaled \$ 11,164,352 and the bank balances totaled \$ 11,149,699.

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, 2023, \$ 963,698 of the deposits made by the City were covered by the Federal Depository Insurance Corporation (FDIC), and \$ 10,185,521 were collateralized by the respective institution, and \$ 480 were uninsured and uncollateralized. The City's certificates of deposit have original maturities from 10 months to 60 months.

The deposits are reflected on the financial statements at April 30, 2023 as follows:

Government-wide statement of net position - modified cash basis:

Cash and cash equivalents	\$ 4,770,541
Certificates of deposit	6,341,811
Certificates of deposit (reported as Restricted)	52,000
	<hr/>
	\$ 11,164,352
	<hr/>

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2023

---

#### 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
Bank of Pontiac	\$ 3,019,428	4.00%	10 mo	1/1/24
Morton Community Bank	65,200	3.62%	12 mo	3/29/24
First State Bank of Forrest	<u>3,309,183</u>	0.35 to 4.00%	10 to 60 mo	6/13/23 - 1/28/25
	<u><u>\$ 6,393,811</u></u>			

#### Note 3 - Restricted Certificates of Deposit

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 30, 2023, 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, 2023**

**Note 4 - Capital Assets**

Capital asset activity for the fiscal year ended April 30, 2023 was as follows:

	Balance April 30, 2022	Additions	Deletions	Balance April 30, 2023
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,071,332			1,071,332
Total assets not being depreciated	1,071,332	-	-	1,071,332
Other capital assets:				
Land improvements	164,011			164,011
Buildings and improvements	2,448,478			2,448,478
Vehicles	2,667,915	137,236	155,078	2,650,073
Equipment	2,594,670	19,819		2,614,489
Infrastructure	288,932			288,932
Total other capital assets	8,164,006	157,055	155,078	8,165,983
Less accumulated depreciation for:				
Land improvements	112,409	5,056		117,465
Buildings and improvements	1,112,995	64,645		1,177,640
Vehicles	1,879,702	151,593	155,078	1,876,217
Equipment	2,061,377	79,109		2,140,486
Infrastructure	165,498	14,447		179,945
Total accumulated depreciation	5,331,981	314,850	155,078	5,491,753
Other capital assets, net	2,832,025	(157,795)	-	2,674,230
Governmental activities, net	\$ 3,903,357	(157,795)	-	3,745,562

Depreciation expense for the year ended April 30, 2023 was charged to functions of the City as follows:

General government	\$ 84,714
Public safety	101,546
Streets and recycling	106,187
Culture and recreation	22,403
Total depreciation expense - governmental activities	<u>\$ 314,850</u>

**CITY OF FAIRBURY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2023**

**Note 4 - Capital Assets, continued**

	Balance April 30, 2022	Additions	Deletions	Balance April 30, 2023
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 52,245			52,245
Construction in progress	207,913	19,750	207,913	19,750
Total assets not being depreciated	260,158	19,750	207,913	71,995
Other capital assets:				
Utility plant	23,511,568			23,511,568
Wells and improvements	1,036,009	57,850		1,093,859
Water tower	1,000,616	24,075		1,024,691
Vehicles	144,407	79,814		224,221
Equipment	1,694,797	445,508		2,140,305
Infrastructure	18,264,523	13,002		18,277,525
Total other capital assets	45,651,920	620,249	-	46,272,169
Less accumulated depreciation for:				
Utility plant	8,578,258	396,652		8,974,910
Wells and improvements	663,338	30,296		693,634
Water tower	489,268	25,166		514,434
Vehicles	127,772	20,020		147,792
Equipment	965,827	87,666		1,053,493
Infrastructure	974,777	456,985		1,431,762
Total accumulated depreciation	11,799,240	1,016,785	-	12,816,025
Other capital assets, net	33,852,680	(396,536)	-	33,456,144
Business-type activities, net	\$ 34,112,838	(376,786)	207,913	33,528,139

Depreciation expense for the year ended April 30, 2023 was charged to functions of the City as follows:

