

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020**



CITY OF FAIRFIELD, IL
FAIRFIELD, ILLINOIS
YEAR ENDED APRIL 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section	
Title Page	
Table of Contents	
Financial Section	
Independent Auditor’s Report	1-3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	4
Statement of Activities – Modified Cash Basis	5
Fund Financial Statements:	
Balance Sheet – Modified Cash Basis – Governmental Funds	6
Reconciliation of the Balance Sheet of Governmental Funds – Modified Cash Basis	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis	9
Statement of Net Position – Modified Cash Basis – Proprietary Funds	10
Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis – Proprietary Funds	11
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	12
Statement of Net Position – Modified Cash Basis – Fiduciary Funds	13
Statement of Changes in Net Position – Modified Cash Basis – Fiduciary Funds	14
Notes to Financial Statements	15-41

CITY OF FAIRFIELD, IL
FAIRFIELD, ILLINOIS
YEAR ENDED APRIL 30, 2020

TABLE OF CONTENTS
(CONTINUED)

	<u>Page</u>
Compliance Section	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42-43
Schedule of Findings and Responses	44-45
Supplementary Information	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Modified Cash Basis	46
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis	47
Fiduciary Funds:	
Combining Statement of Net Position – Modified Cash Basis	48
Combining Statement of Changes in Net Position – Modified Cash Basis	49
Other Information	
Budgetary Comparison Schedule – Modified Cash Basis	
General Fund	50
TIF #1 Fund	51
Illinois Municipal Retirement Fund Schedule of Funding Progress	52
Police Pension Fund and Firemen’s Pension Fund Schedule of Funding Progress	53



INDEPENDENT AUDITOR'S REPORT

To the Mayor and
City Council
City of Fairfield, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Mayor and
City Council
City of Fairfield, Illinois

Basis for Qualified Opinion on Investments

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

Qualified Opinion

In our opinion, except for the effects of the matters disclosed in the Basis for Qualified Opinion on Investments paragraph, the financial statements referred to above present fairly, in all material respects, the financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Fairfield, Illinois, as of April 30, 2020, and the respective changes in financial position-modified cash basis and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters

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

Supplementary Information

The combining nonmajor fund and fiduciary fund financial statements, presented on pages 46 through 49 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund and fiduciary financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The budgetary comparison schedule, Illinois Municipal Retirement Fund Schedule of Funding Progress, and the Police Pension Fund and Firemen's Pension Fund Schedule of Funding Progress, presented on pages 50 through 53, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

To the Mayor and
City Council
City of Fairfield, Illinois

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020 on our consideration of the City of Fairfield, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fairfield, Illinois' internal control over financial reporting and compliance.

Kemper CPA Group, LLP

Kemper CPA Group LLP
Certified Public Accountants and Consultants

September 18, 2020
Evansville, Indiana

CITY OF FAIRFIELD, IL
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 2,212,023	\$ 557,902	\$ 2,769,925
Restricted cash and cash equivalents	32,900	511,376	544,276
Investments	607,557	132,238	739,795
Notes receivable, net of allowance of \$0	232,980	-	232,980
Internal balances	(37,589)	37,589	-
Capital assets, net of accumulated depreciation	7,588,378	29,636,690	37,225,068
Total assets	<u>\$ 10,636,249</u>	<u>\$ 30,875,795</u>	<u>\$ 41,512,044</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	<u>\$ -</u>	<u>\$ 321,921</u>	<u>\$ 321,921</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Due to fiduciary funds	\$ 114,368	\$ -	\$ 114,368
Utility tax payable	-	1,508	1,508
Due within one year			
Bonds and notes payable	33,731	1,099,465	1,133,196
Due in more than one year			
Bonds and notes payable	381,969	15,038,435	15,420,404
Total liabilities	<u>530,068</u>	<u>16,139,408</u>	<u>16,669,476</u>
NET POSITION			
Net investment in capital assets	7,588,378	13,498,790	21,087,168
Restricted	3,672,906	511,376	4,184,282
Unrestricted	(1,155,103)	1,048,142	(106,961)
Total net position	<u>\$ 10,106,181</u>	<u>\$ 15,058,308</u>	<u>\$ 25,164,489</u>
Total liabilities and net position	<u>\$ 10,636,249</u>	<u>\$ 31,197,716</u>	<u>\$ 41,833,965</u>

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

CITY OF FAIRFIELD, IL
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,133,920	\$ 102,471	\$ -	\$ -	\$ (1,031,449)	\$ -	\$ (1,031,449)
Public safety	2,034,998	22,829	-	-	(2,012,169)	-	(2,012,169)
Social services	299,343	51,595	-	-	(247,748)	-	(247,748)
Transportation	1,330,458	2,475	186,313	-	(1,141,670)	-	(1,141,670)
Public works	1,385,070	124,483	181,416	-	(1,079,171)	-	(1,079,171)
Sanitation	279,049	320,185	-	-	41,136	-	41,136
Culture and recreation	194,082	8,907	15,839	-	(169,336)	-	(169,336)
Total governmental activities	<u>6,656,920</u>	<u>632,945</u>	<u>383,568</u>	<u>-</u>	<u>(5,640,407)</u>	<u>-</u>	<u>(5,640,407)</u>
Business-type activities:							
Electric system	7,202,478	7,975,577	-	-	-	773,099	773,099
Waterworks and sewer system	3,082,208	2,229,031	-	-	-	(853,177)	(853,177)
Gas system	1,150,555	2,260,034	-	-	-	1,109,479	1,109,479
Total business-type activities	<u>11,435,241</u>	<u>12,464,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,029,401</u>	<u>1,029,401</u>
Total primary government	<u>\$ 18,092,161</u>	<u>\$ 13,097,587</u>	<u>\$ 383,568</u>	<u>\$ -</u>	<u>(5,640,407)</u>	<u>1,029,401</u>	<u>(4,611,006)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,365,572	-	1,365,572
Franchise tax					19,860	-	19,860
Intergovernmental revenue:							
Sales tax					1,436,270	-	1,436,270
Income tax					558,613	-	558,613
Replacement tax					43,550	-	43,550
Telecommunication tax					81,479	-	81,479
Video gaming tax					68,490	-	68,490
Foreign fire tax					12,966	-	12,966
Interest and investment income (expense)					22,712	5,161	27,873
Miscellaneous					176,714	25,079	201,793
Proceeds from sale of assets					513	14,301	14,814
Transfers					(79,266)	79,266	-
Total general revenues and transfers					<u>3,707,473</u>	<u>123,807</u>	<u>3,831,280</u>
Change in net position					<u>(1,932,934)</u>	<u>1,153,208</u>	<u>(779,726)</u>
Net position - beginning (Restated, see Note 17)					<u>12,039,115</u>	<u>13,905,100</u>	<u>25,944,215</u>
Net position - ending					<u>\$ 10,106,181</u>	<u>\$ 15,058,308</u>	<u>\$ 25,164,489</u>

