

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**UNIT CODE 088-060-30
ANNUAL FINANCIAL STATEMENTS**

April 30, 2015

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

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FINANCIAL SECTION



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON BETHALTO

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the City Council
City of Fairview Heights, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview Heights, Illinois as of and for the year ended April 30, 2015, 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 accounting principles generally accepted in the United States of America; this includes 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview Heights, Illinois as of April 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 3-19, 59-78 and 80-84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, combining general fund accounts and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The statistical section 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 them.

Scheffel Boyle

SCHEFFEL BOYLE
Belleville, Illinois

November 10, 2015

City of Fairview Heights
FY 2015 Audit – Management’s Discussion & Analysis

MAYOR
Gail Mitchell

CITY CLERK
Mark Kupsky

CITY TREASURER
Michele Isaacson

ALDERMAN

WARD I
Dennis Baricevic
Josh Frawley

WARD II
Justin Gough
Roger Lowry

WARD III
Pat Baeske
Scott Greenwald

WARD IV
Linda Arnold
Carol Warner

WARD V
Bonnie Crossley
Denise Williams

APPOINTED DIRECTORS

City Administrator
Chief of Police
Director of Public Works
Director of Land Use & Development
Director of Economic Development
Director of Finance
Director of Parks & Recreation
Library Director

Jim Snider
Nicholas Gailius
Christopher Volkman
Tim Tolliver
Mike Malloy
Scott Borrer
Angie Beaston
Jill Pifer

City of Fairview Heights
FY 2015 Audit – Management’s Discussion & Analysis

This section of the City of Fairview Heights' annual financial report presents discussion and analysis from City management regarding the City’s financial performance during the fiscal year that ended on April 30, 2015 with selected comparative information.

FINANCIAL HIGHLIGHTS

- The “Statement of Activities” reports a change in net position of \$3.1 million, which represents a gain from operations. This result equates to an increase in net position of 4.4%, bringing the City’s net position total to \$73.3 million.
- During Fiscal Year 2015 (FY 2015) the Fund Balances for the City of Fairview Heights increased 5.72% to a total of \$17.3 million. This increase includes a 18.6% overall increase in the fund balance of the General Fund. The fund balance is a modified accrual accounting figure, meaning items such as accounts receivable and accounts payable are included. A majority of the fund balance is restricted and/or assigned for specific purposes.
- The General Fund’s total unassigned portion of the fund balance in the General Fund equals \$4.5 million. This equates to 31.4% of operating expenses, exceeding the City goal of 25%.
- Sales tax receipts account for 62.0% of all governmental revenues. Total receipts increased \$130,565 during the fiscal year, to a total of \$14.4 million. When factoring in the locally administered “Food & Beverage Tax”, consumer-based taxes account for 71.0% of all governmental revenues.
- The City refunded GO Series 2005 bonds during the fiscal year which resulted in decreased interest payments during the remaining life of the bonds. The net amount of debt retired during the year equaled \$1,130,000 with a balance due at fiscal year-end of \$3.7 million. The City’s bonded debt per capita has decreased to \$228, and is a strength of the City. Detailed information can on all debts be found within Note 5 of the “Notes to the Financial Statements”.
- The audit includes the implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans*, which establishes new accounting standards and note disclosures. Due to the timing complications associated with the implementation, the “Multiyear Schedule of Contributions” for the Police Pension Fund displays a contribution deficiency for the Fiscal Year. Details can be found within the “Capital Asset and Debt Administration” section of this MD&A as well as Note 1 and the “Required Supplementary Information”.
- The city’s Equalized Assessed Valuation (EAV) has decreased five consecutive years. While the City does not currently collect a property tax levy, the EAV remains an important metric to assess the economic health of the City as a whole. Detailed information can be found within this MD&A and the “Statistical” section of the audit.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

- The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City’s finances.
- For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City’s operations in more detail than the government-wide statements by providing information about the City’s most financially significant funds.
- The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole – The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City’s finances is “Is the City as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. The accrual method recognizes expenditures and revenues when they are measurable. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

Reporting the City’s Most Significant Funds - Fund Financial Statements

Some funds are required to be established by State law and bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes (such as the Hotel / Motel Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The City’s two types of funds use different accounting approaches. The City of Fairview Heights does not have an enterprise fund of any type.

- *Governmental funds* – Most of the City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flows into and out of these funds and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations shown within the “Basic Financial Statements” section. The general fund includes general government, public safety, streets and public works, and culture and recreation.

City of Fairview Heights
FY 2015 Audit – Management’s Discussion & Analysis

Fiduciary funds – The City has fiduciary responsibility for other assets that – because of trust arrangements – can be used only for the trust beneficiaries. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

In the Required Supplementary Information (RSI) section, detailed information is presented for each of the City’s seven major funds, on a budgetary basis. This information is intended to provide the reader with accountability on an account level, for the City’s actual spending versus the adopted budget. The RSI section also includes detail on the funding progress on the City’s two retirement plans and other post-employment benefits (OPEB). Finally, four statements (a balance sheet and the statement of revenues, expenditure, and changes in fund balances) for the City’s non-major governmental funds and general fund accounts are provided within the Additional Analysis section.

In the statistical section, detailed historical data can also be found regarding property values, debt service, and other miscellaneous statistics about the City of Fairview Heights. The tables are intended to provide the user with information beyond the realm of the traditional auditing requirements.

Full audits of the city’s three TIF districts are available in a separate audit report. Please contact the City’s Finance Department for a copy.

City of Fairview Heights
 FY 2015 Audit – Management’s Discussion & Analysis

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The majority of the City of Fairview Heights' \$82.07 million in assets lies within the City's investment in fixed assets. \$62.13 million is comprised of infrastructure such as streets and sidewalks. Assets dominated by infrastructure are typical of local governments. Receivables for the City are primarily intergovernmental revenues due to the City from the State of Illinois. This is the result of a three month processing timeline for disbursement of sales tax to local governments. For example, sales tax reported by local businesses to the Department of Revenue during the month of February is received by the City in May. Thus, three months of sales taxes are due to the City at the end of each fiscal year. The State of Illinois remains on time with sales tax distributions to the City. However, the State has typically remained three months behind on income tax distributions.

The City's liabilities primarily consist of two outstanding general obligation bonds supported by general revenues. Other types of liabilities include items such as accrued payroll, compensated absences, and other post-employment benefits and pension obligations.

City of Fairview Heights Net Position (in millions of dollars, rounded)				
	FY 2014	FY 2015	% Change	
Assets				
Cash and Investments	\$ 11.43	\$ 12.47	9.1%	
Receivables	5.32	5.45	2.4%	
Restricted Assets: Cash and Investments	1.76	1.96	11.4%	
Fixed Assets, net of depreciation	61.11	62.13	1.7%	
Miscellaneous	0.01	0.06	500.0%	
Total Assets	79.63	82.07	3.1%	
Liabilities				
Bonds Payable, current	1.17	1.25	6.8%	
Other Current Liabilities	1.94	2.39	23.2%	
Bonds Payable, non-current	3.71	2.50	-32.6%	
Other Non-current Liabilities	1.82	1.81	-0.5%	
Total Liabilities	8.62	7.94	-7.9%	
Deferred Inflows of Resources	0.78	0.80	2.6%	
Net Position				
Net investment in capital assets	56.20	58.36	3.8%	
Restricted net position	3.37	3.53	4.7%	
Unrestricted net position	10.66	11.44	7.3%	
Total Net Position	70.23	73.33	4.4%	

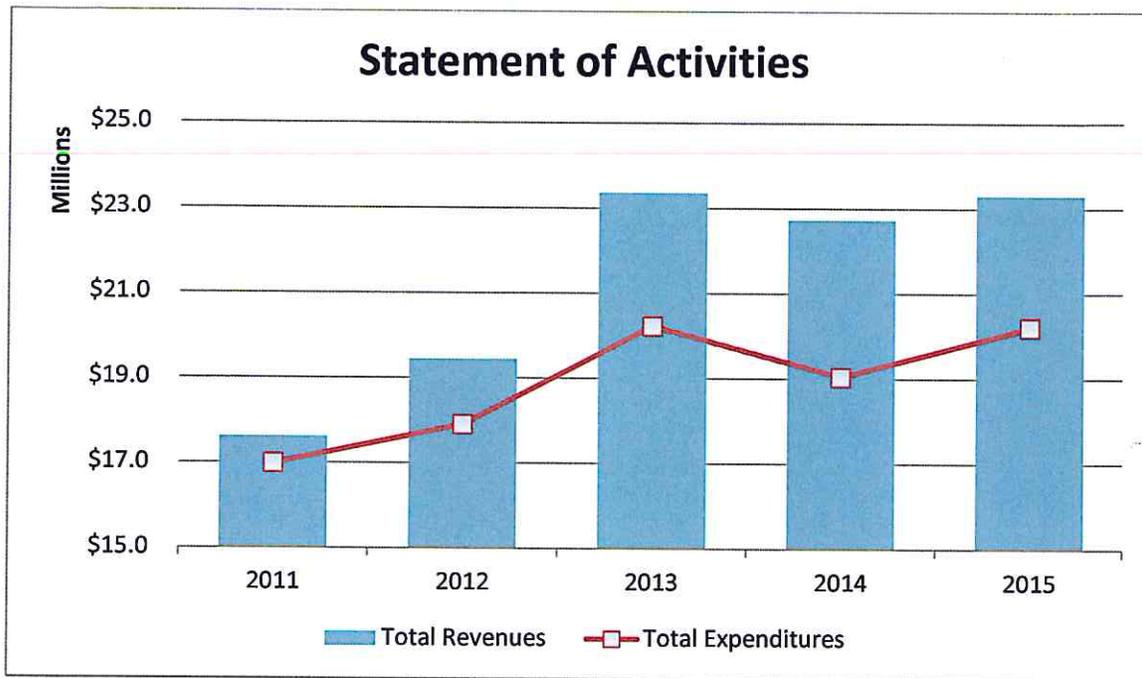
City of Fairview Heights
 FY 2015 Audit – Management’s Discussion & Analysis

The following table provides a comparison between the activities for FY 2015 and prior years under the GASB statement #34 model. Any surplus is utilized by the City of Fairview Heights to meet the City’s fiscal policy in relation to reserves for operations, maintenance, and capital projects.

Change in the City of Fairview Heights Activities (in millions of dollars, rounded)					
	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues					
Program Revenues					
Charges for Services	\$ 0.99	\$ 1.20	\$ 1.42	\$ 1.30	\$ 1.34
Operating Grants and Contributions	0.13	0.24	0.48	0.66	0.74
Capital Grants and Contributions	0.26	-	-	-	-
General Revenues					
Taxes, General Purposes	16.06	17.95	21.13	20.58	21.06
Investment Earnings	0.01	0.01	0.02	0.03	0.04
Miscellaneous	0.16	0.04	0.32	0.16	0.12
Total Revenues	17.61	19.44	23.37	22.73	23.30
Expenditures					
General Government	4.62	4.62	3.85	3.49	4.08
Public Safety	5.62	6.00	7.63	7.32	7.53
Streets and Public Works	4.82	5.48	6.70	5.92	6.22
Culture and Recreation	1.58	1.53	1.81	2.11	2.24
Interest on long-term Debt	0.34	0.27	0.23	0.19	0.14
Total Expenditures	16.98	17.90	20.22	19.03	20.21
Change in Net Position	\$ 0.63	\$ 1.54	\$ 3.15	\$ 3.70	\$ 3.09

As seen in the statement of activities, operating revenues have exceeded operating expenses in each of the past five years. Over the five year period shown, the 32.3% rate of growth for revenues (\$17.61 million to \$23.30 million) is outpacing the 19.0% growth rate of expenditures (\$16.98 million to \$20.21 million). This has been accomplished by tax rate increases that went into effect during FY 2012, and despite a more aggressive capital spending plan.

City of Fairview Heights
 FY 2015 Audit – Management’s Discussion & Analysis



Budget Highlights

The City adheres to a fund accounting system, where an emphasis is placed on accountability rather than profitability. Individual funds are established to account for revenues and expenditures that are either a) restricted due to state and/or local law, or b) at the discretion of the local governing body for tracking purposes. In total, the City has 19 funds which account for various governmental activities and special revenues. City budgets are prepared on a cash basis and can be amended during the fiscal year for various reasons.

Changes to the City’s chart of accounts prior to the beginning of FY 2013 led to several notable changes within the financial statements of the audit. The inclusion of these funds, which were referred to as “Agency Funds” in previous audits, meant a restatement of the City’s net position was needed at the beginning of that fiscal year, and can create difficulty in comparing certain financial statements. For instance, in previous years activities related to the municipal library were noted within the General Fund on the “Statement of Revenues, Expenditures, and Changes in Fund Balances”. With the creation of the Library Fund, the activity has been moved out of the General Fund and into the “Other Governmental Funds” column of the statement. A similar effect can be seen on the Balance Sheet, and in relation to the “Tax Rebate Fund”. Detail on all non-major funds can be found within the “Additional Analysis” section of the audit.

City of Fairview Heights
 FY 2015 Audit – Management’s Discussion & Analysis

Seven funds now meet the definition of being a “Major Fund”. The following table summarizes the City’s major funds and their purposes:

FUND	PURPOSE
General Fund	Main operating fund of the City that includes a majority of the general operating expenses.
Motor Fuel Tax Fund	Accounts for motor fuel tax disbursements received from the State of Illinois. Used for street maintenance and repair.
Food & Beverage Tax Fund	A fund established by ordinance to account for the receipts and usage of food & beverage tax funds.
Hotel & Motel Tax Fund	A fund established to account for the receipts and usage of hotel/motel tax funds.
Home Rule Tax Fund	Fund established by ordinance to account for home rule sales tax receipts. Functions as the City’s “Capital Improvements” Fund.
Tax Rebate Fund	A fund dedicated to the accounting of development agreements which included tax rebate financing.
TIF #2 – Shoppes @ St. Clair	A special revenue fund dedicated towards the accounting of the “Shoppes @ St. Clair Tax Incremental Financing District”.

As the following table shows, the major funds in total experienced an increase in fund balance during FY 2015 of \$950,494. Due to various reasons, only \$3.0 million of the budgeted \$5.5 million in the Home Rule Fund was utilized during FY 2015. A decrease in the Food & Beverage Tax fund was planned within the budget, as budgeted expenditures exceeded budgeted revenues. As the bond supported by this revenue source nears maturity, the City has elected to divert a higher percentage of this revenue towards general fund operations. The variance amounts within the fund were artificially inflated due to the bond refunding which occurred during the year. Within the Motor Fuel Tax Fund, the City began allocating personnel expenses to the fund during the year, in order to utilize excess MFT funds and ease the fiscal burden of the General Fund.

City of Fairview Heights
FY 2015 Audit – Management’s Discussion & Analysis

Budget vs. Actual Summary				
Major Funds Only - Cash Basis				
Fiscal Year End 2015				
Revenues	Original Budget	Final Budget	Actual	Variance
General Fund	\$ 16,960,827	\$ 17,904,893	\$ 16,743,450	\$ 1,161,443
Home Rule Tax Fund	4,108,250	4,108,250	3,371,150	737,100
Motor Fuel Tax Fund	402,350	402,350	579,444	(177,094)
Hotel / Motel Tax Fund	501,800	501,800	655,543	(153,743)
Food & Beverage Tax Fund	503,100	503,100	2,607,748	(2,104,648)
Tax Rebates Fund	1,161,850	1,161,850	1,225,241	(63,391)
TIF #2 - Shoppes @ St. Clair	350,100	350,100	334,069	16,031
Total	23,988,277	24,932,343	25,516,645	(584,302)
Expenditures				
General Fund	17,764,475	17,789,140	16,356,020	1,433,120
Home Rule Tax Fund	5,633,050	5,563,050	2,997,890	2,565,160
Motor Fuel Tax Fund	691,406	693,406	647,959	45,447
Hotel / Motel Tax Fund	509,500	509,500	475,459	34,041
Food & Beverage Tax Fund	1,025,550	1,025,550	3,096,377	(2,070,827)
Tax Rebates Fund	1,175,000	1,175,000	654,396	520,604
TIF #2 - Shoppes @ St. Clair	350,000	350,000	338,050	11,950
Total	\$ 27,148,981	\$ 27,105,646	\$ 24,566,151	\$ 2,539,495
Net Change in Fund Balance *				
General Fund			\$ 387,430	
Home Rule Tax Fund			373,260	
Motor Fuel Tax Fund			(68,515)	
Hotel / Motel Tax Fund			180,084	
Food & Beverage Tax Fund			(488,629)	
Tax Rebates Fund			570,845	
TIF #2 - Shoppes @ St. Clair			(3,981)	
Total Change in Fund Balance			\$ 950,494	
* Does not include unrecorded assets & liabilities.				