Water	\$ 144,007
Sewer	872,778
Total depreciation expense - business-type activities	<u>\$ 1,016,785</u>

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued) April 30, 2023

---

#### 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, 2023 are as follows:

	Balance April 30, 2022	Additions	Reductions	Balance April 30, 2023	Amount Due Within One Year
Governmental Activities:					
Bonds payable	\$ 320,000		25,000	295,000	30,000
Notes payable	143,391		44,040	99,351	44,742
	463,391	-	69,040	394,351	74,742
Business-type Activities:					
Notes payable	\$ 21,623,926		687,647	20,936,279	695,035

#### Governmental Activities:

As of April 30, 2023, 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, 2023**

---

**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	
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	3,160	3,160	30,000	36,320
2029 - 2032	6,855	6,855	145,000	158,710
	<u>\$ 27,524</u>	<u>27,524</u>	<u>295,000</u>	<u>350,048</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 \$ 15,331. \$ 18,397

\$ 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. \$ 80,954

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

<u>Year ended April 30,</u>	Interest	Principal	Total Due
2024	\$ 1,351	44,742	46,093
2025	635	45,459	46,094
2026	45	9,150	9,195
	<u>\$ 2,031</u>	<u>99,351</u>	<u>101,382</u>

**CITY OF FAIRBURY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2023**

---

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

Business-Type Activities:

As of April 30, 2023, 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.	\$ 12,257
---	-----------

\$ 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.	161,046
--	---------

\$ 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.	221,150
--	---------

\$ 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.	209,143
---	---------

\$ 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.	112,063
--	---------

\$ 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.	20,220,620
--	------------

---

	\$ 20,936,279
--	---------------

---

**CITY OF FAIRBURY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**April 30, 2023**

---

**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>
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	182,262	711,948	894,210
2029 – 2033	797,454	3,620,168	4,417,622
2034 – 2038	612,320	3,522,087	4,134,407
2039 – 2043	433,339	3,652,435	4,085,774
2044 – 2048	246,553	3,839,221	4,085,774
2049 – 2052	56,352	2,803,689	2,860,041
	<u>\$ 3,130,830</u>	<u>20,936,279</u>	<u>24,067,109</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 \$ 5,466,036 at April 30, 2023.

**CITY OF FAIRBURY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**April 30, 2023**

---

**Note 6 - Lease**

During the fiscal year ended April 30, 2018, the City acquired a fire truck via a 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 lease as of April 30, 2023:

Governmental activities:	
Vehicles	\$ 508,835
Less accumulated depreciation	<u>(150,530)</u>
Total net property held under lease	<u>\$ 358,305</u>

Depreciation on the asset held under lease charged to expense during the fiscal year ended April 30, 2023 was \$ 25,441, 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>
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	3,102	48,475	51,577
2029	1,575	50,002	51,577
	<u>\$ 31,444</u>	<u>278,021</u>	<u>309,465</u>

Total interest cost incurred on the lease for the year ended April 30, 2023 was \$ 10,065.

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2023

---

#### 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:

Unemployment insurance	\$ 6,526
Law enforcement	48,728
Fire department	117,014
Street repair and improvements	834,932
Library	340,723
	<hr/>
	\$1,347,923
	<hr/>

The street repair and improvements and library fund balances presented above represent resources restricted for the Motor Fuel Fund and Library 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 \$ 3,831 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, 2023.

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

As of April 30, 2023, interfund receivables and payables were as follows:

	Due From	Due To
General Fund	\$ 3,000	
Audit Fund		3,000
	<hr/>	<hr/>
	\$ 3,000	3,000
	<hr/>	<hr/>

For the year ended April 30, 2023, the General Fund paid expenditures of the Audit Fund in the amount of \$ 3,000.

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2023

---

#### 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. The following fund had a deficit fund balance at April 30, 2023.