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

CITY OF FAIRFIELD, IL
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2020

	General	TIF #1 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 33,245	\$ 1,021,654	\$ 1,064,072	\$ 2,118,971
Restricted cash and cash equivalents	32,900	-	-	32,900
Due from other funds	31,804	1,073,232	-	1,105,036
Investments	29,524	-	578,033	607,557
Notes receivable, net of allowance of \$0	-	-	232,980	232,980
Total assets	<u>\$ 127,473</u>	<u>\$ 2,094,886</u>	<u>\$ 1,875,085</u>	<u>\$ 4,097,444</u>
LIABILITIES				
Due to other funds	\$ 114,368	\$ -	\$ 1,105,036	\$ 1,219,404
Total liabilities	<u>114,368</u>	<u>-</u>	<u>1,105,036</u>	<u>1,219,404</u>
FUND BALANCES				
Non-spendable	-	-	232,980	232,980
Restricted	32,900	2,094,886	1,545,120	3,672,906
Unassigned	(19,795)	-	(1,008,051)	(1,027,846)
Total fund balances	<u>13,105</u>	<u>2,094,886</u>	<u>770,049</u>	<u>2,878,040</u>
Total liabilities and fund balances	<u>\$ 127,473</u>	<u>\$ 2,094,886</u>	<u>\$ 1,875,085</u>	<u>\$ 4,097,444</u>

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

**CITY OF FAIRFIELD, IL
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2020**

Fund balances - total governmental funds		\$ 2,878,040
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
	Capital outlays	21,707,677
	Depreciation	<u>(14,119,299)</u>
		<u>7,588,378</u>
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
		<u>(415,700)</u>
<p>Internal service funds are used by management to charge health insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.</p>		
		<u>55,463</u>
Net position of governmental activities		<u><u>\$ 10,106,181</u></u>

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

CITY OF FAIRFIELD, IL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>General</u>	<u>TIF #1 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 330,292	\$ 961,596	\$ 73,684	\$ 1,365,572
Franchise tax	19,860	-	-	19,860
Sales tax	1,436,270	-	-	1,436,270
Income tax	558,613	-	-	558,613
Replacement tax	40,031	-	3,519	43,550
Motor fuel taxes	-	-	186,313	186,313
Telecommunication tax	81,479	-	-	81,479
Video gaming tax	68,490	-	-	68,490
Foreign fire tax	12,966	-	-	12,966
Licenses and permits	4,000	-	-	4,000
Fees and fines	25,879	-	-	25,879
Charges for services	594,160	-	8,907	603,067
Interest and investment income	1,185	1,189	20,338	22,712
Operating grants	181,416	-	6,443	187,859
Operating contributions	-	-	9,396	9,396
Miscellaneous	171,273	-	5,954	177,227
Total revenues	<u>3,525,914</u>	<u>962,785</u>	<u>314,554</u>	<u>4,803,253</u>
EXPENDITURES				
Current:				
General government	1,125,740	-	-	1,125,740
Public safety	1,926,986	-	-	1,926,986
Social services	311,957	-	-	311,957
Transportation	949,373	-	8,555	957,928
Public works	293,007	977,305	83,200	1,353,512
Sanitation	279,049	-	-	279,049
Culture and recreation	57,666	-	119,951	177,617
Debt service:				
Principal	33,731	-	-	33,731
Interest	-	-	-	-
Capital outlay	585,907	-	-	585,907
Total expenditures	<u>5,563,416</u>	<u>977,305</u>	<u>211,706</u>	<u>6,752,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,037,502)</u>	<u>(14,520)</u>	<u>102,848</u>	<u>(1,949,174)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	134,431	-	-	134,431
Transfers in	1,807,560	-	60,224	1,867,784
Transfers out	-	(1,947,050)	-	(1,947,050)
Total other financing sources (uses)	<u>1,941,991</u>	<u>(1,947,050)</u>	<u>60,224</u>	<u>55,165</u>
Net change in fund balances	(95,511)	(1,961,570)	163,072	(1,894,009)
Fund balances - beginning	<u>108,616</u>	<u>4,056,456</u>	<u>606,977</u>	<u>4,772,049</u>
Fund balances - ending	<u>\$ 13,105</u>	<u>\$ 2,094,886</u>	<u>\$ 770,049</u>	<u>\$ 2,878,040</u>

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

**CITY OF FAIRFIELD, IL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2020**

Net change in fund balances - total governmental funds \$ (1,894,009)

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

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

Capital outlays	675,608	
Depreciation	<u>(623,488)</u>	<u>52,120</u>

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

Repayments	33,731	
Proceeds	<u>(134,431)</u>	<u>(100,700)</u>

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

	<u>9,655</u>
--	--------------

Change in net position of governmental activities

	<u><u>\$ (1,932,934)</u></u>
--	------------------------------

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

CITY OF FAIRFIELD, IL
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2020

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities
	Electric Fund	Waterworks and Sewer Funds	Gas Fund		Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 253,725	\$ -	\$ 304,177	\$ 557,902	\$ 93,052
Restricted cash and cash equivalents	297,036	214,340	-	511,376	-
Investments	77,321	-	54,917	132,238	-
Total current assets	<u>628,082</u>	<u>214,340</u>	<u>359,094</u>	<u>1,201,516</u>	<u>93,052</u>
Noncurrent assets:					
Due from other funds	475,962	-	475,963	951,925	-
Capital assets, net of accumulated depreciation	8,850,668	20,468,175	317,847	29,636,690	-
Total noncurrent assets	<u>9,326,630</u>	<u>20,468,175</u>	<u>793,810</u>	<u>30,588,615</u>	<u>-</u>
Total Assets	<u>\$ 9,954,712</u>	<u>\$ 20,682,515</u>	<u>\$ 1,152,904</u>	<u>\$ 31,790,131</u>	<u>\$ 93,052</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	\$ 284,866	\$ 37,055	\$ -	\$ 321,921	\$ -
LIABILITIES AND NET POSITION					
Liabilities:					
Current liabilities:					
Utility tax payable	\$ 882	\$ -	\$ 626	\$ 1,508	\$ -
Bonds and notes payable	461,495	637,970	-	1,099,465	-
Total current liabilities	<u>462,377</u>	<u>637,970</u>	<u>626</u>	<u>1,100,973</u>	<u>-</u>
Noncurrent liabilities:					
Due to other funds	-	951,925	-	951,925	-
Bonds and notes payable	7,826,832	7,211,603	-	15,038,435	-
Total noncurrent liabilities	<u>7,826,832</u>	<u>8,163,528</u>	<u>-</u>	<u>15,990,360</u>	<u>-</u>
Total liabilities	<u>8,289,209</u>	<u>8,801,498</u>	<u>626</u>	<u>17,091,333</u>	<u>-</u>
Net investment in capital assets	562,341	12,618,602	317,847	13,498,790	-
Restricted	297,036	214,340	-	511,376	-
Unassigned	1,090,992	(914,870)	834,431	1,010,553	93,052
Total net position	<u>\$ 1,950,369</u>	<u>\$ 11,918,072</u>	<u>\$ 1,152,278</u>	<u>\$ 15,020,719</u>	<u>\$ 93,052</u>
Total Liabilities and Net Position	<u>\$ 10,239,578</u>	<u>\$ 20,719,570</u>	<u>\$ 1,152,904</u>		<u>\$ 93,052</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				37,589	
Total net position of business-type activities				<u>\$ 15,058,308</u>	