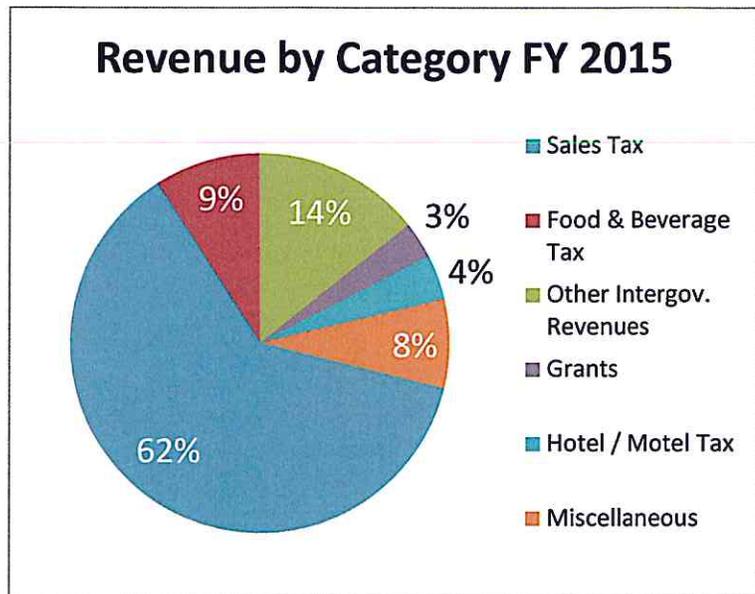
The total of all non-major funds (not shown in the above table) realized a net change in fund balance of \$246,525. This figure can be found in the “Statement of Revenues, Expenditures, and Changes in Fund Balances” statement under the column header “Other Governmental Funds”.

Governmental Activities – Revenues

Governmental activities account for a majority of the City’s operating activities, as the City does not operate any business-type enterprises such as water or sewer. City revenues are primarily comprised of consumer based taxes such as sales tax and food & beverage tax. As a home rule entity, the City Council maintains some flexibility in its taxing authority and decision making. Fairview Heights is one of only a few Illinois municipalities that do not adopt a property tax levy to support operations.

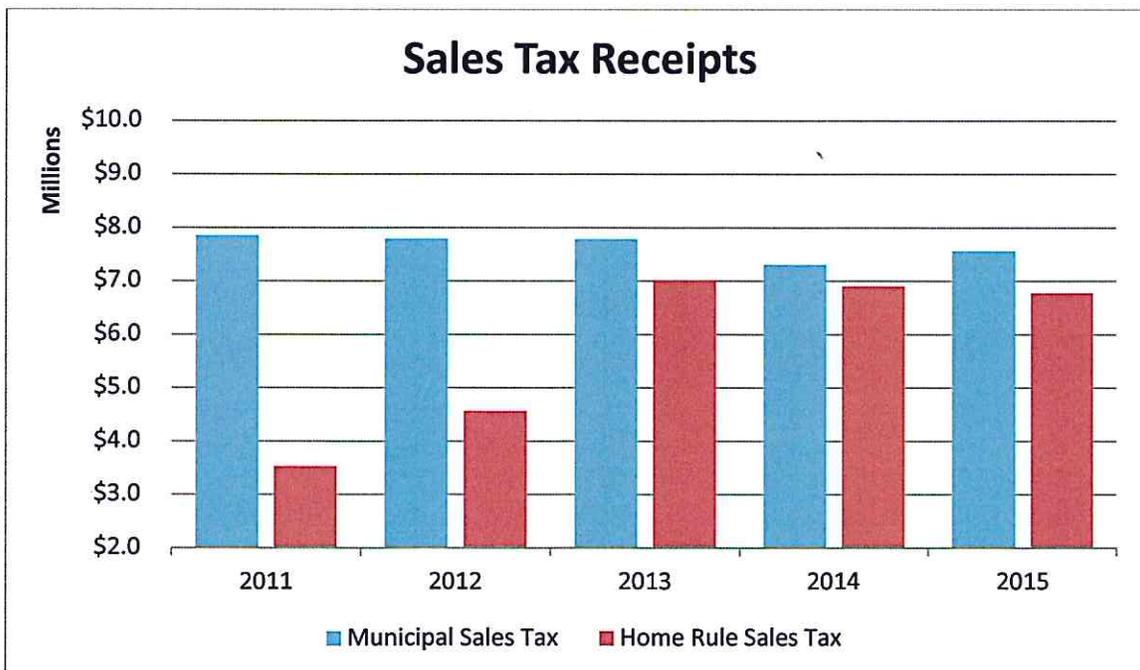
City of Fairview Heights
 FY 2015 Audit – Management’s Discussion & Analysis

The City’s revenues are dominated by sales tax revenue from the large retail base in Fairview Heights. Intergovernmental revenues include revenues due to the City of Fairview Heights that pass through the State of Illinois. These include, but are not limited to, income tax and use taxes. The food & beverage tax and the hotel / motel tax are administered by the City. Thus, they are not considered an intergovernmental revenue. Charges for services include building permits and user fees.



In lieu of adopting a property tax levy, the City uses sales tax and other General Fund revenues to fund services and obligations typically done in local government via property tax revenue. These would include but are not limited to police protection, insurance and tort liability, pension obligations, library operations, and street lighting.

The City’s sales tax collections are primarily comprised of two components: the 1% portion included in the state sales tax rate, and a 1% portion passed by the City known as a “Home-Rule” sales tax (rate increased 1/1/12). The 1% portion is utilized in the General Fund to support City operations. By City ordinance, 35% of the home-rule sales tax collections are to be used for capital expenditures, with the balance allocated to the General Fund.



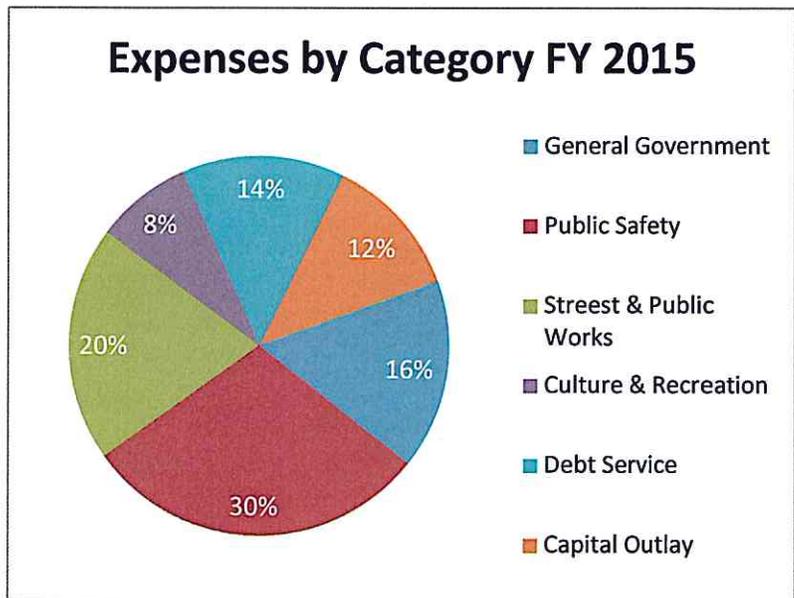
City of Fairview Heights
FY 2015 Audit – Management’s Discussion & Analysis

The City also receives a 0.5% sales tax within the “Shoppes of St. Clair” business district. Receipts from the business district tax are used for repayment of a bond within the district, and are not used to support City operations. The business district sales tax for FY 2015 was \$85,599 and is not included in the chart.

Of the City’s remaining revenue portfolio, a significant portion is reserved for specific purposes. For example, the City has three tax incremental financing districts which utilize property tax receipts for specific purposes within each applicable district. In addition, both the “Food and Beverage Tax” and “Hotel/Motel Tax” receipts are primarily used towards the repayment of general obligation bonds. Surplus funds from these sources support the General Fund operations.

Governmental Activities – Expenditures

Expenditures of Governmental Activities are spread among a wide variety of functions. Among these are public safety functions of the police department and emergency services, the activities of public works department, culture and recreation (which includes parks, recreation, and the municipal library), and general governmental services. The general government category includes services such as administration, finance, land use and development, and economic development. All of these areas are funded with the aforementioned revenues such as sales tax and other intergovernmental revenues.

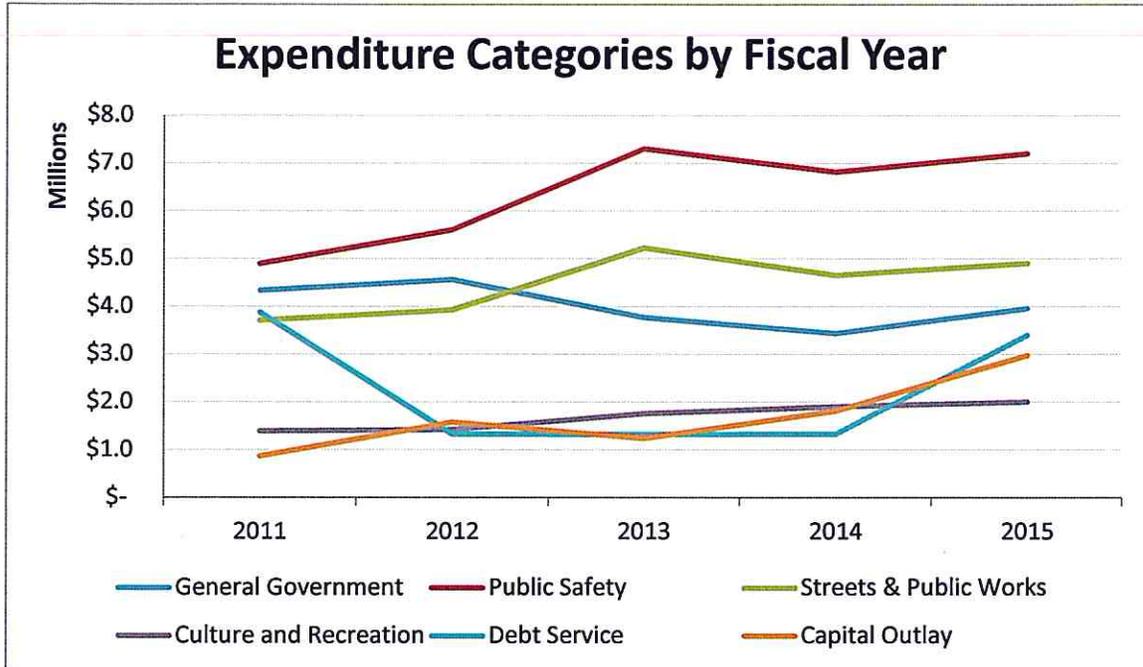


The aforementioned changes to the chart of accounts are evident within any year-to-year analysis of expenditures. For example, items which were previously reported within the “General Government” category (i.e. sales tax rebates and library) are now displayed within another category. Similarly, with the addition of the Police Escrow agency activity into the financial statements, the “Public Safety” category appears to increase abnormally. Rather, this is due to the added transparency of the City’s revised chart of accounts. As a result, comparisons to previous fiscal years would be skewed.

Tables found within the “Statistical Analysis” section of the audit provide a year-to-year comparison for the past ten fiscal years, and displays the City’s efforts to maintain responsible increases in expenditures. From 2011-2015, total general government expenditures increased 28.3%, largely driven by the City’s increased public safety and capital spending.

City of Fairview Heights
 FY 2015 Audit – Management’s Discussion & Analysis

Trending information of the categories is as follows:



STATUS OF CITY RESERVES

The governmental funds reported a fund balance of \$17.3 million, an increase of 5.7%. The increase in fund balance was primarily the result of unexpended budget dollars in the Home Rule Fund, General Fund, and TIF #3 funds experienced strong growth in fund balances. The 18.8% increase in the “un-assigned” fund balance helps the City meet reserves goals and gives the City Council greater flexibility in decision making.

City of Fairview Heights Statement of Governmental Fund Balances				
	FY 2014	FY 2015	Percent Change	
Reserved Funds				
Rebate and Financing Agreements	\$ 2,089,836	\$ 2,226,687	6.5%	
Sewer Improvements	210,619	361,924	71.8%	
Infrastructure	1,073,747	941,508	-12.3%	
Unreserved Funds				
Unassigned - General Funds	3,793,979	4,505,798	18.8%	
Committed Special Revenue	9,191,853	9,259,241	0.7%	
Totals	\$ 16,360,034	\$ 17,295,158	5.7%	

City of Fairview Heights
 FY 2015 Audit – Management’s Discussion & Analysis

The City Council adopted a “Fiscal and Budgetary Guidelines Policy” during FY 2012 that has a stated goal to have a 25% (three month) unassigned fund balance for operating expenditures within the General Fund. Cash reserves and contingencies are necessary in order to maintain current levels of service during challenging economic times or other unforeseen events. In the case of Fairview Heights it is especially important due to the City’s lack of a diversified revenue portfolio, and its reliance on sales tax generated from the retail environment. As of the end of the fiscal year the ratio is 32.8%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2015, the City had \$62.1 million (net of depreciation) invested in a range of capital assets that included land, machinery and equipment, building, and infrastructure. Infrastructure is valued based on the composite cost. The straight-line depreciation method is used, with a salvage value always being zero.

Several new infrastructure projects are anticipated to begin in the next fiscal year, as the City utilizes the increased Home Rule Sales Tax. For more information, please see the MD&A section on “Current Events and Next Year’s Budget”.

City of Fairview Heights Capital Assets (net of depreciation, in millions of dollars, rounded)				
	FY 2014		FY 2015	% Change
Land	\$ 9.27	\$	9.27	0.00%
Construction in Progress	1.61		0.79	-50.93%
Buildings	7.75		8.13	4.90%
Other Improvements	0.74		0.83	12.16%
Machinery and Equipment	2.40		2.72	13.33%
Infrastructure	39.34		40.38	2.64%
Totals	\$ 61.11	\$	62.12	1.65%

Debt Administration

As a home rule unit of municipal government, the City of Fairview Heights is not subject to a general obligation legal debt limit. However, if it were, based on the statutory limit 8.625% of the City’s assessed valuation the City’s limit would be approximately \$32.2 million.

Currently, the City has \$3.7 million in general obligation bond debt. A 2005 general obligation bond of \$7.5 million was originally issued to consolidate two previous bonds and provide funds for construction of a new police department. The bond is supported by the “Food and Beverage Tax”, was refunded for interest savings during FY 2015, and remains on schedule to be retired in 2019. A 2001 general obligation bond of \$4 million was originally issued to support the construction of a conference center. The bond is backed by the Hotel/Motel Tax received by the City. The bond is scheduled to be retired in 2021.

City of Fairview Heights
 FY 2015 Audit – Management’s Discussion & Analysis

Detailed information on the City’s long-term debt can be found within “Note 5” of the “Notes to Financial Statements” section.

City of Fairview Heights Liabilities (in millions of dollars, rounded)			
	FY 2014	FY 2015	% Change
General Obligation Bonds	\$ 4.90	\$ 3.70	-24.5%
OPEB and Pension Obligations	1.80	1.80	0.0%
Compensated Absences	0.50	0.50	0.0%
Totals	\$ 7.20	\$ 6.00	-16.7%

Another long-term consideration pertains to the City’s pension obligations. Sworn personnel within the Police Department participate in the police pension fund defined benefit plan, and non-sworn employees participate in the Illinois Municipal Retirement Fund (IMRF). The Police Pension Board, by state statute, manages the investments of the police pension fund while the City acts as the fiduciary. Additional information on both plans can be found within Note 13 of the audit and within the “Required Supplementary Information” section.