<u>Fund</u>	<u>Amount</u>
Audit Fund	\$ 2,389

B. The following fund had an excess of actual expenditures over budget for the year ended April 30, 2023.

<u>Fund</u>	<u>Budget Amount</u>	<u>Expenditures</u>	<u>Unfavorable Variance</u>
Audit Fund	\$ 18,000	18,250	250

#### 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, 2023 was passed November 17, 2021.

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 2021 per \$ 100 of assessed valuation:

**CITY OF FAIRBURY, ILLINOIS****NOTES TO FINANCIAL STATEMENTS (Continued)**  
**April 30, 2023**

---

**Note 11 - Property Taxes, continued**

Type of Tax	Rate Limits	2021 Actual Levy
Corporate	0.4375	0.33734
Garbage	0.2000	0.18651
Fire protection	0.6000	0.08109
Public benefits	0.0500	0.04866
Police protection	0.6000	0.34545
Audit	No limit	0.02514
IMRF	No limit	0.24327
Tort	No limit	0.09731
Unemployment compensation	No limit	0.00082
Social security	No limit	0.12164
Street lighting	0.0500	0.02920
Loss in collection	No Limit	0.00205
Total tax rates		<u>1.51848</u>
County Clerk Extension		<u>\$ 936,297</u>
Assessed Valuation		<u>\$ 61,660,126</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 annual comprehensive financial report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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

## CITY OF FAIRBURY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2023

---

#### 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, 2022, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	28
Inactive Plan Members entitled to but not yet receiving benefits	25
Active Plan Members	<u>29</u>
Total	<u><u>82</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 2022 was 13.71 percent. For the calendar year ended 2022, the City contributed \$ 190,557 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, 2023

---

#### Note 12 - Retirement Plan, continued

**Net Pension Liability:** The City's net pension liability was measured as of December 31, 2022. 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, 2022 is as follows:

	<u>Regular</u>
Total pension liability	\$ 8,972,247
Plan fiduciary net position	<u>7,474,450</u>
Net pension liability/(asset)	<u>\$ 1,497,797</u>
Percent funded	<u>83.31%</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, 2023, 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, 2023

---

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

Financial assets and liabilities measured at fair value on a recurring basis during the year ended April 30, 2023:

Assets	Fair Value 4/30/2023	Level 1	Level 2	Level 3
Certificates of deposit	\$ 6,393,811	6,393,811		
	<u>\$ 6,393,811</u>	<u>6,393,811</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, 2023.

There were no major categories of assets and liabilities measured at fair value on a nonrecurring basis during the year ended April 30, 2023.

#### Note 15 - Commitments

During the 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 during the year ended April 30, 2022, with the remainder paid as material shipped during the year ended April 30, 2023. The project was completed during the year ended April 30, 2023.

#### Note 16 - Prior Period Adjustment

During the year ended April 30, 2023, an error was found in the City's financial statements as of April 30, 2022. Monies that had been donated through, and are being held by, Prairie Lands Foundation for City-related projects had improperly been recorded as cash and contribution revenue at time of donation, causing cash and fund balance/net position to be overstated as of April 30, 2022. The individual funds affected were the General Fund and the Library Fund. The financial statements for the year ended April 30, 2022 have therefore been restated. The following table summarizes the restatement:

	General Fund	Library Fund	Governmental Activities
Fund balance/net position, as previously reported	\$3,489,943	219,142	7,581,500
Prior period adjustment	<u>(87,841)</u>	<u>(11,641)</u>	<u>(99,482)</u>
Fund balance/net position, as restated	<u>\$3,402,102</u>	<u>207,501</u>	<u>7,482,018</u>

**CITY OF FAIRBURY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2023**

---

**Note 17 - Subsequent Events**

The City has evaluated events occurring after the statement of net position - modified cash basis date through September 20, 2023, 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, 2023**

	Special Revenue Funds			
	Library Fund	Motor Fuel Tax Fund	Audit Fund	Total
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 266,989	728,742	611	996,342
Certificates of deposit	73,734	106,190		179,924
TOTAL ASSETS	340,723	834,932	611	1,176,266
<b><u>LIABILITIES</u></b>				
Due to General Fund			3,000	3,000
TOTAL LIABILITIES	-	-	3,000	3,000
<b><u>FUND BALANCES</u></b>				
Fund balances (deficits):				
Restricted	340,723	834,932		1,175,655
Unassigned			(2,389)	(2,389)
Total fund balances (deficits)	340,723	834,932	(2,389)	1,173,266
TOTAL LIABILITIES AND FUND BALANCES	\$ 340,723	834,932	611	1,176,266