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

CITY OF FAIRFIELD, IL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities
	Electric Fund	Waterworks and Sewer Funds	Gas Fund		Internal Service Fund
Operating revenues:					
Charges for services	\$ 7,975,577	\$ 2,229,031	\$ 2,260,034	\$ 12,464,642	\$ -
Charges to other funds	-	-	-	-	791,474
Employee withholdings	-	-	-	-	108,165
Miscellaneous revenue	30,960	6,241	2,179	39,380	-
Total operating revenues	<u>8,006,537</u>	<u>2,235,272</u>	<u>2,262,213</u>	<u>12,504,022</u>	<u>899,639</u>
Operating expenses:					
Personal services	885,918	1,090,379	349,379	2,325,676	-
Support services	22,046	24,156	29,766	75,968	-
Contractual services	4,865,547	29,213	624,798	5,519,558	-
Utilities	42,808	254,732	8,856	306,396	-
Repairs and maintenance	191,253	253,841	61,975	507,069	-
Other supplies and materials	234,911	245,653	31,391	511,955	-
Insurance	102,610	55,402	14,505	172,517	884,682
Depreciation	546,862	985,263	30,612	1,562,737	-
Other	1,672	3,632	-	5,304	-
Total operating expenses	<u>6,893,627</u>	<u>2,942,271</u>	<u>1,151,282</u>	<u>10,987,180</u>	<u>884,682</u>
Operating income (loss)	<u>1,112,910</u>	<u>(706,999)</u>	<u>1,110,931</u>	<u>1,516,842</u>	<u>14,957</u>
Nonoperating revenues (expenses):					
Interest and investment income (expense)	3,973	-	1,188	5,161	51
Interest expense	(310,829)	(142,585)	-	(453,414)	-
Transfers in	-	2,940,928	-	2,940,928	-
Transfers out	(1,236,632)	(394,200)	(1,230,830)	(2,861,662)	-
Total nonoperating revenue (expenses)	<u>(1,543,488)</u>	<u>2,404,143</u>	<u>(1,229,642)</u>	<u>(368,987)</u>	<u>51</u>
Change in net position	(430,578)	1,697,144	(118,711)	1,147,855	15,008
Total net position - beginning	<u>2,380,947</u>	<u>10,220,928</u>	<u>1,270,989</u>		<u>78,044</u>
Total net position - ending	<u>\$ 1,950,369</u>	<u>\$ 11,918,072</u>	<u>\$ 1,152,278</u>		<u>\$ 93,052</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. Change in net position of business-type activities				<u>5,353</u>	
				<u>\$ 1,153,208</u>	

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

CITY OF FAIRFIELD, IL
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities Internal Service Fund
	Electric Fund	Waterworks and Sewer Funds	Gas Fund		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 8,006,537	\$ 2,235,272	\$ 2,262,213	\$ 12,504,022	\$ -
Receipts from interfund services provided	-	-	-	-	899,639
Payments to suppliers	(5,441,798)	(861,633)	(771,240)	(7,074,671)	-
Payments (to) from other funds	1	-	(1)	-	-
Payments for claims	-	-	-	-	(884,682)
Payments to employees	(885,918)	(1,090,379)	(349,379)	(2,325,676)	-
Net cash provided by operating activities	<u>1,678,822</u>	<u>283,260</u>	<u>1,141,593</u>	<u>3,103,675</u>	<u>14,957</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	2,940,928	-	2,940,928	-
Transfers to other funds	(1,236,632)	(394,200)	(1,230,830)	(2,861,662)	-
Net cash provided by (used in) non-capital financing activities	<u>(1,236,632)</u>	<u>2,546,728</u>	<u>(1,230,830)</u>	<u>79,266</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(216,180)	(2,031,965)	(5,051)	(2,253,196)	-
Proceeds from capital debt	183,180	-	-	183,180	-
Principal paid on capital debt	(439,853)	(686,771)	-	(1,126,624)	-
Interest paid on capital debt	(310,829)	(142,585)	-	(453,414)	-
Net cash used in capital and related financing activities	<u>(783,682)</u>	<u>(2,861,321)</u>	<u>(5,051)</u>	<u>(3,650,054)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Redemption of investments	(3,849)	-	(1,188)	(5,037)	-
Interest	3,973	-	1,188	5,161	52
Net cash provided by investing activities	<u>124</u>	<u>-</u>	<u>-</u>	<u>124</u>	<u>52</u>
Net increase (decrease) in cash and cash equivalents	<u>(341,368)</u>	<u>(31,333)</u>	<u>(94,288)</u>	<u>(466,989)</u>	<u>15,009</u>
Balances - beginning of year	<u>892,129</u>	<u>245,673</u>	<u>398,465</u>	<u>1,536,267</u>	<u>78,043</u>
Balances - end of year	<u>\$ 550,761</u>	<u>\$ 214,340</u>	<u>\$ 304,177</u>	<u>\$ 1,069,278</u>	<u>\$ 93,052</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 1,112,910	\$ (706,999)	\$ 1,110,931	\$ 1,516,842	\$ 14,957
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	546,862	985,263	30,612	1,562,737	-
Change in current assets and current liabilities:					
Due (to) from other funds	1	-	(1)	-	-
Utility tax payable	(156)	-	51	(105)	-
Deferred charges on refunding	19,205	4,996	-	24,201	-
Net cash provided by operating activities	<u>\$ 1,678,822</u>	<u>\$ 283,260</u>	<u>\$ 1,141,593</u>	<u>\$ 3,103,675</u>	<u>\$ 14,957</u>
Cash and cash equivalents per Statement of Net Position - Modified Cash Basis:					
Cash and equivalents	\$ 253,725	\$ -	\$ 304,177	\$ 557,902	\$ 93,052
Restricted cash and cash equivalents	297,036	214,340	-	511,376	-
	<u>\$ 550,761</u>	<u>\$ 214,340</u>	<u>\$ 304,177</u>	<u>\$ 1,069,278</u>	<u>\$ 93,052</u>