The FYE ’15 audit includes significant accounting changes in relation to the reporting of police pension activities. The changes are noted within Note 1 of the financial statements and displayed within the “Required Supplementary Information (RSI)” sections of the audit. In addition, new actuarial standards – namely the utilization of updated mortality tables – went into effect this year. The “Multiyear Schedule of Contributions – Last 10 Fiscal Years” within the RSI depicts a contribution deficiency this year. However, it’s important to note the City was not aware of the actuarially determined contribution until after end of the fiscal year. The City’s actual contribution for the year of \$1,260,000 did exceed the standards previously adhered to.

Police Pension Fund		
Fiscal Year Ending	Employer Contribution	Funded Ratio / Plan Fiduciary Net Percentage
4/30/2015	\$ 1,260,000	63.56%
4/30/2014	1,300,000	60.55%
4/30/2013	1,332,200	55.49%
4/30/2012	1,311,035	64.48%
4/30/2011	741,047	59.78%

In terms of the IMRF, it is important to note the plan is managed independently from the State of Illinois employee pension system. As such the IMRF is not affected by any potential State of Illinois pension reforms in the future. The Employer Contribution Rate is established annually by an actuarial report. Employee contribution rates are established by State Statute at 4.5%.

City of Fairview Heights
 FY 2015 Audit – Management’s Discussion & Analysis

Illinois Municipal Retirement Fund			
Fiscal Year Ending	Funded Ratio	Employer Contribution	Employer Contribution Rate
4/30/2015	76.26%	\$ 518,324	11.79%
4/30/2014	78.66%	527,600	12.72%
4/30/2013	72.36%	520,073	13.04%
4/30/2012	71.37%	436,524	12.81%
4/30/2011	74.40%	374,249	10.60%

CURRENT EVENTS AND NEXT YEAR’S BUDGET

The City is heavily reliant on the retail industry, and serves as a major retail destination in the St. Louis and southwestern Illinois area. The economic conditions of the past few years have been challenging for the City. Retail activity within Fairview Heights is nearly identical to the level seen ten years ago. Despite the changing retail landscape (which includes web-based retail and increased local competition), the City is making concerted efforts to remain the retail destination Fairview Heights has become accustomed to being. In addition to an increased focus on redevelopment within the main retail corridor, the City is currently researching the ability to address development concerns in other parts of the City.

During these times of stagnant retail growth, the City has been able to maintain the same level of services to the residents and stakeholders of Fairview Heights by using cash reserves, money management approaches, maintaining relatively flat operating expenses, and implementing tax rate increases. The Fiscal Year 2015-2016 budget (FY 2016) was adopted at a total of \$32.0 million. The primary operating fund – The General Fund – was adopted as a balanced budget.

The City’s budget has been recognized by the Government Finance Officers Association (GFOA) as a recipient of the “Distinguished Budget Award”. This represents a major milestone for the City. The accomplishment represents the efforts of elected officials and staff alike in creating a comprehensive financial tool that serves not only as a financial plan but also as a policy document, operations guide, and a communications device.

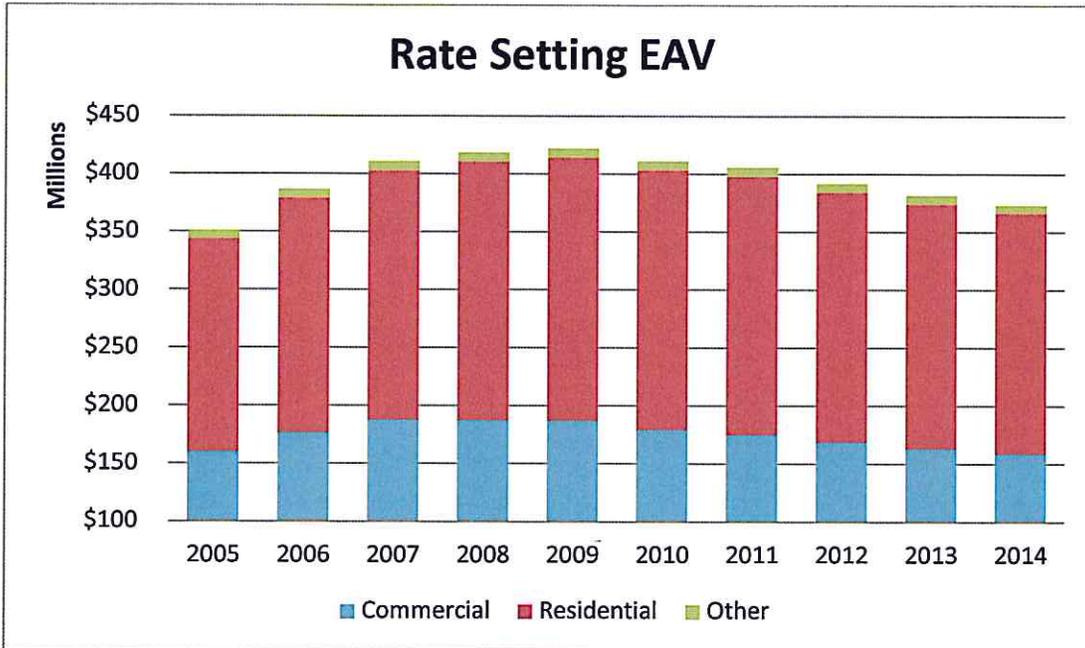
The City’s Capital Spending Plan (CSP) for both the audited fiscal year and next budget year includes a continued focus on streets and storm water projects. The CSP includes a five year projection of all capital expenditures and accompanied by extensive narratives on project scope, funding sources, and justification. The current year of the CSP includes \$7.9 million in capital expenditures, highlighted by work on Perrin Road, development of a Business and Industrial Park, and the Lincoln Trail TIF Streetscape. The five year total of the CIP equals \$28.9 million in planned capital investments.

In June of 2015 the City adopted a new Tax Increment Financing District (TIF). The TIF will be known as “TIF #4 - Fairview Heights West”. The TIF is not listed as a subsequent event within the notes to the financial statements due to the lack of fiscal effect on the financial statements.

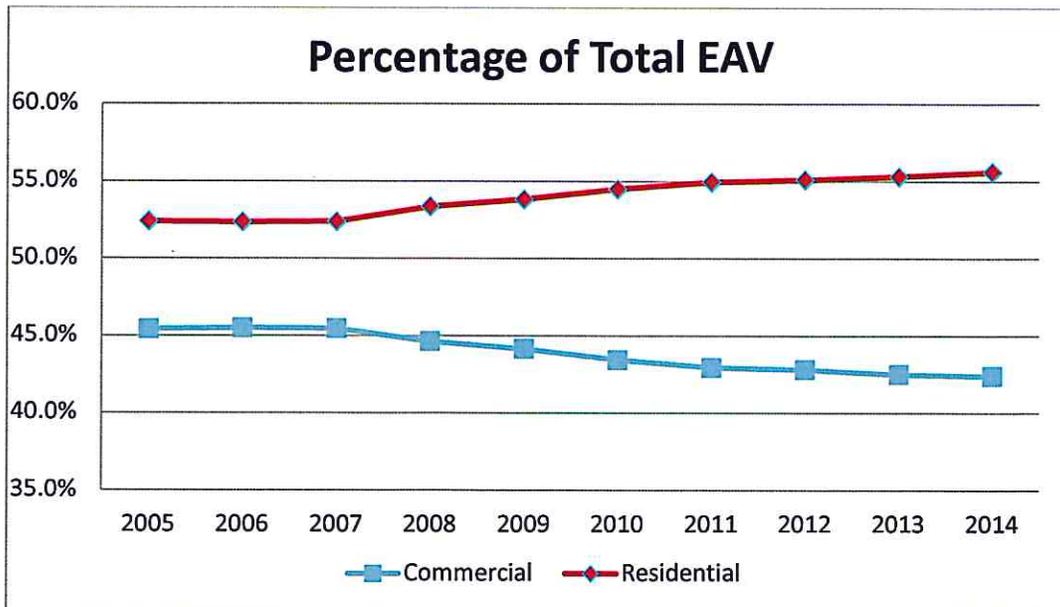
Through Tax Year 2014, the City’s rate setting Equalized Assessed Value (EAV) decreased 2.2% to a total of \$373.4 million. The average growth rate of the EAV during the past 10 years

City of Fairview Heights
 FY 2015 Audit – Management’s Discussion & Analysis

has been 1.6%, but has been in a decline for the past five years. While the City does not currently collect a property tax levy, the EAV remains an important metric to assess the economic health of the City as a whole. A detailed table of EAV data can be found in the statistical section of this audit.



A related EAV trend of note is the growing difference in the percentage of the total EAV that resides with residential property owners versus the percentage that resides with commercial property. During the past ten years, the margin of difference has grown from approximately 7% to 13%. While it is difficult to state the exact cause of the growing variance, there are a number of variables in the matter and is an area the City should monitor closely and manage accordingly.



CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information please contact the Director of Finance, City of Fairview Heights, 10025 Bunkum Road, Fairview Heights, IL 62208.

General information relating to the City of Fairview Heights can be found at www.cofh.org.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Statement of Net Position
April 30, 2015**

ASSETS

	<u>Governmental Activities</u>	
Current assets		
Cash and cash equivalents	\$ 12,153,379	
Certificates of deposit	319,467	
Due from fiduciary fund	63,251	
Receivables	5,445,453	
Restricted cash and cash equivalents	<u>1,962,277</u>	
Total current assets		\$ 19,943,827
Noncurrent assets		
Capital assets, net	<u>62,125,276</u>	
Total noncurrent assets		<u>62,125,276</u>
Total assets		<u>82,069,103</u>

LIABILITIES

Current liabilities		
Accounts payable	1,479,836	
Accrued payroll	367,741	
Accrued interest payable	24,291	
Compensated absences, current	503,729	
Capital lease payable, current	12,423	
Bonds payable, current	<u>1,245,000</u>	
Total current liabilities		3,633,020
Noncurrent liabilities		
Compensated absences, non-current	12,189	
Capital lease payable, non-current	12,231	
Other postemployment benefit obligation	1,661,014	
IMRF pension obligation	124,861	
Bonds payable, non-current	<u>2,495,000</u>	
Total noncurrent liabilities		<u>4,305,295</u>
Total liabilities		<u>7,938,315</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources		
Unavailable revenue - property tax	<u>801,092</u>	
Total deferred inflows of resources		<u>801,092</u>

NET POSITION

Net investment in capital assets	58,360,622	
Restricted net position	3,530,119	
Unrestricted net position	<u>11,438,955</u>	
Total net position		<u>\$ 73,329,696</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Statement of Activities
April 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government					
Executive department	\$ 3,480,512	\$ 168,044	\$ -	\$ -	\$ (3,312,468)
Municipal complex	574,285	99,766	-	-	(474,519)
Public safety					
Police	7,454,642	734,108	149,266	-	(6,571,268)
Emergency services and disaster agency	72,824	-	3,727	-	(69,097)
Street and public works					
Engineering/streets	3,245,603	5,827	561,005	-	(2,678,771)
Public works maintenance	704,551	-	-	-	(704,551)
Land use and development	2,266,828	226,334	864	-	(2,039,630)
Culture and recreation					
Parks	1,330,810	81,053	-	-	(1,249,757)
Library	664,292	27,155	22,205	-	(614,932)
Tourism	245,592	-	-	-	(245,592)
Interest on long-term debt	139,598	-	-	-	(139,598)
Bond issuance costs	20,740	-	-	-	(20,740)
Total governmental activities	\$ 20,200,277	\$ 1,342,287	\$ 737,067	\$ -	(18,120,923)
General revenues					
Taxes					
Sales tax					7,568,900
Home rule tax					6,779,705
Food and beverage tax					2,110,816
Hotel and motel tax					910,601
State income tax					1,720,133
Use tax					352,155
Property tax					783,200
Franchise tax					262,047
Motor fuel tax					418,533
Business district tax					85,599
Video game tax					69,165
Investment earnings					37,244
Miscellaneous					122,470
Total general revenues and transfers					<u>21,220,568</u>
Change in net position					3,099,645
Net position, beginning of year					<u>70,230,051</u>
Net position, end of year					<u>\$ 73,329,696</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Balance Sheet
Governmental Funds
April 30, 2015

ASSETS	General	Home Rule	State Motor Fuel Tax	Hotel and Motel Tax		Food and Beverage	Tax Rebates	TIF #2 Shoppes of St. Clair	Other Governmental Funds	Total Governmental Funds
				Motel	Tax					
Cash and cash equivalents	\$ 2,225,340	\$ 5,855,566	\$ 932,298	\$ 1,031,354	\$ 1,285,852	\$ 260,967	\$ -	\$ 562,002	\$ 12,153,379	
Certificates of deposit	-	-	-	-	-	-	-	319,467	319,467	
Receivables	2,461,979	1,421,093	39,720	127,453	199,557	424,060	311,417	460,174	5,445,453	
Due from other funds	805,887	-	-	-	-	435,853	-	-	1,241,740	
Due from fiduciary fund	63,251	-	-	-	-	-	-	-	63,251	
Restricted cash	113,924	106,563	-	-	-	2,681	491	1,738,618	1,962,277	
Total assets	\$ 5,670,381	\$ 7,383,222	\$ 972,018	\$ 1,158,807	\$ 1,485,409	\$ 1,123,561	\$ 311,908	\$ 3,080,261	\$ 21,185,567	

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities										
Accounts payable	\$ 230,511	\$ 716,967	\$ 30,510	\$ -	\$ -	\$ 482,617	\$ -	\$ 19,231	\$ 1,479,836	
Accrued payroll	354,794	-	-	-	-	-	-	12,947	367,741	
Due to other funds	435,853	731,184	-	-	74,703	-	-	-	1,241,740	
Total liabilities	1,021,158	1,448,151	30,510	-	74,703	482,617	-	32,178	3,089,317	
Deferred inflows of resources										
Unavailable revenue - property taxes	29,501	-	-	-	-	-	311,417	460,174	801,092	
Total deferred inflows of resources	29,501	-	-	-	-	-	311,417	460,174	801,092	
Fund balances										
Restricted for:										
Rebate and financing agreements	113,924	106,563	-	-	-	640,944	491	1,364,765	2,226,687	
Sewer improvements	-	-	-	-	-	-	-	361,924	361,924	
Infrastructure	-	-	941,508	-	-	-	-	-	941,508	
Committed:										
Special revenue funds	-	5,828,508	-	1,158,807	1,410,706	-	-	861,220	9,259,241	
Unassigned:										
General funds	4,505,798	-	-	-	-	-	-	-	4,505,798	
Total fund balances	4,619,722	5,935,071	941,508	1,158,807	1,410,706	640,944	491	2,587,909	17,295,158	
Total liabilities, deferred inflows of resources and fund balances	\$ 5,670,381	\$ 7,383,222	\$ 972,018	\$ 1,158,807	\$ 1,485,409	\$ 1,123,561	\$ 311,908	\$ 3,080,261	\$ 21,185,567	

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
April 30, 2015**

Total fund balance - total governmental funds		\$ 17,295,158
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets of \$102,613,857 net of accumulated depreciation of \$40,488,581 are not financial resources and, therefore, are not reported in the funds.		62,125,276
Certain liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at April 30, 2015, were:		
Compensated absences	\$ (515,918)	
Accrued interest on bonds payable	(24,291)	
Capital lease payable	(24,654)	
Other post employment benefit obligation	(1,661,014)	
IMRF pension obligation	(124,861)	
General obligation bonds payable	<u>(3,740,000)</u>	<u>(6,090,738)</u>
Net position of governmental activities		<u>\$ 73,329,696</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended April 30, 2015