**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, 2023**

	Special Revenue Funds			
	Library Fund	Motor Fuel Tax Fund	Audit Fund	Total
Revenues collected:				
Property taxes	\$ 131,714		15,234	146,948
Replacement taxes	12,597			12,597
Motor fuel taxes		149,673		149,673
Rebuild Illinois grant		41,267		41,267
Other grants	5,359			5,359
Donations	150,011			150,011
Interest income	560	7,433		7,993
Licenses, fees, and fines	8,838			8,838
Rental income	5,734			5,734
Other income	1,942			1,942
Total revenues collected	316,755	198,373	15,234	530,362
Expenditures paid:				
Current:				
General government			18,250	18,250
Streets and recycling		114,797		114,797
Culture and recreation	175,749			175,749
Capital outlay	7,784			7,784
Total expenditures paid	183,533	114,797	18,250	316,580
Net change in fund balances	133,222	83,576	(3,016)	213,782
Fund balances, beginning, as restated	207,501	751,356	627	959,484
Fund balances (deficits), ending	\$ 340,723	834,932	(2,389)	1,173,266

**OTHER INFORMATION – UNAUDITED**

**CITY OF FAIRBURY, ILLINOIS**

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

**Year ended April 30, 2023**

	Budget		Actual	Over (Under) Budget
	Original	Final		
Revenues collected:				
Property taxes	\$ 935,000	935,000	939,612	4,612
Replacement taxes	40,000	40,000	75,500	35,500
Sales, local use, and video gaming taxes	926,000	926,000	1,073,008	147,008
State income taxes	450,000	450,000	587,014	137,014
Grants and donations - nonpublic	246,000	246,000	266,216	20,216
Donations - public			4,185	4,185
Investment income	10,000	10,000	44,131	34,131
Licenses, fees and fines	99,950	99,950	116,551	16,601
Garbage collection fees	410,000	410,000	399,326	(10,674)
Intergovernmental - public safety	104,000	104,000	105,000	1,000
Rental income	1,600	1,600	1,900	300
Pool revenues	33,000	33,000	32,378	(622)
Other income	55,500	55,500	99,842	44,342
Total revenues collected	3,311,050	3,311,050	3,744,663	433,613
Expenditures paid:				
Current:				
General government	468,700	468,700	452,772	(15,928)
Public safety	862,000	862,000	833,792	(28,208)
Streets and recycling	981,700	981,700	923,526	(58,174)
Culture and recreation	96,700	96,700	107,332	10,632
Capital outlay	1,094,000	1,094,000	163,541	(930,459)
Contingencies	250,000	250,000		(250,000)
Debt service:				
Principal	75,725	75,725	110,552	34,827
Interest and fees	23,575	23,575	23,544	(31)
Total expenditures paid	3,852,400	3,852,400	2,615,059	(1,237,341)
Net change in fund balance	\$ (541,350)	(541,350)	1,129,604	1,670,954
Fund balance, beginning, as restated			3,402,102	
Fund balance, ending			\$ 4,531,706	



**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - LIBRARY FUND  
Year ended April 30, 2023**

	Budget		Actual	Over (Under) Budget
	Original	Final		
Revenues collected:				
Property taxes	\$ 129,000	129,000	131,714	2,714
Replacement taxes			12,597	12,597
Grants			5,359	5,359
Donations			150,011	150,011
Investment income			560	560
Licenses, fees and fines			8,838	8,838
Rental income			5,734	5,734
Other income	78,000	78,000	1,942	(76,058)
Total revenues collected	207,000	207,000	316,755	109,755
Expenditures paid:				
Current:				
Culture and recreation	218,550	218,550	175,749	(42,801)
Capital outlay	40,000	40,000	7,784	(32,216)
Total expenditures paid	258,550	258,550	183,533	(75,017)
Net change in fund balance	\$ (51,550)	(51,550)	133,222	184,772
Fund balance, beginning, as restated			207,501	
Fund balance, ending			\$ 340,723	