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

CITY OF FAIRFIELD, IL
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
APRIL 30, 2020

	Pension Trust Funds	Agency Funds	Total
ASSETS			
Cash and cash equivalents	\$ 416,456	\$ 18,936	\$ 435,392
Investments	4,440,148	116,218	4,556,366
Due from other funds	114,368	-	114,368
Total assets	<u>4,970,972</u>	<u>135,154</u>	<u>5,106,126</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Due to others	\$ -	\$ 135,154	\$ 135,154
Total liabilities	<u>-</u>	<u>135,154</u>	<u>135,154</u>
Net position:			
Held in trust for pension benefits	4,970,972	-	4,970,972
Total net position	<u>4,970,972</u>	<u>-</u>	<u>4,970,972</u>
Total liabilities and net position	<u>\$ 4,970,972</u>	<u>\$ 135,154</u>	<u>\$ 5,106,126</u>

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

**CITY OF FAIRFIELD, IL
STATEMENT OF CHANGES IN NET POSITION -
MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2020**

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 453,992
Plan members	77,299
Total contributions	531,291
Investment earnings:	
Interest	40,643
Change in fair market value of investments	89,715
Net investment earnings	155,319
Total additions	686,610
DEDUCTIONS	
Benefits	487,291
Administrative expenses	1,406
Total deductions	488,697
Change in net position	197,913
Net position - beginning	4,773,059
Net position - end of year	\$ 4,970,972

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

B. Basis of Presentation

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-wide Financial Statements

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

Fund Financial Statements

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

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

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

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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

C. Measurement Focus

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

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

Basis of Accounting

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

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

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

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus (Continued)

Fund Types and Major Funds

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

D. Budgets

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

The City's investments include broker-held money market accounts, certificates of deposit, variable annuity contracts, equities, mortgage-backed securities, corporate bonds, municipal securities, and mutual funds. These investments are held by the City's General, Electric, Gas, Waterworks and Sewer, Meter, Library, Police Pension and Firemen's Pension Funds and, with the exception of the broker-held money market accounts and certificates of deposit, are recorded at fair value. The money market and certificates of deposits are recorded at cost, which approximates market value. The gains or losses on the sale of these investments are recognized upon realization. Market adjustments for these investments are recorded in the investment earnings in the current period. The fair value adjustments are based on quoted market prices at April 30, 2020 in actively traded markets.

F. Due To and Due from Other Funds

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

G. Capital Assets

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

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

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

H. Compensated Absences

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

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

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

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows of Resources

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

K. Fund Balance/Net Position

Government-wide Statements

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

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

Fund Financial Statements

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

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

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance/Net Position (Continued)

Fund Financial Statements (Continued)

Committed includes amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. The City Council is the highest level of decision-making authority for the City. No funds carried a committed balance in fiscal year 2020.

Assigned includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only City Council may assign amounts for specific purposes. No funds carried an assigned balance in fiscal year 2020.

Unassigned includes all amounts not included in other spendable classifications. The major General fund, as well as the non- major TIF #2, Motor Fuel Tax, Economic Development, Police Department ADA Grant, Library, and Development Commission funds carry an unassigned balance.

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

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

L. Property Taxes

The City's property tax is levied each calendar year on all taxable real property located in the City. The City must file its tax levy by the last Tuesday of December each year. Property taxes attach as an enforceable lien on property as of January 1. Taxes are generally payable in two installments between the months of October and December. Property taxes are billed and collected by the Wayne County Treasurer, who then remits property taxes collected to the City. The current financial statements reflect property taxes that were levied in December 2018 and collected between November 2019 and March 2020 in revenues.

M. Related Party Transactions

There were no material related party transactions with the City officials or employees during the year ended April 30, 2020.

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Use of Estimates

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

O. Cash and Cash Equivalents

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

P. Date of Management's Review

Management has evaluated subsequent events through September 18, 2020, the date which the financial statements were available to be issued. Management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the City's financial position, results of its operations and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2: CASH AND INVESTMENTS

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

Cash Deposits

At April 30, 2020 the carrying amount of the City's government-wide, fiduciary, and internal service cash deposits were \$4,038,671, \$435,392 and \$93,052, respectively. The City's government-wide, agency, and internal service bank balances as of April 30, 2020 were \$4,362,045, \$438,750 and \$93,052, respectively. Of the total bank balances as of April 30, 2020, \$964,340 was secured by federal depository insurance and \$3,929,507 was collateralized by securities pledged by the City of Fairfield's financial institutions in the name of the City. This includes petty cash and cash on hand amounts of \$4,322.

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds in excess of FDIC limits to be secured by some form of collateral with the financial institution. As of April 30, 2020, \$3,929,507 of the City’s bank balance of \$4,893,847 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank’s trust department not in the City’s name	\$ <u>3,929,507</u>
---	---------------------

Investments and Investment Custodial Credit Risk

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

At April 30, 2020, the carrying amount and financial institution balance of the City’s government-wide and fiduciary investments were \$739,795 and \$4,556,366, respectively. The carrying amount is as follows:

Brokered certificates of deposit	\$ 635,379
Non-negotiable certificates of deposit	846,713
Variable annuity contracts	1,025,104
Broker-held money market	202,913
Equities	13,846
Mortgage-backed securities	181,771
Corporate bonds	235,015
Municipal securities	1,096,275
Mutual funds	<u>1,059,145</u>
	<u>\$ 5,296,161</u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for investment custodial credit risk. As of April 30, 2020, the City’s investments were exposed to custodial credit risk as follows:

Investment securities held by counterparty	\$ <u>5,296,161</u>
--	---------------------

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Investments as of April 30, 2020 are summarized below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>
Brokered certificates of deposit	\$ 635,379	2.30
Non-negotiable certificates of deposit	846,713	0.60
Variable annuity contracts	1,025,104	22.69
Broker-held money market	202,913	N/A
Equities	13,846	N/A
Mortgage-backed securities	181,771	10.25
Corporate bonds	235,015	8.77
Municipal securities	1,096,275	8.41
Mutual funds	1,059,145	N/A
	<u>\$ 5,296,161</u>	

Credit Risk of Debt Securities

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligations to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. State law limits investments in corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Other investments are invested as permitted by the Illinois Pension Code of the Illinois Compiled Status. Foreign currency risk, the risk that changes in exchange rates will adversely affect the fair value of an investment, is expected to be minor based on investment allocations. At April 30, 2020, the City did not maintain any investments below the required investment grades.