	General	Home Rule	State Motor Fuel Tax	Hotel and Motel Tax	Food and Beverage	Tax Rebates	TIF #2 Shoppes of St. Clair	Other Governmental Funds	Total Governmental Funds
Revenues									
Sales taxes	\$ 6,962,308	\$ -	\$ -	\$ -	\$ -	\$ 606,592	\$ -	\$ -	\$ 7,568,900
Food and beverage taxes	1,576,182	-	-	-	534,634	-	-	-	2,110,816
Home rule taxes	3,194,106	3,049,822	-	-	-	535,777	-	-	6,779,705
Income taxes	1,720,133	-	-	-	-	-	-	-	1,720,133
Property taxes	38,327	-	-	-	-	-	307,319	437,554	783,200
Use taxes	352,155	-	-	-	-	-	-	-	352,155
Hotel and motel taxes	261,251	-	-	649,350	-	-	-	-	910,601
Utility/franchise taxes	262,047	-	-	-	-	-	-	-	262,047
Video game taxes	69,165	-	-	-	-	-	-	-	69,165
Motor fuel taxes	-	-	418,533	-	-	-	-	-	418,533
Business district taxes	-	-	-	-	-	85,599	-	-	85,599
Licenses and permits	324,712	-	-	-	-	-	-	-	324,712
Grant	148,394	483,714	77,291	-	-	-	-	21,348	730,747
Fines and fees	487,818	-	-	-	-	-	-	260,324	748,142
Rental	99,766	-	-	-	-	-	-	-	99,766
Donations	5,463	-	-	-	-	-	-	857	6,320
Interest income	6,764	14,154	2,528	2,416	3,118	1,281	116	6,867	37,244
OPEB Insurance Contributions	-	-	-	-	-	-	-	69,126	69,126
Miscellaneous	142,354	4,156	16,148	-	104	-	-	50,052	212,814
Total revenues	15,650,945	3,551,846	514,500	651,766	537,856	1,229,249	307,435	846,128	23,289,725
Expenditures									
Current									
General government									
Mayor's department	418,944	-	-	-	-	-	-	-	418,944
Clerk's department	1,667,815	-	-	-	-	-	-	50,177	1,717,992
Finance department	339,720	2,000	-	-	1,652	-	-	-	343,372
Administration department	806,928	113,252	-	-	-	-	-	70,000	990,180
Municipal complex	480,815	5,613	-	-	-	-	-	-	486,428
Public Safety									
Police	6,914,375	110,290	-	-	-	-	-	145,708	7,170,373
Emergency services and disaster agency	29,089	-	-	-	-	-	-	-	29,089
Streets and public works									
Engineering/streets	1,116,991	185,151	646,739	-	-	-	-	-	1,948,881
Public works maintenance	689,142	-	-	-	-	-	-	-	689,142
Land use and development	660,916	-	-	-	-	-	-	21,835	682,751
Sales tax rebates	-	-	-	-	-	1,137,013	-	-	1,137,013
Tax increment financing	-	-	-	-	-	-	338,050	109,014	447,064
Culture and recreation									
Parks	1,128,264	87,158	-	-	-	-	-	-	1,215,422
Library	80,219	-	-	-	-	-	-	533,689	613,908
Tourism	-	-	-	169,660	-	-	-	-	169,660
Debt service									
Principal	-	-	-	255,000	2,955,000	-	-	-	3,210,000
Interest	-	-	-	50,799	118,985	-	-	-	169,784
Bond Issuance Costs	-	-	-	-	20,740	-	-	-	20,740
Capital outlay	16,443	2,741,472	-	-	-	-	-	215,943	2,973,858
Total expenditures	14,349,661	3,244,936	646,739	475,459	3,096,377	1,137,013	338,050	1,146,366	24,434,601
Excess (deficiency) of revenues over expenditures	1,301,284	306,910	(132,239)	176,307	(2,558,521)	92,236	(30,615)	(300,238)	(1,144,876)
Other financing sources (uses)									
Bond proceeds	-	-	-	-	2,080,000	-	-	-	2,080,000
Transfers out	(1,987,495)	-	-	-	-	-	-	-	(1,987,495)
Transfers in	1,410,000	-	-	-	-	-	30,732	546,763	1,987,495
Total other financing sources (uses)	(577,495)	-	-	-	2,080,000	-	30,732	546,763	2,080,000
Net change in fund balances	723,789	306,910	(132,239)	176,307	(478,521)	92,236	117	246,525	935,124
Fund balances, beginning of year	3,895,933	5,628,161	1,073,747	982,500	1,889,227	548,708	374	2,341,384	16,360,034
Fund balances, end of year	\$ 4,619,722	\$ 5,935,071	\$ 941,508	\$ 1,158,807	\$ 1,410,706	\$ 640,944	\$ 491	\$ 2,587,909	\$ 17,295,158

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2015**

Net change in fund balances - total governmental funds \$ 935,124

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 and reported depreciation expense. This is the amount by which capital assets of \$2,984,058 exceeded depreciation of \$1,970,410 in the current period.

\$ 1,013,648

In the statement of activities, the remaining basis of assets disposed of are reported, whereas in governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the cost of the assets disposed of \$57,696 net of related accumulated depreciation of \$57,696.

-

Capital lease proceeds provide current financial resources to governmental funds, but issuing capital leases increases long-term liabilities in the statement of net position. While repayment of lease principal is an expenditure in the governmental funds it reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds.

17,524

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Payment of debt 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 repayments exceeded proceeds.

1,130,000

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in compensated absences of \$8,473, the net decrease in accrued interest of \$30,188, the net increase in IMRF pension obligation of \$2,345, and the net increase in other postemployment benefit and pension obligation of \$16,021.

3,349

2,164,521

Change in net position of governmental activities

\$ 3,099,645

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Statement of Fiduciary Net Position - Fiduciary Funds
April 30, 2015

ASSETS	<u>Pension Trust Fund</u>
Pooled cash and cash equivalents	\$ <u>1,042,808</u>
Total cash	1,042,808
Interest and dividends receivable	47,247
Investments, at fair value	
Common stock	12,116,340
Mutual funds	2,325,802
Government securities/fixed income	<u>9,278,095</u>
Total investments	<u>23,720,237</u>
Total assets	<u>24,810,292</u>
LIABILITIES	
Due to General fund	<u>63,251</u>
Total liabilities	<u>63,251</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 24,747,041</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Statement of Changes in Fiduciary Net Position - Fiduciary Fund
Police Pension Trust Fund
For the Year Ended April 30, 2015**

	<u>Pension Trust Fund</u>
Additions	
Contributions	
Employer	\$ 1,260,000
Plan members	275,925
Buy back of creditable service	<u>324,054</u>
Total contributions	1,859,979
Investment income	
Net appreciation in fair value of investments	84,636
Realized gain on sale of investments	1,255,919
Interest	132,440
Dividends	<u>191,897</u>
	1,664,892
Less: investment expense	<u>115,403</u>
Total investment income	1,549,489
Other income	<u>30</u>
Total additions	3,409,498
Deductions	
Retirement benefits	1,207,424
Disability	192,833
Administrative expenses	<u>20,982</u>
Total deductions	<u>1,421,239</u>
Change in net position	1,988,259
Beginning of year	<u>22,758,782</u>
End of year	<u>\$ 24,747,041</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Notes to Financial Statements
April 30, 2015

1. Summary of significant accounting policies

A. General statement

The City of Fairview Heights (the "City") was incorporated on October 2, 1969.

The City provides the following services: general government, planning and zoning, police protection, parks and recreation, library, road improvements, and road maintenance. The City is governed by an elected Mayor and City Council members by wards.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the City are described below.

B. Financial reporting entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City reporting entity, as set forth in Section 2100 of GASB's – Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the Fairview Heights Library is a blended component unit. The Library is governed by a nine-member Board of Trustees appointed by the City's Mayor. The Library is financially accountable to the City as the City's approval is needed for the levy of property taxes for Library operations and to issue bonded debt on behalf of the Library. Separately audited financial statements of the Library are not available.

As required by generally accepted accounting principles, these financial statements present the City and all related organizations for which the City exercises financial accountability. The Police Pension fund has been included as a fiduciary fund due to the fiduciary responsibility exercised over this Pension fund.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of significant accounting policies (continued)

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. The City does not allocate indirect expenses to functions in the statement of activities. *Program revenues*, include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements; all non-major funds are aggregated and presented in a single column. The City does not have any proprietary funds.

D. Measurement focus, basis of accounting and basis of presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are reported only when payment is due.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of significant accounting policies (continued)

Sales and use taxes, hotel and motel taxes, home rule taxes, franchise taxes (fees), intergovernmental revenue, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

All other revenue items are considered to be measurable and available only when cash is received by the City.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is place on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. The same element of the individual governmental fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental funds combined.
3. In addition, any other governmental fund that the City believes is particularly important to financial statement users may be reported as a major fund. Management has designated the Home Rule fund, Hotel and Motel Tax fund, Tax Rebates fund and TIF #2 Shoppes of St. Clair fund as major.

The City reports the following major governmental funds:

General fund

General fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not to be paid through other funds are paid from the General fund.

Special revenue funds - Special revenue funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or assigned or committed to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds, all of which are reported as major funds:

Fund	Brief Description
Home rule fund	A fund established by City ordinance to account for home rule tax revenues and expenditures as legally restricted for City use.
State motor fuel tax fund	A fund established to account for state motor fuel tax revenues and expenditures as legally restricted for motor fuel tax purposes.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of significant accounting policies (continued)

<u>Fund</u>	<u>Brief Description</u>
Hotel and motel tax fund	A fund established by City ordinance to account for hotel and motel tax revenues and expenditures as legally restricted.
Food and beverage fund	A fund established by City ordinance to account for food and beverage tax revenues and expenditures as legally restricted.
Tax rebate fund	A fund established by the City to account for activities related to all tax rebate financing agreements.
TIF #2 Shoppes of St. Clair	A fund established by the City to account for activities related to the Shoppes of St. Clair's tax increment financing district.

Other fund types

The City also reports the following fund types:

Pension trust fund - The pension trust fund reports fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions. The City's pension trust fund is limited to eligible police officers.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statement.

E. Cash and cash equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of less than thirty days.

The City Council adopted formal deposit and investment policies. These policies apply to all City funds not contained in pension trusts. The City Treasurer manages all unrestricted investments. Pension trust funds have investment policies separately approved by their respective oversight boards.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund manager based on quoted sales price of the underlying securities. Cash deposits are reported at carrying amounts which reasonably estimates fair value. The composition of pension trust investments, additional cash and investment information, and fair values are presented in Note 2.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of significant accounting policies (continued)

Investment income related to other immaterial residual balances in certain other funds is assigned and transferred to the general fund.

F. Capital assets, depreciation, and amortization

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$15,000 or more as purchase or construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Depreciation is computed using the straight-line method based on various estimated useful asset lives as follows:

Building	20 years
Improvements	20 years
Equipment, furniture and fixtures	5 years
Water system	40 years
Sewer, sidewalks, streets and roads	40 years

G. Compensated absences

Full-time, part-time, and permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure and departments (police contract varies) within the City. Sick leave accrues to full-time, permanent employees to specified maximums. Permanent part-time employees under Local 148 receive sick time to specified maximums. Generally vacation must be used on a calendar year basis or it is lost. Employees are entitled to a percentage of accrued vacation upon termination. Sick leave carries over, but is lost if the employee quits, but may be credited towards IMRF when they retire. The police contract includes a buyout of sick leave upon retirement. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued liabilities in the government-wide and fiduciary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

H. Long-term obligations

In the government-wide financial statements outstanding debt is reported as liabilities. Bond discounts and premiums are deferred and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of significant accounting policies (continued)

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources in the current period. Issuance costs are reported as expenditures.

I. Net position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

1. Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
2. Restricted net position - This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.
3. Unrestricted net position - This is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

J. Program revenues

In the statement of activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

1. General government - Licenses, permits and administration fees. Rental of municipal buildings.
2. Public safety - Fine revenue, outside employment; operating and capital grants includes U.S. Department of Justice, State of Illinois, Illinois Emergency Management Agency.
3. Streets and public works - Permit and developer fees; commercial vehicle and gasoline excise tax shared by the state; operating grants from Illinois Department of Revenue.
4. Culture and recreation - Rental income, recreation fees and operating grants including state per capita tax.

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of significant accounting policies (continued)

K. Internal and interfund balances and activities

In the process of aggregating the financial information for the government-wide statement of net assets and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund financial statements

Interfund activity, if any, within and among the governmental fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government - wide financial statements

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

1. Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental activities columns of the statement of net position, except for the residual amounts due between governmental activities, which are reported as internal balances.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities. The effects of interfund services between funds, if any, are not eliminated in the statement of activities.

L. Fund equity

Beginning with fiscal year 2012, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of significant accounting policies (continued)

Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purpose by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used by any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assigned actions.

M. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

N. Deferred inflows of resources

The statement of net position and balance sheet - governmental funds reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. These statements report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of significant accounting policies (continued)

O. New accounting

During fiscal year 2015, the City adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement establishes standards of financial reporting and specifies the required approach to measuring pension liability of employers for benefits provided through the pension plan. The Statement also requires enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. This financial report has been updated in accordance with GASB Statement No. 67.

2. Cash, certificates of deposit, and investments

As of April 30, 2015, the Library fund, a blended component unit of the City, had the following certificates of deposit:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
Community First Bank - Certificate of Deposit	10/21/2015	\$ 51,205
Community First Bank - Certificate of Deposit	10/21/2015	56,176
Community First Bank - Certificate of Deposit	7/9/2015	5,035
Community First Bank - Certificate of Deposit	7/9/2016	104,420
Centrue Bank - Certificate of Deposit	8/19/2015	<u>102,631</u>
Total		<u>\$ 319,467</u>

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation Insurance (FDIC). Deposited funds may be invested in financial institutions with an established record of fiscal health and service and a long history of dealing with public funds. Collateral agreements must be approved prior to deposit of funds as provided by law.

Pension trust investment policy restricts uninvested cash to minimal balances generally covered by the FDIC.

At April 30, 2015, the book balance of the City's cash and investments was \$14,323,910 and the bank balance was \$14,521,301. Of the bank balance, \$669,698 was covered by federal depository insurance and \$13,851,603 was covered by collateralized securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust and \$-0- was uncollateralized.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. Cash, certificates of deposit, and investments (continued)

	Carrying Amount	Bank Value
Cash on hand	\$ 396	\$ 396
Pooled cash and cash equivalents	14,004,443	14,201,835
Certificates of deposit	<u>319,467</u>	<u>319,467</u>
	14,323,910	14,521,302
External investment pool:		
The Illinois Funds - Money Market Fund	<u>110,817</u>	<u>110,817</u>
	<u>\$ 14,435,123</u>	<u>\$ 14,632,515</u>

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City policy provides that to the extent practical, investments are matched with anticipated cash flows. The City currently has limited investments to certificate of deposits with short-term maturities to help limit its exposure to fair value losses from increasing rates.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City currently carries operating cash balances in several financial institutions and requires collateral for all amounts over the insured limits. Money market accounts are also used as an intermediary investment to mitigate risk.

Investment policies

City policy

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City Treasurer. Investing is performed in accordance with investment policies adopted by the City (1) direct obligations of the United States government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged or obligations to the payment of which the full faith and credit of the State is pledged; (2) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, savings and loan associations and credit unions located in the City when secured by appropriate collateral; (3) with certain limitations; negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations; (4) public treasurers' investment pool administered by the Illinois State Treasurer; and (5) other available bank investments, pass books, and savings accounts provided securities are pledged to secure those funds.

The Illinois Funds is an external investment pool administered by the Illinois State Treasurer. U.S. Bank, N.A. serves as custodian for The Illinois Funds. The fair value of the City's investment in The Illinois Funds is the same as the value of the pool shares. Although not subject to direct regulatory

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. Cash, certificates of deposit, and investments (continued)

oversight, The Illinois Funds is administered in accordance with the provisions of Illinois statute 30 ILCS 235 "Public Funds Investment Act". The Illinois Funds - Money Market Fund is rated AAA by Standard & Poor's. The rating signifies an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

Pension Trust policy

The City's pension trust is the police pension fund.

The Pension Trust is permitted to invest in securities as authorized by the legal list contained in the Illinois Pension Code Section 3-135 and subsequent amendments and by the Public Funds Investment Act (30 ILCS 235/0.01). All investments made by the Pension Trust were authorized.