**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - MOTOR FUEL TAX FUND  
Year ended April 30, 2023**

	Budget		Actual	Over (Under) Budget
	Original	Final		
Revenues collected:				
Motor fuel taxes	\$ 145,000	145,000	149,673	4,673
Rebuild Illinois grant	40,500	40,500	41,267	767
Investment income	2,500	2,500	7,433	4,933
Total revenues collected	188,000	188,000	198,373	10,373
Expenditures paid:				
Current:				
Streets and recycling	165,000	165,000	114,797	(50,203)
Total expenditures paid	165,000	165,000	114,797	(50,203)
Net change in fund balance	\$ 23,000	23,000	83,576	60,576
Fund balance, beginning			751,356	
Fund balance, ending			\$ 834,932	

**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - AUDIT FUND  
Year ended April 30, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues collected:				
Property taxes	\$ 15,000	15,000	15,234	234
Total revenues collected	15,000	15,000	15,234	234
Expenditures paid:				
Current:				
General government	18,000	18,000	18,250	250
Total expenditures paid	18,000	18,000	18,250	250
Net change in fund balance	<u>\$ (3,000)</u>	<u>(3,000)</u>	(3,016)	<u>(16)</u>
Fund balance, beginning			<u>627</u>	
Fund balance (deficit), ending			<u>\$ (2,389)</u>	

**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - WATER FUND  
Year ended April 30, 2023**

	Budget		Actual	Over (Under) Budget
	Original	Final		
Operating revenues:				
Charges for services	\$ 1,076,000	1,076,000	1,086,453	10,453
Total operating revenues	1,076,000	1,076,000	1,086,453	10,453
Operating expenses:				
Salaries and related expenses	362,200	362,200	371,591	9,391
Contractual services	113,800	113,800	121,876	8,076
Utilities	25,000	25,000	25,776	776
Commodities	125,000	125,000	163,915	38,915
Miscellaneous	3,000	3,000	2,549	(451)
Projects	3,369,000	3,369,000		(3,369,000)
Contingencies	65,000	65,000		(65,000)
Depreciation			144,007	144,007
Total operating expenses	4,063,000	4,063,000	829,714	(3,233,286)
Operating income (loss)	(2,987,000)	(2,987,000)	256,739	3,243,739
Non-operating revenues (expenses):				
Interest income	10,000	10,000	30,222	20,222
Interest expense	(5,900)	(5,900)	(5,850)	50
Miscellaneous	5,000	5,000	6,153	1,153
Loan principal repayment	(42,000)	(42,000)		42,000
Total non-operating revenues (expenses)	(32,900)	(32,900)	30,525	63,425
Change in net position	\$ (3,019,900)	(3,019,900)	287,264	3,307,164
Net position, beginning			4,103,269	
Net position, ending			\$ 4,390,533	

**CITY OF FAIRBURY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
MODIFIED CASH BASIS - SEWER FUND  
Year ended April 30, 2023**

	Budget		Actual	Over (Under) Budget
	Original	Final		
Operating revenues:				
Charges for services	\$ 1,152,000	1,152,000	1,147,389	(4,611)
Total operating revenues	1,152,000	1,152,000	1,147,389	(4,611)
Operating expenses:				
Salaries and related expenses	232,900	232,900	223,648	(9,252)
Contractual services	91,700	91,700	69,659	(22,041)
Utilities	85,000	85,000	95,872	10,872
Commodities	32,000	32,000	34,457	2,457
Permits and fees	11,000	11,000	11,000	-
Miscellaneous	4,000	4,000	2,210	(1,790)
Projects	572,000	572,000		(572,000)
Contingencies	75,000	75,000		(75,000)
Depreciation			872,778	872,778
Total operating expenses	1,103,600	1,103,600	1,309,624	206,024
Operating income (loss)	48,400	48,400	(162,235)	(210,635)
Non-operating revenues (expenses):				
Interest income	18,000	18,000	37,565	19,565
Interest expense	(213,500)	(213,500)	(213,117)	383
Grant income	300,000	300,000	300,000	-
Miscellaneous	200	200	1,300	1,100
Loan principal repayment	(647,000)	(647,000)		647,000
Total non-operating revenues (expenses)	(542,300)	(542,300)	125,748	668,048
Change in net position	\$ (493,900)	(493,900)	(36,487)	457,413
Net position, beginning			13,697,194	
Net position, ending			\$13,660,707	