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 3: COMMON BANK ACCOUNT

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

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

NOTE 4: LOANS RECEIVABLE

In order to stimulate industrial and economic growth, The City has issued loans to local businesses and residents for capital improvements and construction. The following is an analysis of the loans outstanding, net of reserve for bad debt at April 30, 2020:

Economic Development Loans	
Interest rates varying from 3% to 4.5%, with maturities in 9 years, with equal principal and interest payments, 7 loans.	<u><u>\$ 232,980</u></u>

Activity on the above loans was as follows:

	Economic Development
Loans receivable - May 1, 2019	\$ 224,893
New loans added	45,000
Principal payments	(36,913)
Allowance for bad debts	-
Loans receivable - April 30, 2020	<u><u>\$ 232,980</u></u>

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

Year Ended	Principal	Interest	Total
<u>April 30,</u>			
2021	\$ 35,429	\$ 6,853	\$ 42,282
2022	36,614	5,666	42,280
2023	37,855	4,425	42,280
2024	35,631	3,184	38,815
2025 - 2029	87,451	4,971	92,422
Total	<u><u>\$ 232,980</u></u>	<u><u>\$ 25,099</u></u>	<u><u>\$ 258,079</u></u>

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 5: CHANGES IN CAPITAL ASSETS

General Government	Balance May 01, 2019	Additions	Deletions	Transfers	Balance April 30, 2020
Assets not depreciated:					
Land	\$ 930,112	\$ -	\$ -	\$ -	\$ 930,112
Assets depreciated:					
Infrastructure	13,849,801	-	-	-	13,849,801
Buildings	3,303,413	68,900	(450,426)	-	2,921,887
Equipment	3,472,103	606,708	(281,833)	-	3,796,978
Total Capital Assets	21,555,429	675,608	(732,259)	-	21,498,778
Less: Accumulated Depreciation	(13,774,162)	(618,266)	281,833	-	(14,110,595)
Capital Assets, net	<u>\$ 7,781,267</u>	<u>\$ 57,342</u>	<u>\$ (450,426)</u>	<u>\$ -</u>	<u>\$ 7,388,183</u>
Motor Fuel Tax	May 01, 2019	Additions	Deletions	Transfers	April 30, 2020
Assets not depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Assets depreciated:					
Infrastructure	208,899	-	-	-	208,899
Buildings	-	-	-	-	-
Equipment	-	-	-	-	-
Total Capital Assets	208,899	-	-	-	208,899
Less: Accumulated Depreciation	(3,482)	(5,222)	-	-	(8,704)
Capital Assets, net	<u>\$ 205,417</u>	<u>\$ (5,222)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,195</u>

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 5: CHANGES IN CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in capital assets:

Business-Type Activities

Electric System	Balance May 01, 2019	Additions	Deletions	Transfers	Balance April 30, 2020
Assets not depreciated:					
Land	\$ 546,007	\$ -	\$ -	\$ -	\$ 546,007
Assets depreciated:					
Electric System	16,313,577	-	-	-	16,313,577
Equipment	1,628,637	216,180	(211,186)	(40,000)	1,593,631
Total Capital Assets	18,488,221	216,180	(211,186)	(40,000)	18,453,215
Less: Accumulated Depreciation	(9,306,871)	(546,862)	211,186	40,000	(9,602,547)
Capital Assets, net	<u>\$ 9,181,350</u>	<u>\$ (330,682)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,850,668</u>

Waterworks and Sewer System	Balance May 01, 2019	Additions	Deletions	Transfers	Balance April 30, 2020
Assets not depreciated:					
Land	\$ 352,472	\$ -	\$ -	\$ -	\$ 352,472
Construction in Progress	28,000	74,528	-	(28,000)	74,528
Assets depreciated:					
System	35,287,496	1,877,258	-	28,000	37,192,754
Equipment	807,483	80,179	(11,547)	40,000	916,115
Total Capital Assets	36,475,451	2,031,965	(11,547)	40,000	38,535,869
Less: Accumulated Depreciation	(17,053,978)	(985,263)	11,547	(40,000)	(18,067,694)
Capital Assets, net	<u>\$ 19,421,473</u>	<u>\$ 1,046,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,468,175</u>

Gas System	Balance May 01, 2019	Additions	Deletions	Transfers	Balance April 30, 2020
Assets not depreciated:					
Land	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Assets depreciated:					
Gas System	1,643,171	-	-	-	1,643,171
Equipment	155,376	5,051	(13,113)	-	147,314
Total Capital Assets	1,799,547	5,051	(13,113)	-	1,791,485
Less: Accumulated Depreciation	(1,456,139)	(30,612)	13,113	-	(1,473,638)
Capital Assets, net	<u>\$ 343,408</u>	<u>\$ (25,561)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,847</u>

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 5: CHANGES IN CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		Business-type activities:	
General Government	\$ 10,527	Electric Fund	\$ 546,862
Public Safety	112,192	Waterworks/Sewer Fund	985,263
Social Services	8,667	Gas Fund	<u>30,612</u>
Transportation	368,891	Total	<u>\$ 1,562,737</u>
Public Works	100,884	Nonmajor governmental activities:	
Culture and recreation	<u>17,105</u>	Motor Fuel Tax	\$ 5,222
Total	<u>\$ 618,266</u>	Total	<u>\$ 5,222</u>

NOTE 6: RESTRICTED ASSETS – BUSINESS-TYPE ACTIVITIES

Governmental Activities

At April 30, 2020, the City maintained restricted cash and investments for the following purposes:

RESTRICTED CASH

	General Fund	Total
Restricted for debt services	<u>\$ 32,900</u>	<u>\$ 32,900</u>

Business-Type Activities

At April 30, 2020, the City maintained restricted cash and investments for the following purposes:

RESTRICTED CASH

	Electric Fund	Waterworks and Sewer Fund	Total
Restricted for debt services	<u>\$ 297,036</u>	<u>\$ 214,340</u>	<u>\$ 511,376</u>

NOTE 7: UNEARNED REVENUE

The City allows for advance payments of utility services by residents. The City maintains these advanced payments as unapplied cash in the General Fund until they are earned by one of the proprietary funds. The balance of the account was \$29,191 as of April 30, 2020.

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 8: FUND EQUITY

The City's non-spendable fund balance consisted of notes receivable from its Economic Development fund totaling \$232,980 at April 30, 2020.