Investment policies provide for investment managers who have full discretion of assets allocated to them subject to the overall investment guidelines set out in the policies. Manager performance is reviewed by the pension board. Overall investment guidelines provide for diversification and allow investments as described above. The plan addresses custodial credit risk with policy providing for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured, or called items, and provides periodic accounting to the pension board.

Asset allocation guidelines for the plan are as follows:

	Minimum	Maximum
Equities	20%	65%
Fixed income (greater than one year)	33%	78%
Cash equivalents	2%	20%

The composition of pension trust fund investments at fair value is shown on the following table, collateral risk categories are not included:

Description	Value	Cost
Domestic common stocks	\$ 12,116,340	\$ 9,552,414
U.S. Treasury notes	4,203,499	4,209,741
FHLMC	589,301	587,235
FNMA	1,030,113	1,025,261
Corporate bonds	3,152,751	3,124,132
Municipal bonds	302,431	297,967
Mutual funds	2,325,802	2,017,728
	<u>\$ 23,720,237</u>	<u>\$ 20,814,478</u>

Credit risk - The fund limits credit risk based on its investment policy by investing in top rated securities generally in government and government agency securities.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. Cash, certificates of deposit, and investments (continued)

The City was in compliance with all investment policies at April 30, 2015.

3. Property taxes receivable

The City has not levied any property taxes in the current or prior years. The City receives from the townships, one-half of the township road tax produced by the property within the limits of the municipality. Within one year of receipt of the money, the amount must either be budgeted or returned. These governments levy taxes annually prior to December 31 of each year. Property taxes are attached as an enforceable lien on property as of January 1st. Property taxes are mailed in the year following the assessment year. 2013 property taxes were payable in two installments; July 16, 2014 and September 3, 2014. The County Treasurer bills and collects the property taxes. The City receives its portion from these governments after those dates. Taxes recorded in these financial statements are from the 2013 and prior tax levies.

4. Capital assets

Changes in capital assets

The following provides a summary of changes in capital assets:

	Balance at May 1, 2014	Additions	Retirements	Balance at April 30, 2015
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,270,628	\$ -	\$ -	\$ 9,270,628
Construction in progress	1,605,627	547,674	(1,363,477)	789,824
Total capital assets not being depreciated	10,876,255	547,674	(1,363,477)	10,060,452
Other capital assets				
Buildings	13,604,944	723,945	-	14,328,889
Other improvements	2,882,552	172,136	-	3,054,688
Machinery and equipment	10,442,729	819,938	(57,696)	11,204,971
Infrastructure	61,881,016	2,083,841	-	63,964,857
Total other capital assets at historical costs	88,811,241	3,799,860	(57,696)	92,553,405
Less accumulated depreciation for				
Buildings	5,850,136	344,950	-	6,195,086
Other improvements	2,141,500	82,566	-	2,224,066
Machinery and equipment	8,042,187	500,801	(57,696)	8,485,292
Infrastructure	22,542,044	1,042,093	-	23,584,137
Total accumulated depreciation	38,575,867	1,970,410	(57,696)	40,488,581
Governmental activities capital assets, net	<u>\$ 61,111,629</u>	<u>\$ 2,377,124</u>	<u>\$ (1,363,477)</u>	<u>\$ 62,125,276</u>

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

4. Capital assets (continued)

For the year ended April 30, 2015, the City received donated streets of \$-0- .

Depreciation expense was charged to functions as follows in the statement of activities:

Primary government		
Governmental activities		
General government		
Executive	\$	25,204
Municipal complex		80,992
Police safety		
Police		266,643
EDSA		43,735
Street and public works		
Engineering/streets		1,296,723
Public works maintenance		15,409
Land use and development		-
Culture and recreation		
Parks		115,388
Library		50,384
Tourism		75,932
		<u> </u>
Total depreciation for governmental activities	\$	<u>1,970,410</u>

5. Long-term debt

Long-term debt supporting governmental activities

General obligation bonds are issued by the City for various municipal projects. These bonds are secured by property taxes, with the levy annually abated and payments made from the general revenues of the City. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City has no debt outstanding subject to legal debt limitations. The City's borrowing capacity is restrained by maintaining the City's debt at a reasonable level. Other debt issued to support governmental activities is repaid as follows: compensated absences are paid from the fund responsible for the employee's compensation with significant liabilities payable from the general fund; lease obligations are primarily paid from the general fund.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

5. 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, 2015:

Description and Purpose	Balance May 1, 2014	Issued	Retired	Balance April 30, 2015	Due Within One Year
Governmental activities					
Compensated absences	\$ 507,445	\$ 500,800	\$ 492,327	\$ 515,918	\$ 503,729
General obligation bonds	<u>4,870,000</u>	<u>2,080,000</u>	<u>3,210,000</u>	<u>3,740,000</u>	<u>1,245,000</u>
Total	<u>\$ 5,377,445</u>	<u>\$ 2,580,800</u>	<u>\$ 3,702,327</u>	<u>\$ 4,255,918</u>	<u>\$ 1,748,729</u>

The City has general obligation debt service requirements at April 30, 2015, on bond issues as follows:

1. A general obligation bond issue of \$2,080,000 dated December 23, 2014 provides for the serial retirement of the principal at varying rates annually over the life of the issue with final payment on January 1, 2019. Interest is payable on these bonds on January 1 and July 1 of each year at a rate of 1.29 percent per annum. The proceeds from this issue were used to advance refund \$2,045,000 of General Obligation Bonds Series 2005 dated September 15, 2015.
2. A general obligation bond issue of \$2,630,000 dated January 1, 2011, provides for the serial retirement of the principal at varying rates over the life of the issue with final payment on January 1, 2021. Interest is payable on these bonds on January 1 and July 1 of each year at rates varying from 2 percent to 3.125 percent per annum with an average interest rate of 2.59 percent. The proceeds of this issue were used to advance refund \$2,525,000 of General Obligation Bonds Series 2001 dated March 15, 2001.

The annual debt service requirements of the City for retirement of General Obligation bond principal and payment of interest coupons by fiscal year are as follows at April 30, 2015:

Payable During the Year Ended	General Obligation		
	Bond Series DTD 12/23/14		
	Total	Principal	Interest
April 30, 2016	\$ 1,012,428	\$ 985,000	\$ 27,428
April 30, 2017	629,126	615,000	14,126
April 30, 2018	246,192	240,000	6,192
April 30, 2019	<u>243,096</u>	<u>240,000</u>	<u>3,096</u>
	<u>\$ 2,130,842</u>	<u>\$ 2,080,000</u>	<u>\$ 50,842</u>

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

5. Long-term debt (continued)

Payable During the Year Ended	General Obligation Bond Series DTD 1/1/11		
	Total	Principal	Interest
April 30, 2016	\$ 305,444	\$ 260,000	\$ 45,444
April 30, 2017	304,984	265,000	39,984
April 30, 2018	309,419	275,000	34,419
April 30, 2019	306,167	280,000	26,167
April 30, 2020	302,769	285,000	17,769
April 30, 2021	304,219	295,000	9,219
	<u>\$ 1,833,002</u>	<u>\$ 1,660,000</u>	<u>\$ 173,002</u>

Payable During the Year Ended	Total All Bonds		
	Total	Principal	Interest
April 30, 2016	\$ 1,317,872	\$ 1,245,000	\$ 72,872
April 30, 2017	934,110	880,000	54,110
April 30, 2018	555,611	515,000	40,611
April 30, 2019	549,263	520,000	29,263
April 30, 2020	302,769	285,000	17,769
April 30, 2021	304,219	295,000	9,219
	<u>\$ 3,963,844</u>	<u>\$ 3,740,000</u>	<u>\$ 223,844</u>

6. Interfund receivables, payables and transfers

Generally, outstanding balances between funds are reported as "due to/from other funds" including outstanding charges by one fund to another for services or goods outstanding at year-end, and other miscellaneous, receivable/payables between funds.

The following schedule reports receivables and payables within the reporting entity at fiscal year-end:

Due from	Due to	Amount
Governmental activities/major governmental funds	Governmental activities/major governmental funds	
General fund	Sales tax rebate fund	\$ 435,853
Food and beverage fund	General fund	74,703
Home rule fund	General fund	731,184
		<u>\$ 1,241,740</u>

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

6. Interfund receivables, payables and transfers (continued)

Due from	Due to	Amount
Fiduciary Funds Police pension fund	Governmental activities/major governmental funds General fund/Police pension fund	<u>\$ 63,251</u>

The following is a summary of transfers during the year ended April 30, 2015:

Transfer from	Transfer to	Amount
General fund	General fund/Capital reserve fund	\$ 110,000
General fund	Library	503,008
General fund	Police Pension	1,300,000
General fund	TIF #1 Bunkum Road	19,324
General fund	TIF #2 Shoppes of St. Clair	30,732
General fund	TIF #3 Lincoln Trail	<u>24,431</u>
		<u>\$ 1,987,495</u>

The general fund transfer to the capital reserve fund was used to increase the equity in the capital reserve fund.

The general fund transfer to the library fund was used to transfer additional revenue to the library fund to meet the fiscal needs of the Library Board in lieu of assessing their property tax levy request.

The general fund transfer to the police pension fund was used to transfer revenue to the police pension fund to cover the City's retirement contribution.

The general fund transfer to TIF #1 Bunkum Road as required by Illinois TIF Section 11-74.4-3 was used to pay the developer the additional 10 percent add on for non-corporate taxes.

The general fund transfer to TIF #2 Shoppes of St. Clair as required by Illinois TIF Section 11-74.4-3 was used to pay the developer the additional 10 percent add on for non-corporate taxes.

The general fund transfer to TIF #3 Lincoln Trail as required by Illinois TIF Section 11-74.4-3 was used to reimburse TIF #3 Lincoln Trail the additional 10 percent contribution for the current year and all prior years.

7. Sales tax rebates

Pursuant to Ordinance Number 1037-2001, and as subsequently amended, approving the Lincoln Place Phase II Businesses District Plan, the City authorized a sales tax rebate program with the developer (The Koman Group). The agreement calls for the City to pay the developer 80 percent of the sales tax collected from stores located in the development. The City pursuant to Ordinance 1079-2002 provided for the issuance of a developer note in the amount of \$5,045,000 plus interest

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

7. Sales tax rebates (continued)

at 6.5 percent payable annually on April 28 for 20 years from the date of the note. The note was dated February 5, 2002, with the first installment to be paid April, 2002. The City made a current payment of \$532,568. Cash representing the amount of rebate due under terms of this agreement has been set aside and restrictions have been placed on the accounts. At April 30, 2015, the amount of cash restricted for current and future payments under this agreement was \$111,002. The developer (The Koman Group) sold the notes listed here underlying the sales tax rebate agreements to the Southwestern Illinois Development Authority (SWIDA) during the April 30, 2003 year. SWIDA issued bonds supported by the payment of the notes. The only change relating to the City based on this sale was a change in the location for the payments. The City's payments and all subsequent payments will be made to UMB Bank, NA as trustee for the bond holder. The balance owed is not presented in the accompanying financial statements because they are considered to be commitments and will not be a liability unless certain events occur in the future.

Pursuant to Ordinance Number 1620-2013, the City authorized a sales tax rebate program with Fairview Heights 881 Fee, LLC, the developer of Fairview City Centre. The agreement calls for the City to pay the developer 12.5 percent of the sales tax collected from stores located in the development. The developer met the requirements of the agreement as of January 1, 2015 and is owed \$36,553 as of April 30, 2015. Cash representing the amount of rebate due under terms of this agreement has been set aside and restrictions have been placed on the accounts. At April 30, 2015, the amount of cash restricted for current and future payments under this agreement was \$14,451.

Pursuant to Ordinance Number 1273-05 authorizing a sales tax rebate program with PK Fairview, LLC requiring a payment equal to 75 percent of the incremental sales tax revenue arising from sales by retailers in the development, the City is responsible for reimbursing up to \$1,500,000 in costs and had received documentation of \$1,041,654. The agreement began on November 15, 2005 and continues thereafter for a maximum period of 10 years. The City made payments under this agreement of \$25,630 in fiscal year 2015. Cash representing the amount of rebate due under terms of this agreement has been set aside and restrictions have been placed on the accounts. At April 30, 2015, the amount of cash restricted for current and future payment under this agreement was \$2,681. The balance owed is not presented in the accompanying financial statements because they are considered to be commitments and will not be a liability unless certain events occur in the future.

Pursuant to Ordinance Number 1259-2005 authorizing a pledge of limited incremental sales tax revenues and the creation of business district tax with the developer (Shoppes of St. Clair Square, LLC), the City is responsible to pay the developer 100 percent of all sales tax revenue within the development. The City is entitled to receive annually for a maximum of 20 years of which the increase in the aggregate amount of sales and similar taxes paid to the City arising from sales within the redevelopment project area over and above the amount of such taxes paid to the City during the calendar year preceding the agreement, minus any amounts paid under the TIF revenue. The business district tax the City imposed is 1/2 percent sales tax on all retailers and servicemen operating within the Business District Area. The City agrees to reimburse the developer for verified reimbursable redevelopment project costs in an amount not to exceed \$5,000,000 plus insurance costs. The developer shall delineate the portion that shall be TIF notes, business district tax notes,

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

7. Sales tax rebates (continued)

and/or limited incremental sales tax notes. The developer has requested \$1,316,000 as business district tax notes for a term of 23 years. The remaining balance of \$3,684,000 is pledged by TIF revenues and limited incremental sales tax revenues. The City made payments under this agreement of \$473,370 in fiscal year 2015. Cash representing the amount of rebate due under the terms of this agreement have been set aside and restrictions have been placed on the accounts. At April 30, 2015, the amount of cash restricted for current and future payment under this agreement was \$95,035. The balance owed is not presented in the accompanying financial statements because they are considered to be commitments and will not be a liability unless certain events occur in the future.

8. Tax increment financing districts

Pursuant to Ordinances 1168-03, 1169-03, 1170-03 and 1186-04 and as subsequently amended the City approved the Redevelopment Plan of Tax Increment Financing District #1 authorizing reimbursement of development costs under the "TIF Act" with the developer (Freeburg Commercial Ventures L.L.C.). The agreement calls for the City to pay the developer TIF revenues which represent the amount attributable to the increase in the current equalized assessed valuation. The TIF note cannot exceed a maximum of \$1,000,000 of approved development costs and will extend for 23 years from issuance. The City made payments under this agreement of \$72,547 in fiscal year 2015, which maximized the \$1,000,000. Cash representing the amount of taxes due under terms of this agreement has been set aside and restrictions have been placed on the accounts. At April 30, 2015, the amount of cash restricted for current and future payments under this agreement was \$-0-.

Pursuant to Ordinance 1259-2005 approving the redevelopment plan authorizing reimbursement of development costs under the "TIF Act" with the developer (Shoppes of St. Clair, LLC). The agreement calls for the City to pay the developer TIF revenues which represent the amount attributable to the increase in the current equalized assessed valuation. The TIF note in conjunction with the limited incremental sales tax note is for \$3,684,000 and will be for a term of 23 years from issuance. The City made payments under this agreement of \$338,050 in fiscal year 2015. Cash representing the amount of taxes due under the terms of this agreement has been set aside and restrictions have been placed on the accounts. At April 30, 2015, the amount of cash restricted for current and future payments under this agreement was \$491. The City signed an Intergovernmental Cooperation Agreement with the other Taxing Districts located within the TIF area. In an effort to replace tax revenues lost by the Taxing Districts and facilitate the redevelopment of the TIF area and the Business District in accordance with the TIF plan, the proposed business district plan, the TIF Act and the Business District Act, the City hereby pledges and agrees to pay from the limited incremental sales tax revenues to the Taxing Districts an amount equal to 66.67 percent of the Business District tax revenues but not more than a maximum amount equal to 75 percent of the TIF revenues. The distribution percentage share for each Taxing District is based on their respective portion of the real estate tax rate at the time of the agreement to the total of all the Taxing Districts. The City made payments under this agreement of \$58,681 by April 30, 2015.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

8. Tax increment financing districts (continued)

Pursuant to Ordinances 1379-07, 1380-07, and 1381-07 approving the Tax Increment Redevelopment Plan and Project for the Lincoln Trail Redevelopment Project Area authorizing reimbursement of development costs under the "TIF Act" with the developers. The agreement calls for the City to pay the developers TIF revenues which represent the amount attributable to the increase in the current equalized assessed valuation. The City signed an Intergovernmental Cooperation Agreement with some of the taxing districts located within the TIF area. The taxing districts desire to undertake capital improvements that qualify as redevelopment project costs and have said costs paid, in whole or in part, from funds from the TIF area. The City made payments under this agreement of \$32,053. Cash representing the amount of taxes due under terms of this agreement have been set aside and restrictions have been placed on the accounts. At April 30, 2015, the amount of cash restricted for current and future payments under this agreement was \$1,376,694.