**CITY OF FAIRBURY, ILLINOIS**

**EXPENDITURES PAID - BUDGET TO ACTUAL -  
MODIFIED CASH BASIS - GENERAL FUND  
Year ended April 30, 2023**

	Budget	Actual
Expenditures paid:		
General government		
Personnel services	\$ 300,500	296,402
Employee retirement	26,000	25,720
Insurance and supplies	12,700	10,153
Contingencies and maintenance	8,000	6,703
Utilities	21,000	19,194
Outside services	39,000	9,000
Other expenses	61,500	85,600
Total general government	468,700	452,772
Public safety		
Personnel services	596,500	577,032
Employee retirement	60,500	57,901
Insurance and supplies	49,000	43,092
Repairs and maintenance	68,500	60,565
Utilities	11,000	11,422
Outside services	63,500	66,161
Other expenses	13,000	17,619
Total public safety	862,000	833,792
Streets and recycling		
Personnel services	464,200	403,500
Employee retirement	45,500	39,732
Insurance and supplies	33,500	34,873
Repairs and maintenance	137,000	179,462
Utilities	2,500	1,950
Garbage disposal	285,000	256,966
Other expenses	14,000	7,043
Total streets and recycling	981,700	923,526
Culture and recreation		
Personnel services	57,100	53,483
Insurance and supplies	19,100	17,296
Repairs and maintenance	7,500	21,430
Utilities	11,000	12,376
Other expenses	2,000	2,747
Total culture and recreation	96,700	107,332
Capital outlay	1,094,000	163,541
Contingencies	250,000	
Debt service		
Retirement of principal	75,725	110,552
Interest	23,575	23,544
Total debt service	99,300	134,096
Total general fund expenditures paid	\$ 3,852,400	2,615,059

**CITY OF FAIRBURY, ILLINOIS**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND OTHER DATA -  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
Five Years ended April 30, 2023**