During the fiscal year ended April 30, 2020, the City had the following Governmental Fund Restricted fund balances:

a. Restricted

Fund	Amount
General Fund:	
Foreign Fire	\$ 5,644
DARE	2,153
Police Drug	25,103
Total General Fund	32,900
TIF #1	2,094,886
NonMajor Governmental Funds:	
Motor Fuel Tax	547,445
Economic Development	239,653
Police Dept. ADA Grant	502
Library	692,477
Development Commission	65,043
Total NonMajor Governmental Funds	1,545,120
Total Restricted Funds	\$ 3,672,906

As of April 30, 2020, the TIF #2 Fund has accumulated a fund deficit of \$1,008,051. This deficit has arisen primarily due to interfund loans between funds of the City. The General Fund also shows a deficit of \$19,795. The City intends on monitoring these deficits and working to repay by adjusting tax levies, transferring funds, and monitoring expenses. However, the City has restricted assets in its General Fund from donations and other restricted sources as noted above, which have been used for non-restricted purposes at this time due to the current deficits.

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 9: PENSION PLANS

Illinois Municipal Retirement Fund

Regular Employee Plan

A. Plan Description

The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained at www.imrf.org.

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

Employees hired on or after January 1, 2011, are eligible for Tier II benefits. For Tier II employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first fifteen years of service credit, plus 2% for each year of service credit after 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 II, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of a) 3% of the original pension amount, or b) 1/2 of the increase in the Consumer Price Index of the original pension amount.

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund (Continued)

Regular Employee Plan (Continued)

B. Funding Policies

As set by statute, the City's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate was 9.03 percent and 11.96 percent for the calendar years 2019 and 2020, respectively. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, which supplemental retirement benefits rate is set by statute.

For fiscal year ending April 30, 2020, the City's actual contributions for pension cost for the Regular plan were \$265,633. The covered payroll for fiscal year ending April 30, 2020 (annual payroll of active employees covered by the plan) was \$2,941,676.

Police & Firemen's Pension Plans

A. Plan Descriptions

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer plan, the defined benefits and employee and employer contributions levels are governed by Illinois State Statutes (Chapter 40 1/2 Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. For fiscal year ending April 30, 2020, the employer and employee contributions made were \$332,021 and \$54,239, respectively. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2020 was \$565,012.

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Police & Firemen's Pension Plans (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

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

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Police & Firemen's Pension Plans (Continued)

A. Plan Descriptions (Continued)

Firemen's Pension Plan

Fire sworn personnel are covered by the Firemen's Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois State Statutes (Chapter 40 1/2 - Pensions - Article 4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. For fiscal year ending April 30, 2020, the employer and employee contributions made were \$121,971 and \$23,060, respectively. The City's payroll for employees covered by the Firemen's Pension Plan for the year ended April 30, 2020 was \$243,587.

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

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

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Social Security

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

NOTE 10: POST-EMPLOYMENT HEALTH CARE BENEFITS

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

In addition to COBRA Benefits, in accordance with rules established through participation in the Illinois Municipal Retirement Fund, the City offers health insurance coverage to retirees. The City evaluated its potential liability for postemployment benefits other than pensions. Former employees who choose to retain their rights to health, dental, and vision insurance through the City are required to pay 100% of the current premium. As of April 30, 2020, the City had no employees who chose to utilize this postemployment benefit. As a result, the City experienced no utilization, and therefore there is virtually no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the City had no former employees for whom the City was providing an explicit subsidy, nor did the City have any current employees with agreements for future explicit subsidies upon retirement. As the City reports on the modified cash basis of accounting, no postemployment benefit liability has been recorded as of April 30, 2020.

NOTE 11: COMMITMENTS AND CONTINGENCIES

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

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 12: LONG-TERM DEBT

Governmental Funds

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

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

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

Business-Type Activities

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

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

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 12: LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

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

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

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

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

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 12: LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2020:

	Payable at May 01, 2019	Additions	Reductions	Payable at April 30, 2020
Governmental Activities				
Fire Truck Note Payable	\$ 315,000	\$ -	\$ (17,500)	\$ 297,500
Truck Lease Payable	-	60,153	(16,231)	43,922
Back Hoe Lease Payable	-	74,278	-	74,278
	<u>\$ 315,000</u>	<u>\$ 134,431</u>	<u>\$ (33,731)</u>	<u>\$ 415,700</u>
Business-type Activities				
GO Bond Series 2015	\$ 8,545,000	\$ -	\$ (425,000)	\$ 8,120,000
Back Yard Digger Lease Payable	-	183,180	(14,853)	168,327
GO Refunding Series 2016	1,660,000	-	(275,000)	1,385,000
Water Intake and Water Line	1,737,961	-	(98,281)	1,639,680
Water Treatment Plant	5,138,383	-	(313,490)	4,824,893
	<u>\$ 17,081,344</u>	<u>\$ 183,180</u>	<u>\$ (1,126,624)</u>	<u>\$ 16,137,900</u>

Interest Expense

Interest expense on long-term debt of \$453,414 was reported as a direct expense in the governmental and business-type activities on the government-wide statements.

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

Fiscal Year	Governmental Activities		Total Funds Required
	Principal	Interest	
2021	\$ 40,527	\$ 5,810	\$ 46,337
2022	41,800	4,536	46,336
2023	43,152	3,185	46,337
2024	28,070	2,035	30,105
2025-2029	122,151	3,164	125,315
2030-2034	87,500	-	87,500
2035-2037	52,500	-	52,500
Total	<u>\$ 415,700</u>	<u>\$ 18,730</u>	<u>\$ 434,430</u>

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 12: LONG-TERM DEBT (CONCLUDED)

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

Fiscal Year	Business-type Activities		Total Funds Required
	Principal	Interest	
2021	\$ 1,099,465	\$ 416,068	\$ 1,515,533
2022	1,128,478	391,905	1,520,383
2023	1,157,827	364,706	1,522,533
2024	1,082,535	121,042	1,203,577
2025-2029	5,462,518	1,292,145	6,754,663
2030-2034	5,527,077	603,168	6,130,245
2035-2037	680,000	27,200	707,200
Total	<u>\$ 16,137,900</u>	<u>\$ 3,216,234</u>	<u>\$ 19,354,134</u>

NOTE 13: LEGAL DEBT MARGIN

The City is limited in the amount of long term debt it may carry. The authorized debt limitation is based upon 65 ILCS 5/8-5-1, which states in part that no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness, in the aggregate exceeding 8.625% on the value of the taxable property therein. As of April 30, 2020, the total equalized assessed valuation of the City of Fairfield is \$43,030,753. The legal debt limitation of the City is \$3,711,402 with non-exempt debt outstanding of \$415,700 for a legal debt margin of \$3,295,702 as of April 30, 2020.