9. Lease revenue

The City has a lease agreement with the Illinois State Police for the rental of part of its municipal complex to be used for the Forensic Science Laboratory. This is a lease for five years and rent under this agreement will be paid in monthly increments of \$13,027. The lease provides annual increases of two percent. The Illinois State Police stopped renting in August 2014, so only 4 monthly payments were made for the year ended April 30, 2015.

The City has a lease agreement with Crown Castle International Corp. for rental of a parcel of property on which an antenna and equipment base is stationed. The terms of the agreement are based on 5 year increments. After each 5 year period, the next term will be automatically renewed for 5 years unless canceled by either party. Rent under this agreement will be paid in annual installments of \$10,000 and increase at each renewal date as set forth in the contract.

The City has a lease agreement with AT&T Mobility for rental of a parcel of property on which communications equipment will be stationed. The terms of this agreement are based on 5 year increments. After each 5 year period, the next term will be automatically renewed for 5 years unless canceled by either party. Rent under this agreement will be paid in monthly increments of \$480 and increase at each renewal date as set forth in the contract.

The City has a lease agreement with the Fountains at Fairview Heights L.L.C. for rental of a conference/convention center located in the Fountains of Fairview Development. This is a lease for 20 years and rent under this agreement is \$1 due and payable on the first day of each year.

Minimal rentals on leases for the next five years are as follows:

5/1/15 - 4/30/16	\$ 45,678
5/1/16 - 4/30/17	45,678
5/1/17 - 4/30/18	45,678
5/1/18 - 4/30/19	45,678
5/1/19 - 4/30/20	45,678

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

9. Lease revenue (continued)

Several of the leases included in the balances shown in the previous schedule include rental amounts that are determined annually based on formulas prescribed in the individual lease agreements. The minimum future rentals for these leases were determined using the rates in effect at fiscal year-end.

10. Operating leases

The City has entered into a number of operating leases which contain cancellation provisions and are subject to annual appropriations. For the year ended April 30, 2015, rentals approximated \$57,955 for such leases. These leases primarily support governmental activities.

Minimum rentals on leases for future years are as follows:

5/1/15 - 4/30/16	\$ 38,344
5/1/16 - 4/30/17	38,344
5/1/17 - 4/30/18	33,551
5/1/18 - 4/30/19	32,592
5/1/19 - 4/30/20	16,173

11. Capital leases

The City entered into a capital lease agreement with Associated Bank on July 2, 2010, to purchase 15 Panasonic Toughbook computers with a cost of \$56,160. This lease has an interest rate of 3.78 percent and requires monthly payments of \$1,262 for a period of four years. The lease matured June 2014.

The City entered into a capital lease agreement with Associated Bank on July 25, 2011, to purchase server hardware and related items with a cost of \$59,846. This lease has an interest rate of 2.01 percent and requires two monthly payments of \$3,899 and thirty-four monthly payments of \$1,591. The lease matured June 2014.

The City entered into a capital lease agreement with US Bancorp on September 7, 2011, to purchase a Toshiba eStudio copier with a cost of \$6,064. This lease has an interest rate of 4.84 percent and requires monthly payments of \$114 for a period of five years.

The City entered into a capital lease agreement with US Bank on April 3, 2012, to purchase a Canon IR 6055 and Lexmark Color copier with a total cost of \$53,085. This lease has an interest rate of 4.84 percent and requires monthly payments of \$998 for a period of five years.

Minimum lease payments for future years are as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
5/1/15 - 4/30/16	\$ 13,344	\$ 12,423	\$ 921
5/1/16 - 4/30/17	12,546	12,231	315

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

12. Restricted assets

The City, pursuant to ordinances establishing sales tax rebate agreements and tax increment financing agreements, was required to establish bank accounts to be used to hold the income generated by these agreements between payment dates. The balance of \$1,600,354 represents amounts due and payable either currently or in the future based on the terms of these agreements. The funds are not available for use by the City until the rebates have been paid in full or the time period for payments has elapsed.

The City restricted a portion of the real estate tax collected under the Bunkum Road tax increment financing agreement for future sewer projects. At April 30, 2015, an amount of \$361,923, was restricted to pay for the future sewer projects.

13. Retirement plans

A. Illinois Municipal Retirement Fund defined benefit pension plan

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. That report may be obtained on-line at www.imrf.org.

Funding Policy - As set by statute, the City's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2014 was 12.72 percent.

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, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost - For fiscal year ending April 30, 2015, the City's actual contributions for pension cost for the Regular plan members were \$518,324.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/2015	\$ 523,547	100 %	\$ 124,861
4/30/2014	530,039	100	122,516
4/30/2013	522,857	100	120,077

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

13. Retirement plans (continued)

The following table shows the components of the City's annual pension cost for the year ended April 30, 2015, the actual amount contributed to the Plan, and changes in the City's net pension obligation to the Plan.

Annual required contribution	\$ 521,202
Interest on net pension obligation	9,189
Adjustment to annual required	<u>(6,844)</u>
Annual pension cost	523,547
Contributions made	<u>521,202</u>
Increase in net pension obligation	2,345
Net pension obligation, May 1, 2014	<u>122,516</u>
Net pension obligation, April 30, 2015	<u>\$ 124,861</u>

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3 percent annually. The actuarial value of the City's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded status and funding progress - As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 76.26 percent funded. The actuarial accrued liability for benefits was \$12,771,848 and the actuarial value of assets was \$9,739,727, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,032,121. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$4,193,206 and the ratio of UAAL to the covered payroll was 72 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Police Officers' Pension

Method used to value investments - Securities are carried at fair market value. Investment income is recognized on an accrual basis. Gains and losses on sales and exchanges are recognized on the transaction date. Securities traded on a national or international exchange are

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

13. Retirement plans (continued)

valued at the last reported sales price at current exchange rates. Securities not listed on an established market are reported at estimated fair values based on underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value.

Plan administration - Police sworn personnel are covered by the police pension fund which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City accounts for the plan as a pension trust fund. The City does not, however, separately issue a financial report for the police pension plan. Management of the Police Pension Plan is vested in the City Police Pension Board, which consists of five members - two elected by active plan members, one elected by retired members and two members appointed by the mayor.

At April 30, 2015, the Police Pension membership consisted of:

Active plan members	42
Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	<u>7</u>
Total	<u><u>78</u></u>

Benefits provided - The Police Pension Plan provides retirement, disability, and death benefits. Benefits provided under the statute are summarized as follows:

Tier 1 - For police officers first entering Article 3 prior to January 1, 2011.

Tier 2 - For police officers first entering Article 3 after December 31, 2011.

Normal pension amount

Tier 1 - police officers attaining the age of 50 with 20 or more years of creditable service are entitled to receive monthly retirement benefits of 50 percent of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service, plus 2.5 percent of such annual salary from 20 to 30 year (maximum 25 percent).

For Tier 2, police officers attaining the age of 55 with 10 or more years of creditable service are entitled to receive monthly retirement benefit of 2.5 percent of final average salary for each year of service. Early retirement at age 50 with 10 or more years of creditable service are entitled to 2.5 percent of final average salary for each year of service but with a penalty of 0.5 percent for each month prior to age 55. Final average salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service. The minimum monthly benefit is \$1,000 and maximum benefit is 75 percent of salary.

Disability pension amount

Line of duty - Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available. Minimum pension is \$1,000 per month.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

13. Retirement plans (continued)

Not on duty - 50% of salary attached to rank at date of suspension or retirement. Minimum pension is \$1,000 per month.

Pension to survivors

Death of retired member

Tier 1 - 100% of pension amount to surviving spouse (or dependent children)

Tier 2 - 66 2/3% of pension amount to surviving spouse (or dependent children), subject to the following increase: the lesser of 50% of the Consumer Price Index - Urban (CPI-U) or 3% of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount each January 1 thereafter.

Death while in service (not in the line of duty)

With 20 years of creditable service, the pension amount earned as of the date of death.

With between 10 and 20 years of creditable service, 50% of the salary attached to the rank for the year prior to the date of death.

Death in line of duty

100% of the salary attached to the rank for the last day of service year prior to the date of death.

Minimum Survivor Pension

\$1,000 per month to all surviving spouses.

Pension increases

Tier 1 - Pensions are increased by 3 percent of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3 percent of the original pension amount on each January 1 thereafter. Effective July 1, 1993, 3 percent of the amount of pension payable at the time of the increase including increases previously granted, rather than 3 percent of the originally granted pension amount.

Tier 2 - Pensions are increased by the lesser of 3 percent or half of the Consumer Price Index of the original pension amount after attainment of age 60, followed by an additional 3 percent of the original pension on each January 1 thereafter.

Disabled - Pensions are increased by 3 percent of the original pension amount after attainment of age 60, followed by an additional 3 percent of the original pension amount each January 1 thereafter.

Contributions by police officers - Covered employees are required by ILCS to contribute 9.91 percent 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. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past service cost for the police pension fund.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

13. Retirement plans (continued)

Contributions by The City - The City files an annual report with the Illinois Department of Insurance in compliance with the Illinois Compiled Statute. The City also engages an actuary to determine the employers contributions in an amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any underfunded accrued liability. For the year ended April 30, 2015, the City contributed \$1,260,000 which was 38.96 percent of covered payroll.

Investment policy - The Pension Plan's investment policy follows the investments permissible under the Illinois Compiled Statutes 40 ILCS 5/1 - 113.1 and 40 ILCS 5/1 - 113.2. The Board has established an objective for an investment return, over three to five years, that exceeds the rate of return that would have been achieved by a statically allocated and passively managed portfolio, at the same risk, in accordance with the long-term allocation of assets set forth in the City's investment policy.

Concentration - The following are investments (other than U.S. government and U.S. government-guaranteed obligations) in any one organization that represent 5 percent or more of net assets available for benefits at April 30, 2015:

	<u>Cost</u>	<u>Market</u>
Europacific Growth fund	<u>\$ 2,017,728</u>	<u>\$ 2,325,802</u>

Rate of return - For the year ended April 30, 2015 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.26 percent . The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability of the City - The components of the net pension liability of the City at April 30, 2015, is as follows:

Total pension liability	\$ 38,936,454
Plan fiduciary net position	<u>(24,747,040)</u>
City's net pension liability	<u>\$ 14,189,414</u>
Plan fiduciary net position as a percentage of total pension liability	63.56%

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of April 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

13. Retirement plans (continued)

Payroll growth	4.00 percent
Cost of living adjustments	2.00 percent
Inflation	2.00 percent
Investment rate of return	6.50 percent

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table using mortality rates that reflect blue collar adjustments.

The actuarial assumptions used in the May 1, 2015 valuation were based on results of an actuarial experience study for the period of May 1, 2014 through April 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

Discount rate - The discount rate used to measure the total pension liability was 6.50 percent . The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projection benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the City, calculated using the discount rate of 6.50 percent as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percent lower (5.50 percent) and 1 percent higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Total pension liability	\$ 44,204,842	\$ 38,936,453	\$ 34,234,225
Plan fiduciary net position	<u>24,747,040</u>	<u>24,747,040</u>	<u>24,747,040</u>
Net pension liability/(asset)	<u>\$ 19,457,802</u>	<u>\$ 14,189,413</u>	<u>\$ 9,487,185</u>

Related party transactions

There are no related party transactions that need to be disclosed.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

14. Other postemployment benefit plan

Plan description - The City of Fairview Heights' defined other postemployment benefit plan (OPEB) is a single-employer defined benefit healthcare Plan that is administered by the City and covers retired employees of the City and their dependents. The Plan provides for the continuation of health care benefits for eligible retired employees. The City has the authority to establish and amend benefit provisions of the plan. The Plan does not issue a separate publicly available report.

Funding policy - The Plan makes available to all employees who retire and their dependents the option to continue healthcare coverage under the City's group health program by contributing the monthly premium. Retirees contribute 100 percent of the premium for the level and type of coverage. The City pays 100 percent of the premium for duty-disabled police officers and their families. For the 2015 fiscal year, the annual pay-as-you-go cost is approximately \$197,066 (2.8 percent of payroll).

As of April 30, 2015, the Plan has ten retirees and four disabled officers receiving benefits and ninety-eight active participants, of which eighty-five are not yet eligible to receive benefits.

Annual OPEB cost and net OPEB obligation - The City engaged an actuarial firm to determine the estimated obligation associated with OPEB as of April 30, 2015, as well as the annual required contribution (ARC) for funding this obligation in accordance with the parameters of GASB Statement No. 45 for employers with more than one hundred total plan members. Based on this report, including assumptions that the ARC is not fully funded, the ARC for the City in fiscal year 2015 was \$474,536. The City's annual OPEB cost is calculated based on the ARC. The ARC represents a level of funding, that if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year ended April 30, 2015, the actual amount contributed to the plan, and changes in the City's net OPEB obligation to the plan:

	<u>Police</u>	<u>Municipal</u>	<u>Total</u>
Annual required contribution	\$ 410,329	\$ 64,207	\$ 474,536
Interest on OPEB obligation	65,749	4,265	70,014
Adjustment to annual required contribution	<u>(81,468)</u>	<u>(5,284)</u>	<u>(86,752)</u>
Annual OPEB cost (expense)	394,610	63,188	457,798
Contributions made	<u>(140,743)</u>	<u>(56,323)</u>	<u>(197,066)</u>
Increase in net OPEB obligation	253,867	6,865	260,732
Net OPEB obligation - May 1, 2014	<u>1,314,987</u>	<u>85,295</u>	<u>1,400,282</u>
Net OPEB obligation - April 30, 2015	<u>\$ 1,568,854</u>	<u>\$ 92,160</u>	<u>\$ 1,661,014</u>

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

14. Other postemployment benefit plan (continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended April 30, 2015 and the two preceding years are as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
04/30/15	\$ 457,798	43.00 %	\$ 1,661,014
04/30/14	461,129	39.60	1,400,282
04/30/13	464,683	36.00	1,121,622

Funded status and funding progress - The funded status of the Plan based on the most recent actuarial valuation as of April 30, 2015 is as follows:

	Police	Municipal	Total
Actuarial accrued liability (AAL)	\$ 4,624,401	\$ 703,842	\$ 5,328,243
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,624,401</u>	<u>\$ 703,842</u>	<u>\$ 5,328,243</u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%	0.00%	0.00%
Covered payroll (active plan members)	\$ 3,912,849	\$ 2,744,153	\$ 6,657,002
UAAL as a percentage of covered payroll	118.2%	25.6%	80.0%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions - The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the City and employees) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs to the City to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the actuarial valuation for the fiscal year ended April 30, 2015, the entry age normal cost method was used.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. Other postemployment benefit plan (continued)

The following simplifying assumptions were made:

Retirement age for active employees - Active plan members were assumed to retire at age 50 (police) or 55 (municipal) or the first year thereafter in which the member would qualify for benefits. If an employee would not yet qualify for 5 years of benefits, then the employee is assumed to work until he/she has accumulated enough years of vested service to obtain benefits until they reach Medicare eligibility (age 65).

Mortality - Life expectancies were based on mortality tables according to the 1994 Group Annuity Mortality Tables for Males and Females.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in health insurance premiums initially used a select rate of 9 percent, with a reduction to the ultimate rate of 5 percent after five years. Rates include a 2.5 percent general inflation assumption.