	2023	2022	2021	2020	2019
<b>RECEIPTS</b>					
Property taxes	\$ 1,086,560	1,059,614	1,026,947	996,928	989,293
Replacement taxes	88,097	67,900	29,210	30,979	22,767
Sales and local use taxes	1,073,008	1,006,723	964,277	848,273	741,325
State income taxes	587,014	533,190	430,692	407,200	364,764
Motor fuel taxes	149,673	149,541	133,282	135,813	95,812
Rebuild Illinois grant	41,267	82,534	123,801		
Other grants	271,575	79,388	121,991	66,787	60,975
Donations	154,196	66,429	79,537	2,929	66,118
Investment income	52,124	21,964	29,225	20,624	9,810
Licenses, fees and fines	125,389	116,918	111,017	121,754	108,177
Garbage collection fees	399,326	315,169	308,663	305,561	298,197
Intergovernmental - public safety	105,000	104,000	123,000	22,000	22,010
Rental income	7,634	3,112	3,023	2,996	2,947
Pool revenues	32,378	29,670	18,759	34,098	33,135
Insurance proceeds		84,496			
Other income	101,784	154,665	79,468	129,997	252,952
<b>Total receipts</b>	<b>4,275,025</b>	<b>3,875,313</b>	<b>3,582,892</b>	<b>3,125,939</b>	<b>3,068,282</b>
<b>DISBURSEMENTS</b>					
Police	696,392	642,657	641,363	572,152	723,197
Streets and recycling	883,793	708,736	639,495	608,056	694,697
Fire	79,501	88,370	216,173	66,250	64,810
Park and pool	107,332	78,356	53,890	73,635	76,369
Library	169,205	155,833	164,772	157,104	161,225
General government salaries	296,402	309,647	313,512	303,098	359,834
Repairs and maintenance	40,214	11,570	8,993	18,879	32,468
Utilities	19,194	18,726	21,421	22,645	23,238
Insurance	10,153	10,258	10,923	16,670	18,276
Outside services	27,250	78,972	47,032	34,960	25,417
Projects		4,413	7,566	6,688	4,689
Administrative	39,054	45,323	35,280	38,404	21,867
Pass-through grant funds			38,950		
Discharge of DCCA debt			44,684		
Other	13,035	13,440	6,207	8,289	7,366
Motor fuel	114,796	100,585	70,578	25,352	279,410
Employee retirement	129,897	152,904	151,383	121,390	252,704
Capital outlay	171,325	314,527	122,898	185,130	143,062
Debt service - bonds	134,096	134,796	126,947	100,775	102,376
<b>Total disbursements</b>	<b>2,931,639</b>	<b>2,869,113</b>	<b>2,722,067</b>	<b>2,359,477</b>	<b>2,991,005</b>
<b>Excess receipts over (under) disbursements</b>	<b>\$ 1,343,386</b>	<b>1,006,200</b>	<b>860,825</b>	<b>766,462</b>	<b>77,277</b>
<b>OTHER DATA</b>					
Assets and liabilities at April 30:					
Cash and investments	\$ 5,704,972	4,461,068	3,454,868	2,374,359	1,614,164
Outstanding debt	672,372	782,925	891,510	814,785	886,808
Proceeds of long-term debt			175,000		
Personnel costs					
Amount	1,562,115	1,590,187	1,426,803	1,419,638	1,731,073
Percent to total expenditures	53.3%	55.4%	52.4%	60.2%	57.9%
Budgeted expenditures	4,293,950	5,700,525	4,154,150	4,268,550	46,976,800

**CITY OF FAIRBURY, ILLINOIS**

**STATEMENTS OF OPERATIONS AND DATA -  
MODIFIED CASH BASIS - ENTERPRISE FUND - WATER FUND  
Five Years ended April 30, 2023**

	2023	2022	2021	2020	2019
Operating revenues					
Charges for services	\$ 1,086,453	1,053,143	1,060,085	1,014,824	950,020
Total operating revenues	1,086,453	1,053,143	1,060,085	1,014,824	950,020
Operating expenses					
Salaries and related expenses	371,591	335,476	324,897	353,001	376,714
Supplies	163,915	106,403	112,775	113,178	103,057
Truck expense	24,054	18,545	14,433	16,255	17,338
Repairs and maintenance	69,345	53,214	61,868	72,552	53,845
Utilities	25,776	21,219	22,915	30,263	33,142
Outside services	15,600	4,949	9,673	7,469	6,727
Insurance	12,877	13,826	12,803	24,526	17,577
Miscellaneous	2,549	2,149	2,514	2,373	2,602
Depreciation	144,007	143,743	137,035	133,101	133,721
Total operating expenses	829,714	699,524	698,913	752,718	744,723
Operating income	256,739	353,619	361,172	262,106	205,297
Nonoperating revenues (expenses)					
Interest income	30,222	18,918	31,308	21,226	3,719
Loss of disposal of asset				(3,373)	
Interest expense	(5,850)	(6,523)	(7,185)	(8,042)	(7,523)
Grant income		123,097			
Miscellaneous	6,153	5,109	11,715	10,048	21,131
Change in net position	\$ 287,264	494,220	397,010	281,965	222,624



**CITY OF FAIRBURY, ILLINOIS**

**STATEMENTS OF OPERATIONS AND DATA -  
MODIFIED CASH BASIS - ENTERPRISE FUND - SEWER FUND  
Five Years ended April 30, 2023**