NOTE 14: INTERFUND LOANS

Individual fund receivable and payable balances at April 30, 2020 are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 31,804	\$ 114,368
TIF #1	1,073,232	-
TIF #2	-	1,105,036
Gas	475,962	-
Electric	475,963	-
Waterworks and Sewer	-	951,925
Fire Pension	29,527	-
Police Pension	84,841	-
	<u>\$ 2,171,329</u>	<u>\$ 2,171,329</u>

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 14: INTERFUND LOANS (CONCLUDED)

The General Fund's interfund receivables consist of a loan to TIF #2 for unpaid City charges for labor, equipment rental, fuel, and maintenance that were used during the years ending April 30, 2006 and 2007, for installation of infrastructure in the TIF #2 residual housing area. During 2008, TIF #1 paid \$228,050 for TIF #2 leaving a balance due of \$31,804 owed by TIF #2 to the General Fund as of April 30, 2020.

There is a loan from TIF #1 to TIF #2 for the purchase of infrastructure materials totaling \$272,200, payment of \$500,000 principal and interest of \$72,982 on bank loan owed by TIF #2, and payment of \$228,050 on the loan to the General Fund. The balance due as of April 30, 2020 is \$1,073,232. The loan from TIF #1 to the Electric Fund is for the purchase of a new transformer at a cost of \$741,679 less the proceeds of \$15,000 for the sale of the old transformer.

The loans from the Gas Fund to the Waterworks and Sewer Fund represent the removal of deficit cash balances resulting in the common bank account of the City. The amount due from the Waterworks and Sewer Fund at April 30, 2020 is \$475,962.

The loans from the Electric Fund to Waterworks and Sewer Fund represent the removal of deficit cash balances resulting in the common bank account of the City. The amount due from the Waterworks and Sewer Fund at April 30, 2020 are \$475,963.

The loan from the Fire Pension Fund to the General Fund represents property taxes due to the Fire Pension Fund in the amount of \$29,527 as of April 30, 2020 that was the result of surplus funds remitted from the TIF #1 Fund to the County Treasurer. Upon receipt by the City, all funds were deposited as General Fund property tax revenues.

The loan from the Police Pension Fund to the General Fund represents property taxes due to the Police Pension Fund in the amount of \$84,841 as of April 30, 2020 that was the result of surplus funds remitted from the TIF #1 Fund to the County Treasurer. Upon receipt by the City, all funds were deposited as General Fund property tax revenues.

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

CITY OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 15: INTERFUND TRANSFERS

Interfund transfers which occurred during the year ended April 30, 2020 are as follows:

Fund	Transfers In	Transfers Out
General	\$ 1,807,560	\$ -
TIF #1	-	1,947,050
Electric	-	1,236,632
Gas	-	1,230,830
Waterworks and Sewer	2,940,928	394,200
Non-major governmental	60,224	-
	<u>\$ 4,808,712</u>	<u>\$ 4,808,712</u>

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

NOTE 16: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year. Claims have not exceeded coverage in either of the two previous years.

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

NOTE 17: PRIOR PERIOD ADJUSTMENT

During the testing of capital assets it was noted that land was disposed of in the prior years but not removed from the statement of net position. Therefore, the beginning net position for governmental activities was decreased by \$450,427.

Net Position as of 4/30/2019	\$12,489,542
Land Disposal	<u>(450,427)</u>
Net Position as of 5/1/2019, restated	<u>\$12,039,115</u>

COMPLIANCE
SECTION



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

To the Mayor and
City Council
City of Fairfield, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the City of Fairfield, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Fairfield, Illinois' basic financial statements and have issued our report thereon dated September 18, 2020. Our report on the financial statements disclosed that the City prepares its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This is described in Note 1 to the financial statements. Additionally, our report on the financial statements disclosed that the Fiduciary Fund investments are recorded at fair market value rather than at cost as required by the modified cash basis of accounting.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2020-001 that we consider to be material weakness.

To the Mayor and
City Council
City of Fairfield, Illinois

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fairfield, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-002.

City of Fairfield, Illinois' Response to Findings

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

Purpose of this Report

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

Kemper CPA Group, LLP

Kemper CPA Group LLP
Certified Public Accountants and Consultants

September 18, 2020
Evansville, Indiana

CITY OF FAIRFIELD
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED APRIL 30, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001 Unable to prepare financial statement footnotes

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

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

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

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

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

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

CITY OF FAIRFIELD
SCHEDULE OF FINDINGS AND RESPONSES
(CONTINUED)
YEAR ENDED APRIL 30, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT, CONTINUED

2020-002 There is an improper use of funds between the two Tax Increment Financing districts of the City.

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

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

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

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

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

SUPPLEMENTARY
INFORMATION

CITY OF FAIRFIELD, IL
 COMBINING BALANCE SHEETS - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2020

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Motor Fuel Tax	TIF #2 Fund	Economic Development	Police Dept. ADA Grant Fund	Library	Development Commission	
ASSETS							
Cash and equivalents	\$ 547,445	\$ 96,985	\$ 239,653	\$ 502	\$ 114,444	\$ 65,043	\$ 1,064,072
Investments	-	-	-	-	578,033	-	578,033
Notes receivable, net of allowance of \$0	-	-	232,980	-	-	-	232,980
Total assets	\$ 547,445	\$ 96,985	\$ 472,633	\$ 502	\$ 692,477	\$ 65,043	\$ 1,875,085
LIABILITIES							
Due to other funds	\$ -	\$ 1,105,036	\$ -	\$ -	\$ -	\$ -	\$ 1,105,036
Total liabilities	-	1,105,036	-	-	-	-	\$ 1,105,036
FUND BALANCES							
Fund balances:							
Non-spendable	\$ -	\$ -	\$ 232,980	\$ -	\$ -	\$ -	\$ 232,980
Unassigned	-	(1,008,051)	-	-	-	-	(1,008,051)
Restricted	547,445	-	239,653	502	692,477	65,043	1,545,120
Total fund balances	547,445	(1,008,051)	472,633	502	692,477	65,043	770,049
Total liabilities and fund balances	\$ 547,445	\$ 96,985	\$ 472,633	\$ 502	\$ 692,477	\$ 65,043	\$ 1,875,085