Health insurance premiums - Health insurance premiums for employees for the year ended April 30, 2015 were used as the basis for the calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 5 percent was used. In addition, a simplified version of the unit credit cost method was used.

The unfunded actuarial accrued liability (UAAL) is being amortized over 30 years as a level dollar amount.

15. Contingent liabilities

A. Litigation

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the City. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

In the opinion of management, all other such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the City if disposed of unfavorably.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

15. Contingent liabilities (continued)

B. Federal and state grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

C. State motor fuel fund

This fund is under the direct supervision of state authorities and is subject to audit and review by them. Therefore, this report does not constitute final approval. Under current procedures, the allotments of the City are being received from the State of Illinois each month. These allotments, however, may be expended only for specific expenditures that have been approved by the Department of Transportation, State of Illinois.

D. Capital improvements

The City has entered into construction contracts for approximately \$1,418,779 for road and bridge improvements. The City is in the preliminary design and planning phases for various other capital improvements.

16. Deferred compensation plan

The City has two deferred compensation plans set up in accordance with the Internal Revenue Code Section 457. The plans are administered by independent plan administrators through administrative service agreements. Employees defer a portion of their salary until future years.

Deferred compensation is not available to employees until termination, retirement, death or financial hardship. The City's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The City approved plan amendments such that plan assets are held in trust, with the City serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purposes. The City's beneficial ownership of plan assets will be held for the future exclusive benefit of the plan for the exclusive benefit of participants and beneficiaries and as such the total of these investments are not included in this statement.

It is the opinion of the City's legal counsel that the City, as trustee, has no liability for plan losses but does have the duty of due care that would be required of an ordinary prudent investor.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

17. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters for which the City purchases commercial insurance or participates in a risk management association, which is a statewide association of local governments that share costs and risk by membership with no direct assessment based on specific annual claims of participants. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years. The City is responsible for remitting its required contributions each year and reduces risk of loss through these payments. Management believes such coverage is sufficient to preclude any significant unissued losses to the City.

18. Commitments

On August 23, 2011 the City entered into an Intergovernmental agreement with Caseyville Township to pay a portion of the costs incurred by the Township resulting from providing sanitary sewer services to Weinel Hills. The agreement calls for the City to pay the Township a maximum of \$85,000 per year in two lump sums of \$42,500 for twenty years once said sewer services have begun under the agreement. Sewer services have started and the final agreement calls for the City to pay the Township \$60,682 per year in two lump sums of \$30,341 starting in October 2014. A total of \$60,682 was made in fiscal year 2015.

19. Impact of recently issued accounting principles.

In June 2012, the GASB issued Statement 68, Accounting and Financial Reporting for Pension - an amendment to GASB 27, GASB 68 improves accounting and financial reporting by state and local governments for pension. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, creating additional transparency. This statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

20. Subsequent events

The City entered into contracts totaling \$858,244 for various road improvements and professional services.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Permits				
Building permits	\$ 100,000	\$ 100,000	\$ 69,595	\$ (30,405)
Plumbing permits	700	700	1,453	753
Electric permits	3,500	3,500	3,470	(30)
Demo, satellite and grade	1,000	1,000	560	(440)
Sign permits	10,000	10,000	7,568	(2,432)
Building maintenance permits	45,000	45,000	55,278	10,278
Total permits	<u>160,200</u>	<u>160,200</u>	<u>137,924</u>	<u>(22,276)</u>
Income tax				
Income tax	1,368,415	1,609,900	1,657,978	48,078
Interest	4,900	4,900	6,764	1,864
Total income taxes	<u>1,373,315</u>	<u>1,614,800</u>	<u>1,664,742</u>	<u>49,942</u>
Miscellaneous revenue				
Liquor licenses	45,000	45,000	68,527	23,527
Miscellaneous	-	-	19,400	19,400
Total miscellaneous revenue	<u>45,000</u>	<u>45,000</u>	<u>87,927</u>	<u>42,927</u>
Other taxes				
Food and beverage tax	1,260,000	1,500,000	1,576,182	76,182
Hotel and motel collection tax	272,000	340,000	261,251	(78,749)
Video gaming tax	35,000	35,000	66,244	31,244
Total other taxes	<u>1,567,000</u>	<u>1,875,000</u>	<u>1,903,677</u>	<u>28,677</u>
Use taxes				
Sales tax	7,223,590	7,447,010	6,961,108	(485,902)
Home rule tax	3,604,860	3,716,351	3,013,408	(702,943)
Use tax	238,681	298,351	328,794	30,443
Road and bridge allotments	38,000	38,000	39,188	1,188
Total use taxes	<u>\$ 11,105,131</u>	<u>\$ 11,499,712</u>	<u>\$ 10,342,498</u>	<u>\$ (1,157,214)</u>

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Grants				
Franchises	\$ 190,000	\$ 190,000	\$ 206,916	\$ 16,916
Special grants	201,200	201,200	144,667	(56,533)
E.S.D.A. grant	<u>3,500</u>	<u>3,500</u>	<u>3,727</u>	<u>227</u>
Total grants	394,700	394,700	355,310	(39,390)
Charges for service				
City services	1,000	1,000	305	(695)
School resource officer duty	45,000	45,000	38,639	(6,361)
Police reports	5,000	5,000	5,910	910
Use of copy/fax equipment	250	250	235	(15)
Bulk trash pick-up	<u>500</u>	<u>500</u>	<u>2,137</u>	<u>1,637</u>
Total charges for services	51,750	51,750	47,226	(4,524)
Police revenue				
Police fines	125,000	125,000	129,199	4,199
Residential rental license fee	100,000	100,000	87,810	(12,190)
Police outside employment	85,000	85,000	61,902	(23,098)
Licenses - other than liquor	25,000	25,000	29,851	4,851
Towing fees	210,000	210,000	230,670	20,670
Fugitive failure to appear fee	15,000	15,000	13,394	(1,606)
Bail bond fee	22,000	22,000	21,020	(980)
Sex offender registration	1,000	1,000	1,005	5
Donations	<u>3,000</u>	<u>3,000</u>	<u>5,463</u>	<u>2,463</u>
Total police revenue	586,000	586,000	580,314	(5,686)
Other financing sources				
Zoning permits	100	100	600	500
Waste haulers' fee	1,500	1,500	3,690	2,190
Advertising revenue	2,000	2,000	-	(2,000)
Users' fees - parks	70,000	70,000	81,053	11,053
Rents, leases, sharecrop	181,000	181,000	127,989	(53,011)
Sales tax rebate application fee	1,000	1,000	500	(500)
Interfund transfer	<u>1,422,131</u>	<u>1,422,131</u>	<u>1,410,000</u>	<u>(12,131)</u>
Total other financing sources	1,677,731	1,677,731	1,623,832	(53,899)
Total revenue	\$ 16,960,827	\$ 17,904,893	\$ 16,743,450	\$ (1,161,443)

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Executive department				
Semi-monthly salaries	\$ 206,000	\$ 210,000	\$ 207,277	\$ 2,723
Elected and appointed officials	9,600	9,600	9,600	-
Overtime compensation	300	300	-	300
Christmas bonus	800	800	720	80
Unemployment insurance	1,550	1,550	1,230	320
Social security	13,400	13,400	10,874	2,526
Medicare	3,150	3,400	3,191	209
Retirement funds	27,400	27,400	25,980	1,420
Health and life insurance	274,500	178,500	109,366	69,134
OPEB employer contribution		3,610	1,262	2,348
Education	800	800	300	500
Legal fees	500	500	81	419
Travel and meeting expense	2,700	2,700	42	2,658
Bonds and notary fees	60	60	60	-
Membership dues	2,050	2,050	7,744	(5,694)
Advertising and public notice	14,000	14,000	7,243	6,757
Public relations	6,400	6,400	4,105	2,295
Equipment rental	4,000	4,000	666	3,334
Technical and outside services	5,000	5,000	4,350	650
Insurance liability	1,354,372	1,354,372	1,242,662	111,710
Insurance deductible	52,000	47,750	9,021	38,729
Postage	12,000	12,000	11,970	30
Office furniture and equipment	2,250	2,250	2,230	20
Petty cash	75	75	46	29
Subscriptions-books	240	240	78	162
Election expenses	2,500	2,500	-	2,500
Supplies	16,000	16,000	14,229	1,771
Total executive department	\$ 2,011,647	\$ 1,919,257	\$ 1,674,327	\$ 244,930

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Mayor's department				
Elected and appointed officials	\$ 117,600	\$ 117,600	\$ 117,600	\$ -
Social security	7,300	7,300	7,291	9
Medicare	1,750	1,750	1,705	45
Retirement funds	7,800	7,800	3,100	4,700
Boards and committees	3,500	3,500	-	3,500
Elected official expense	900	900	-	900
Legal fees	312,500	312,500	266,743	45,757
Travel and meeting expense	18,000	18,000	5,161	12,839
Membership dues	630	630	150	480
Advertising and public notice	500	500	-	500
Public relations	1,400	1,400	221	1,179
Technical and outside services	3,910	3,910	675	3,235
Office furniture and equipment	700	700	-	700
Renovation or remodeling	1,500	1,500	-	1,500
Supplies	-	-	(114)	114
Transfer to capital reserve fund	10,000	10,000	10,000	-
Transfer to library fund	503,008	503,008	503,008	-
Total mayor's department	990,998	990,998	915,540	75,458
Finance department				
Semi-monthly salaries	192,000	192,000	187,550	4,450
Elected and appointed officials	9,624	9,624	9,612	12
Overtime compensation	100	100	-	100
Christmas bonus	600	600	570	30
Unemployment insurance	1,200	1,200	977	223
Social security	12,300	12,300	12,255	45
Medicare	2,900	2,900	2,866	34
Retirement funds	25,300	25,300	23,347	1,953
Health and life insurance	33,000	36,000	35,713	287
OPEB employer contribution	-	3,360	1,094	2,266
Educational expense	1,900	1,900	645	1,255
Audit fees	66,700	66,700	36,800	29,900
Travel and meeting expense	7,000	7,000	5,104	1,896
Membership dues	1,000	1,000	535	465
Technical and outside services	5,000	2,000	1,432	568
Office furniture and equipment	5,000	5,000	365	4,635
IT software	20,825	20,825	9,416	11,409
Supplies	5,400	5,400	3,198	2,202
Total finance department	\$ 389,849	\$ 393,209	\$ 331,479	\$ 61,730

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Police department				
Semi-monthly salaries	\$ 4,093,772	\$ 4,093,772	\$ 4,033,221	\$ 60,551
Overtime compensation	247,000	267,000	248,885	18,115
Shift premium	10,750	10,750	10,135	615
Allowances	4,320	4,320	3,600	720
Christmas bonus	10,800	10,800	10,320	480
Unemployment insurance	21,500	21,500	17,287	4,213
Social security	52,400	52,400	51,835	565
Medicare	59,200	64,200	62,627	1,573
Retirement funds	1,407,500	1,407,500	1,397,701	9,799
Health and life insurance	800,000	800,000	791,673	8,327
OPEB employer contribution	-	46,150	26,411	19,739
Boards and committees	14,975	14,975	10,239	4,736
Educational expense	29,000	29,000	38,475	(9,475)
Legal Fees	11,000	11,000	-	11,000
Travel and meeting expense	20,000	20,000	8,833	11,167
Bonds and notary fees	1,800	1,800	1,605	195
Membership dues	2,940	2,940	1,970	970
Public relations	8,075	8,075	10,387	(2,312)
Buildings rental	5,001	5,001	5,000	1
Equipment rental	31,150	31,150	18,190	12,960
Technical and outside services	57,800	57,800	84,246	(26,446)
Uniform cleaning	4,000	4,500	4,184	316
Postage	6,800	6,800	7,715	(915)
Petty cash	300	300	94	206
Uniform purchase	20,950	20,950	24,228	(3,278)
Subscriptions-books	1,200	1,200	1,047	153
IT software	59,000	59,000	71,943	(12,943)
Maintenance to equipment	45,600	45,600	29,070	16,530
Minor equipment	10,000	10,000	3,542	6,458
Supplies	32,700	32,700	33,250	(550)
Transfer to capital reserve	20,000	20,000	20,000	-
Transfer to police pension	1,303,000	1,300,000	1,260,000	40,000
Total police department	\$ 8,392,533	\$ 8,461,183	\$ 8,287,713	\$ 173,470

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration				
Semi-monthly salaries	\$ 370,000	\$ 370,000	\$ 355,449	\$ 14,551
Overtime compensation	5,000	5,000	-	5,000
Allowances	4,200	4,700	4,560	140
Christmas bonus	800	800	820	(20)
Unemployment insurance	1,600	1,600	1,572	28
Social security	23,000	23,000	22,302	698
Medicare	5,400	5,400	5,216	184
Retirement funds	47,100	47,100	44,563	2,537
Health and life insurance	77,000	77,000	51,068	25,932
OPEB employer contribution	-	6,475	2,146	4,329
Educational expense	2,750	2,750	-	2,750
Travel and meeting expense	21,250	21,250	7,647	13,603
Bonds and notary fees	50	50	-	50
Membership dues	2,425	2,425	2,405	20
Safety program	1,350	1,350	-	1,350
Advertising and public notices	2,000	2,000	25	1,975
Public relations	2,500	2,500	530	1,970
Equipment rental	76,940	76,940	68,891	8,049
Telephone utility	104,000	104,000	101,051	2,949
Technical and outside services	88,500	88,000	21,408	66,592
Postage	1,500	1,500	27	1,473
Office furniture and equipment	1,000	1,000	27	973
Computers	12,000	12,000	9,970	2,030
IT hardware	104,550	104,550	63,500	41,050
IT software	38,500	38,500	14,459	24,041
G.I.S expense	42,500	42,500	-	42,500
Maintenance to equipment	150	150	-	150
Supplies	1,000	1,000	1,047	(47)
Transfer to capital reserve	10,000	10,000	10,000	-
Total administration	\$ 1,047,065	\$ 1,053,540	\$ 788,683	\$ 264,857

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works - engineering				
Semi-monthly salaries	\$ 611,874	\$ 642,174	\$ 640,297	\$ 1,877
Overtime compensation	15,000	18,700	17,048	1,652
Christmas bonus	2,600	2,600	2,570	30
Unemployment insurance	3,250	3,500	3,429	71
Social security	37,916	40,916	40,671	245
Medicare	8,976	9,726	9,512	214
Retirement funds	84,262	84,762	84,540	222
Health and life insurance	185,000	209,500	210,110	(610)
OPEB employer contribution	-	10,725	4,773	5,952
Survey and engineer fees	2,000	2,000	-	2,000
Educational expense	4,000	4,000	-	4,000
Travel and meeting expense	4,000	4,000	640	3,360
Bonds and notary fees	200	200	140	60
Membership dues	800	800	570	230
Public relations	1,000	1,000	1,500	(500)
Equipment rental	30,500	30,250	27,818	2,432
Electric utility	2,000	2,000	-	2,000
Technical and outside services	131,000	69,500	50,615	18,885
Petty cash	100	100	22	78
Uniform purchase	6,000	6,000	5,816	184
Subscriptions-books	200	200	-	200
Minor equipment	2,500	2,500	2,375	125
Supplies	25,900	24,650	17,235	7,415
Transfer to capital reserve	15,000	15,000	15,000	-
Total public works - engineering	\$ 1,174,078	\$ 1,184,803	\$ 1,134,681	\$ 50,122

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works - maintenance				
Semi-monthly salaries	\$ 251,050	\$ 251,050	\$ 223,536	\$ 27,514
Overtime compensation	5,500	5,500	4,169	1,331
Christmas bonus	600	600	570	30
Unemployment insurance	1,000	1,000	1,154	(154)
Social security	12,000	14,250	14,044	206
Medicare	2,900	3,650	3,284	366
Retirement funds	24,800	28,300	27,978	322
Health and life insurance	60,000	60,000	43,802	16,198
OPEB employer contribution	-	4,400	1,448	2,952
Educational expense	1,800	1,800	1,188	612
Travel and meeting expense	750	750	128	622
Membership dues	180	180	170	10
Equipment rental	200	200	-	200
Technical and outside services	4,500	4,500	4,499	1
Uniform rental	3,000	3,000	2,606	394
Vehicle op costs	275,000	268,500	193,670	74,830
Uniform purchase	1,500	1,500	947	553
Subscriptions-books	500	500	453	47
Maintenance to equipment	2,500	2,500	1,872	628
Maintenance to rolling stock	59,500	59,500	52,601	6,899
Minor equipment	17,500	17,500	11,844	5,656
Supplies	108,600	108,600	110,851	(2,251)
Transfer to capital reserve	15,000	15,000	15,000	-
Total public works - maintenance	\$ 848,380	\$ 852,780	\$ 715,814	\$ 136,966