	2023	2022	2021	2020	2019
Operating revenues					
Charges for services	\$ 1,147,389	1,127,727	1,128,860	1,128,938	1,042,334
Total operating revenues	1,147,389	1,127,727	1,128,860	1,128,938	1,042,334
Operating expenses					
Salaries and related expenses	223,648	204,219	210,060	181,805	180,162
Supplies	34,457	28,506	23,958	14,244	14,105
Truck expense	14,592	19,952	11,724	13,182	16,686
Permits and fees	11,000	11,000	11,000	11,000	
Repairs and maintenance	20,116	55,201	35,353	9,085	36,773
Utilities	95,872	84,964	66,674	71,228	69,937
Outside services	17,448	8,475	9,618	6,288	15,704
Insurance	17,503	19,405	17,737	14,595	12,300
Miscellaneous	2,210	2,815	348	6,048	3,517
Depreciation	872,778	784,837	98,533	128,673	137,023
Total operating expenses	1,309,624	1,219,374	485,005	456,148	486,207
Operating income (loss)	(162,235)	(91,647)	643,855	672,790	556,127
Nonoperating revenues (expenses)					
Interest income	37,565	37,063	65,538	47,645	4,362
Interest expense	(213,117)	(111,678)	(7,359)	(7,868)	(10,343)
Grant income	300,000	123,098			
Miscellaneous	1,300	200	654	600	1,161
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	\$ (36,487)	(47,577)	581,857	1,949,447	8,185,183
OTHER DATA - WATER and SEWER					
Assets and liabilities at April 30:					
Cash and investments	\$ 5,459,380	5,314,441	5,202,747	4,020,642	2,879,182
EPA waste water treatment loans	20,602,816	21,248,960	20,766,825	14,561,617	522,182
EPA drinking water loans	333,463	374,966	415,797	455,967	511,217
Additions to property	620,249	31,245,377	62,772	25,195	43,342
Average number of users	1,708	1,706	1,731	1,700	1,715
Average revenue per user	\$ 1,308	1,278	1,265	1,261	1,162

## CITY OF FAIRBURY, ILLINOIS

SCHEDULES OF GENERAL PROPERTY TAXES  
2018 THROUGH 2022

	2022 Levy		2021 Levy		2020 Levy	
Assessed Valuation	\$ 66,794,616		61,660,126		58,557,364	
	Rate	Extension	Rate	Extension	Rate	Extension
Tax Rates and Extensions:						
General Fund						
Corporate purpose	0.38252	\$ 255,503	0.33734	208,004	0.35888	210,151
Street lighting	0.03444	23,004	0.02920	18,005	0.03074	18,001
Garbage	0.17966	120,003	0.18651	115,002	0.17932	105,005
Fire protection	0.07486	50,003	0.08109	50,000	0.08539	50,002
Public benefits	0.04492	30,004	0.04866	30,004	0.05000	29,279
Police protection	0.31889	213,001	0.34545	213,005	0.36337	212,780
Audit	0.02695	18,001	0.02514	15,501	0.00854	5,001
IMRF/Social security	0.29195	195,007	0.36491	225,004	0.36717	215,005
Tort	0.09254	61,812	0.09936	61,266	0.11989	70,204
Unemployment compensation	0.00075	501	0.00082	506	0.00086	504
Total	1.44748	\$ 966,839	1.51848	936,297	1.56416	915,931

	2019 Levy		2018 Levy	
Assessed Valuation	54,211,035		54,430,537	
	Rate	Extension	Rate	Extension
Tax Rates and Extensions:				
General Fund				
Corporate purpose	0.38883	210,789	0.32673	177,841
Street lighting	0.04612	25,002	0.04457	24,260
Garbage	0.19969	108,254	0.20000	108,861
Fire protection	0.09224	50,004	0.09782	53,244
Public benefits	0.04993	27,068	0.05000	27,215
Police protection	0.32282	175,004	0.09782	53,244
Audit	0.03136	17,001	0.03124	17,004
IMRF/Social security	0.39661	215,006	0.59280	322,664
Tort	0.12950	70,203	0.12898	70,205
Unemployment compensation	0.00738	4,001	0.00956	5,204
Total	1.66448	902,333	1.57952	859,742

**INFORMATION REQUIRED BY THE ILLINOIS  
GRANT ACCOUNTABILTY AND TRANSPARENCY ACT**

# CONSOLIDATED YEAR-END FINANCIAL REPORT

## April 30, 2023

- 62 -