CITY OF FAIRFIELD, IL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2020

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Motor Fuel Tax	TIF #2 Fund	Economic Development	Police Dept. ADA Grant Fund	Library	Development Commission	
REVENUES							
Property taxes	\$ -	\$ 10,003	\$ -	\$ -	\$ 63,681	\$ -	\$ 73,684
Replacement tax	-	-	-	-	3,519	-	3,519
Motor fuel tax	186,313	-	-	-	-	-	186,313
Charges for services	-	-	-	-	8,907	-	8,907
Interest income	303	35	8,491	-	9,941	1,568	20,338
Operating grant	-	-	-	-	6,443	-	6,443
Operating contributions	-	-	-	-	9,396	-	9,396
Miscellaneous	-	-	-	-	5,954	-	5,954
Total revenues	<u>186,616</u>	<u>10,038</u>	<u>8,491</u>	<u>-</u>	<u>107,841</u>	<u>1,568</u>	<u>314,554</u>
EXPENDITURES							
Current:							
Transportation	8,555	-	-	-	-	-	8,555
Public works	-	-	-	-	-	83,200	83,200
Culture and recreation	-	-	-	-	119,951	-	119,951
Total expenditures	<u>8,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,951</u>	<u>83,200</u>	<u>211,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>178,061</u>	<u>10,038</u>	<u>8,491</u>	<u>-</u>	<u>(12,110)</u>	<u>(81,632)</u>	<u>102,848</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	60,224	60,224
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,224</u>	<u>60,224</u>
Net change in fund balances	178,061	10,038	8,491	-	(12,110)	(21,408)	163,072
Fund balances - beginning	<u>369,384</u>	<u>(1,018,089)</u>	<u>464,142</u>	<u>502</u>	<u>704,587</u>	<u>86,451</u>	<u>606,977</u>
Fund balances - ending	<u>\$ 547,445</u>	<u>\$ (1,008,051)</u>	<u>\$ 472,633</u>	<u>\$ 502</u>	<u>\$ 692,477</u>	<u>\$ 65,043</u>	<u>\$ 770,049</u>

CITY OF FAIRFIELD, IL
 COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 FIDUCIARY FUNDS
 APRIL 30, 2020

	Pension Trust Funds		Total Pension Trust Funds
	Fire Pension	Police Pension	
ASSETS			
Cash and equivalents	\$ 87,290	\$ 329,166	\$ 416,456
Investments	1,936,480	2,503,668	4,440,148
Due from other funds	29,527	84,841	114,368
Total assets	<u>\$ 2,053,297</u>	<u>\$ 2,917,675</u>	<u>\$ 4,970,972</u>
FUND BALANCES			
Fund balances:			
Restricted	\$ 2,053,297	\$ 2,917,675	\$ 4,970,972
Total fund balances	<u>2,053,297</u>	<u>2,917,675</u>	<u>4,970,972</u>
Total fund balances	<u>\$ 2,053,297</u>	<u>\$ 2,917,675</u>	<u>\$ 4,970,972</u>

CITY OF FAIRFIELD, IL
 COMBINING STATEMENT OF CHANGES IN NET POSITION -
 MODIFIED CASH BASIS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED APRIL 30, 2020

	<u>Pension Trust Funds</u>		<u>Total Pension Trust Funds</u>
	<u>Fire Pension</u>	<u>Police Pension</u>	
ADDITIONS			
Contributions:			
Employer	\$ 121,971	\$ 332,021	\$ 453,992
Plan members	23,060	54,239	77,299
Total contributions	<u>145,031</u>	<u>386,260</u>	<u>531,291</u>
Investment earnings:			
Interest	21,065	19,578	40,643
Dividends	5,150	19,811	24,961
Change in fair market value of investments	(24,688)	114,403	89,715
Net investment earnings	<u>1,527</u>	<u>153,792</u>	<u>155,319</u>
Total additions	<u>146,558</u>	<u>540,052</u>	<u>686,610</u>
DEDUCTIONS			
Benefits	141,457	345,834	487,291
Administrative expenses	732	674	1,406
Total deductions	<u>142,189</u>	<u>346,508</u>	<u>488,697</u>
Change in net position	4,369	193,544	197,913
Net position - beginning	<u>2,048,928</u>	<u>2,724,131</u>	<u>4,773,059</u>
Net position - end of year	<u>\$ 2,053,297</u>	<u>\$ 2,917,675</u>	<u>\$ 4,970,972</u>

OTHER
INFORMATION

CITY OF FAIRFIELD, IL
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED APRIL 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Total revenues	\$ 3,520,000	\$ 3,520,000	\$ 3,525,914	\$ (5,914)
EXPENDITURES				
Current:				
General government	1,511,123	1,511,123	1,125,740	(385,383)
Public safety	2,506,075	2,506,075	1,926,986	(579,089)
Social services	288,793	288,793	311,957	23,164
Transportation	1,666,497	1,666,497	949,373	(717,124)
Public works	4,023,801	4,023,801	293,007	(3,730,794)
Sanitation	260,000	260,000	279,049	19,049
Culture and recreation	159,162	159,162	57,666	(101,496)
Debt Service:				
Principal	-	-	33,731	33,731
Interest	-	-	-	-
Capital outlay	1,104,700	1,104,700	585,907	(518,793)
Total expenditures	11,520,151	11,520,151	5,563,416	(5,956,735)
Excess (deficiency) of revenues over (under) expenditures	(8,000,151)	(8,000,151)	(2,037,502)	5,950,821
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Proceeds from long-term debt	-	-	134,431	134,431
Transfers in	-	-	1,807,560	1,807,560
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,941,991	1,941,991
Net change in fund balances	\$ (4,480,151)	\$ (4,480,151)	(95,511)	\$ 7,892,812
Fund balances - beginning			108,616	
Fund balances - ending			\$ 13,105	

CITY OF FAIRFIELD, IL
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 TIF #1 FUND
 FOR THE YEAR ENDED APRIL 30, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 961,596	\$ 961,596	\$ 961,596	\$ -
Interest income	1,189	1,189	1,189	-
Total revenues	<u>962,785</u>	<u>962,785</u>	<u>962,785</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	3,560,000	3,560,000	977,305	(2,582,695)
Total expenditures	<u>3,560,000</u>	<u>3,560,000</u>	<u>977,305</u>	<u>(2,582,695)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,597,215)</u>	<u>(2,597,215)</u>	<u>(14,520)</u>	<u>2,582,695</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,947,050)	(1,947,050)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,947,050)</u>	<u>(1,947,050)</u>
Net change in fund balances	<u>\$ (2,597,215)</u>	<u>\$ (2,597,215)</u>	<u>(1,961,570)</u>	<u>\$ 635,645</u>
Fund balances - beginning			<u>4,056,456</u>	
Fund balances - ending			<u>\$ 2,094,886</u>	

CITY OF FAIRFIELD, IL
FAIRFIELD, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2020

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

On a market value basis, the actuarial value of assets as of December 31, 2019 is \$8,752,918. On a market basis, the funded ratio would be 90.34%.

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

CITY OF FAIRFIELD, IL
FAIRFIELD, ILLINOIS

POLICE PENSION FUND AND FIREMEN'S PENSION FUND
SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2020

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

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