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks department				
Semi-monthly salaries	\$ 707,700	\$ 707,700	\$ 649,304	\$ 58,396
Overtime compensation	15,000	21,000	20,062	938
Shift premium	200	200	37	163
Christmas bonus	2,200	2,200	1,720	480
Unemployment insurance	4,500	5,700	5,296	404
Social security	41,200	42,200	41,134	1,066
Medicare	9,675	10,175	9,620	555
Retirement funds	79,600	79,600	76,537	3,063
Health and life insurance	195,000	186,300	157,024	29,276
Boards and committees	-	12,210	3,675	8,535
Educational expense	14,000	14,000	15,105	(1,105)
Travel and meeting expense	3,100	3,100	666	2,434
Membership dues	930	930	469	461
Safety program	1,500	1,500	1,027	473
Public relations	4,800	4,800	4,800	-
Equipment rental	500	500	556	(56)
Electric utility	16,000	16,000	12,446	3,554
Sewer utility	2,500	2,500	2,291	209
Water utility	11,000	11,000	9,071	1,929
Sanitation service	14,500	14,500	7,605	6,895
Technical and outside services	26,060	26,060	23,764	2,296
Uniform purchase	3,000	3,000	2,387	613
Minor equipment	3,500	3,500	2,330	1,170
Supplies	94,000	94,000	80,928	13,072
Postage	7,000	7,000	3,762	3,238
Transfer to capital reserve	15,000	15,000	15,000	-
Total parks department	\$ 1,272,465	\$ 1,284,675	\$ 1,146,616	\$ 138,059

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal complex				
Semi-monthly salaries	\$ 205,000	\$ 205,000	\$ 176,955	\$ 28,045
Overtime compensation	5,000	5,750	5,363	387
Shift premium	300	550	379	171
Christmas bonus	600	600	570	30
Unemployment insurance	2,100	2,100	1,305	795
Social security	14,500	14,500	11,437	3,063
Medicare	3,400	3,400	2,675	725
Retirement funds	27,000	27,000	23,798	3,202
Health and life insurance	55,000	55,000	36,706	18,294
OPEB employer contribution	-	3,600	1,114	2,486
Educational expense	3,000	3,000	532	2,468
Travel and meeting expense	500	500	-	500
Membership dues	150	150	-	150
Equipment rental	500	500	-	500
Electric utility	135,000	134,000	94,213	39,787
Sewer utility	10,000	10,000	6,736	3,264
Water utility	18,000	18,000	15,779	2,221
Gas utility	7,000	7,000	2,128	4,872
Technical and outside services	70,000	70,000	60,918	9,082
Office furniture and equipment	2,000	2,000	-	2,000
Renovation or remodeling	15,000	15,000	14,561	439
Uniform purchase	2,500	2,500	1,559	941
Maintenance to equipment	14,000	14,000	10,075	3,925
Supplies	42,000	42,000	30,464	11,536
Transfer to capital reserve	15,000	15,000	15,000	-
Total municipal complex	\$ 647,550	\$ 651,150	\$ 512,267	\$ 138,883

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Land use and development				
Semi-monthly salaries	\$ 413,900	\$ 413,900	\$ 397,708	\$ 16,192
Elected and appointed officials	50,000	50,000	39,605	10,395
Overtime compensation	3,000	3,000	1,309	1,691
Shift premium	100	100	29	71
Allowances	1,800	1,800	1,288	512
Christmas bonus	1,200	1,500	1,470	30
Unemployment insurance	3,900	3,900	2,948	952
Social security	24,800	27,800	27,612	188
Medicare	5,700	6,550	6,458	92
Retirement funds	47,000	54,100	53,988	112
Health and life insurance	115,000	107,900	94,363	13,537
OPEB employer contribution	-	7,250	2,599	4,651
Boards and committees	2,520	2,520	1,425	1,095
Educational expense	250	250	770	(520)
Legal fees	1,600	1,600	-	1,600
Travel and meeting expense	2,900	2,900	135	2,765
Membership dues	1,650	1,650	1,151	499
Advertising and public notice	500	500	16	484
Technical and outside services	24,550	14,600	2,925	11,675
Office furniture and equipment	750	750	915	(165)
Petty cash	60	60	2	58
Uniform purchase	1,500	1,500	1,228	272
Subscriptions-books	1,600	1,600	92	1,508
IT software	8,075	16,375	16,358	17
G.I.S. expenses	7,500	5,000	5,000	-
Maintenance to equipment	750	750	-	750
Supplies	8,525	8,525	2,271	6,254
Transfer to TIF #1	17,500	19,325	19,324	1
Transfer to TIF #2	25,000	30,735	30,732	3
Transfer to TIF #3	32,000	24,440	24,431	9
Transfer to capital reserve	10,000	10,000	10,000	-
Total land use and development	\$ 813,630	\$ 820,880	\$ 746,152	\$ 74,728

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Library department				
Semi-monthly salaries	\$ 22,000	\$ 22,000	\$ 19,975	\$ 2,025
Shift premium	140	140	75	65
Christmas bonus	150	550	520	30
Unemployment insurance	3,100	3,300	3,164	136
Social security	1,500	1,500	1,248	252
Medicare	400	400	292	108
Retirement funds	2,200	2,600	2,498	102
Health & life insurance	76,000	73,300	25,371	47,929
OPEB employer contribution	-	2,085	1,892	193
Electric utility	25,000	25,000	20,410	4,590
Sewer utility	700	700	252	448
Water utility	5,000	5,000	4,855	145
Postage	1,200	1,200	1,122	78
Supplies	2,000	2,000	-	2,000
Total library department	<u>139,390</u>	<u>139,775</u>	<u>81,674</u>	<u>58,101</u>
Emergency services and disaster agency				
Elected and appointed officials	10,000	10,000	8,175	1,825
Educational expenses	500	500	-	500
Travel and meeting expense	750	750	594	156
Membership dues	65	65	-	65
Public relations	250	250	-	250
Telephone utility	950	1,250	1,200	50
Technical and outside services	16,700	16,700	7,935	8,765
Postage	150	150	-	150
Subscriptions-books	25	25	-	25
Maintenance to equipment	6,000	5,700	1,101	4,599
Supplies	1,500	1,500	2,069	(569)
Total emergency services and disaster agency	<u>36,890</u>	<u>36,890</u>	<u>21,074</u>	<u>15,816</u>
Total expenditures	\$ 17,764,475	\$ 17,789,140	\$ 16,356,020	\$ 1,433,120

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Total expenditures (brought forward)	<u>\$ 17,764,475</u>	<u>\$ 17,789,140</u>	<u>\$ 16,356,020</u>	<u>\$ 1,433,120</u>
Net change in fund balance	<u>\$ (803,648)</u>	<u>\$ 115,753</u>	387,430	<u>\$ 271,677</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			317,494	
Effect of unrecorded liabilities			18,865	
Beginning fund balance			<u>3,895,933</u>	
Ending fund balance			<u>\$ 4,619,722</u>	

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
Home Rule Fund
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Home rule tax revenues	\$ 3,563,650	\$ 3,563,650	\$ 2,869,124	\$ (694,526)
Interest	10,000	10,000	14,154	4,154
Special grants	534,600	534,600	483,714	(50,886)
Sale of surplus property	-	-	4,158	4,158
Total revenue	4,108,250	4,108,250	3,371,150	(737,100)
Expenditures				
Finance department				
Audit fees	2,000	2,000	2,000	-
Total finance department	2,000	2,000	2,000	-
Police department				
Equipment and rolling stock	326,000	326,000	325,838	162
Buildings and structures	120,000	120,000	93,160	26,840
Streets and alleys	50,000	50,000	13,508	36,492
Total police department	496,000	496,000	432,506	63,494
Administration				
Equipment and rolling stock	30,000	30,000	-	30,000
Building and structures	110,000	105,000	7,899	97,101
Other capital improvements	181,400	116,400	113,192	3,208
Total administration	321,400	251,400	121,091	130,309
Public works - engineering				
Tech and outside services	120,000	120,000	-	120,000
Easements	95,000	35,000	-	35,000
Equipment and rolling stock	188,000	188,000	170,425	17,575
Survey/engineering - capital	280,000	230,000	137,307	92,693
Buildings and structures	-	-	583	(583)
Streets and alleys	1,745,000	1,745,000	663,671	1,081,329
Storm drainage	900,000	900,000	378,408	521,592
Other capital improvements	275,000	275,000	144,612	130,388
Other debt service	85,000	85,000	60,682	24,318
Total public works - engineering	\$ 3,688,000	\$ 3,578,000	\$ 1,555,688	\$ 2,022,312

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
Home Rule Fund
(Continued)
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			Budgetary	Positive
			Basis	(Negative)
Parks department				
Equipment and rolling stock	\$ 117,000	\$ 117,000	\$ 97,862	\$ 19,138
Survey/engineering - capital	-	-	581	(581)
Buildings and structures	529,000	529,000	552,310	(23,310)
Other capital improvements	99,650	99,650	57,478	42,172
Total parks department	<u>745,650</u>	<u>745,650</u>	<u>708,231</u>	<u>37,419</u>
Municipal complex department				
Equipment and rolling stock	-	-	7,093	(7,093)
Survey/engineer - capital	25,000	25,000	8,450	16,550
Buildings and structures	260,000	370,000	179,031	190,969
Total municipal complex department	<u>285,000</u>	<u>395,000</u>	<u>194,574</u>	<u>200,426</u>
Land use and development				
Demolition service	45,000	45,000	-	45,000
Equipment and rolling stock	-	-	-	-
Other capital improvements	50,000	50,000	-	50,000
Total land use and development	<u>95,000</u>	<u>95,000</u>	<u>-</u>	<u>95,000</u>
ESDA department				
Equipment and rolling stock	-	-	(16,200)	16,200
Total ESDA	<u>-</u>	<u>-</u>	<u>(16,200)</u>	<u>16,200</u>
Total expenditures	<u>5,633,050</u>	<u>5,563,050</u>	<u>2,997,890</u>	<u>2,565,160</u>
Net change in fund balance	<u>\$ (1,524,800)</u>	<u>\$ (1,454,800)</u>	373,260	<u>\$ 1,828,060</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			180,696	
Effect of unrecorded liabilities			(247,046)	
Beginning fund balance			<u>5,628,161</u>	
Ending fund balance			<u>\$ 5,935,071</u>	

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
State Motor Fuel Tax Fund
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Motor fuel tax allotment	\$ 400,350	\$ 400,350	\$ 483,476	\$ 83,126
Interest	2,000	2,000	2,528	528
Miscellaneous	-	-	16,149	16,149
Special Grants	-	-	77,291	77,291
	<u>402,350</u>	<u>402,350</u>	<u>579,444</u>	<u>177,094</u>
Expenditures				
Semi-monthly salaries	178,910	178,910	178,907	3
Unemployment insurance	950	950	687	263
Social security	11,084	11,084	11,079	5
Medicare	2,624	2,624	2,591	33
Retirement funds	16,238	16,238	16,238	-
Electric utility	149,000	149,000	167,941	(18,941)
Technical and outside services	16,000	16,000	9,930	6,070
Maintenance to equipment	9,500	9,500	5,324	4,176
Supplies	307,100	309,100	255,262	53,838
	<u>691,406</u>	<u>693,406</u>	<u>647,959</u>	<u>45,447</u>
Net change in fund balance	<u>\$ (289,056)</u>	<u>\$ (291,056)</u>	(68,515)	<u>\$ 222,541</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			(64,944)	
Effect of unrecorded liabilities			1,220	
Beginning fund balance			<u>1,073,747</u>	
Ending fund balance			<u>\$ 941,508</u>	

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
Hotel and Motel Tax Fund
For the Year Ended April 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Hotel and motel tax revenue	\$ 500,000	\$ 500,000	\$ 653,128	\$ 153,128
Interest	<u>1,800</u>	<u>1,800</u>	<u>2,415</u>	<u>615</u>
Total revenues	<u>501,800</u>	<u>501,800</u>	<u>655,543</u>	<u>153,743</u>
Expenditures				
Executive department				
Advertising and public notices	7,000	7,000	-	7,000
Public relations	<u>3,000</u>	<u>3,000</u>	<u>420</u>	<u>2,580</u>
Total executive department	<u>10,000</u>	<u>10,000</u>	<u>420</u>	<u>9,580</u>
Mayor's department				
Membership dues	-	-	-	-
Public relations	117,800	117,800	117,800	-
Other debt service	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total mayor's department	<u>167,800</u>	<u>167,800</u>	<u>167,800</u>	<u>-</u>
Finance department				
Audit fees	1,700	1,700	1,175	525
Technical and outside services	1,200	1,200	265	935
Debt service - principal	255,000	255,000	255,000	-
Debt service - interest	<u>50,800</u>	<u>50,800</u>	<u>50,799</u>	<u>1</u>
Total finance department	<u>308,700</u>	<u>308,700</u>	<u>307,239</u>	<u>1,461</u>
Police department				
Overtime	<u>19,000</u>	<u>19,000</u>	<u>-</u>	<u>19,000</u>
Total police department	<u>19,000</u>	<u>19,000</u>	<u>-</u>	<u>19,000</u>
Parks department				
Public relations	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total parks department	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total expenditures	<u>509,500</u>	<u>509,500</u>	<u>475,459</u>	<u>34,041</u>
Net change in fund balance	<u>\$ (7,700)</u>	<u>\$ (7,700)</u>	180,084	<u>\$ 187,784</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			(3,777)	
Beginning fund balance			<u>982,500</u>	
Ending fund balance			<u>\$ 1,158,807</u>	

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
Food and Beverage Tax Fund
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Food and beverage tax	\$ 500,000	\$ 500,000	\$ 524,525	\$ 24,525
Interest	3,100	3,100	3,118	18
Debt proceeds	-	-	2,080,000	2,080,000
Miscellaneous Items	-	-	105	105
Total revenue	503,100	503,100	2,607,748	2,104,648
Expenditures				
Audit fees	1,700	1,700	1,175	525
Technical and outside services	1,200	1,200	477	723
Debt - principal	910,000	910,000	2,955,000	(2,045,000)
Bond issuance costs	-	-	20,740	(20,740)
Debt - interest	112,650	112,650	118,985	(6,335)
Total expenditures	1,025,550	1,025,550	3,096,377	(2,070,827)
Net change in fund balance	\$ (522,450)	\$ (522,450)	(488,629)	\$ 33,821
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			10,108	
Beginning fund balance			1,889,227	
Ending fund balance			\$ 1,410,706	

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
Tax Rebates Fund
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Sales tax	\$ 553,000	\$ 553,000	\$ 605,392	\$ 52,392
Home rule sales tax	523,000	523,000	544,186	21,186
Business district sales tax	85,000	85,000	74,381	(10,619)
Interest	<u>850</u>	<u>850</u>	<u>1,282</u>	<u>432</u>
Total revenue	1,161,850	1,161,850	1,225,241	63,391
Expenditures				
Sales tax rebate	<u>1,175,000</u>	<u>1,175,000</u>	<u>654,396</u>	<u>520,604</u>
Total expenditures	<u>1,175,000</u>	<u>1,175,000</u>	<u>654,396</u>	<u>520,604</u>
Net change in fund balance	<u>\$ (13,150)</u>	<u>\$ (13,150)</u>	570,845	<u>\$ 583,995</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			4,008	
Effect of unrecorded liabilities			(482,617)	
Beginning fund balance			<u>548,708</u>	
Ending fund balance			<u>\$ 640,944</u>	

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
TIF #2 Shoppes of St. Clair
For the Year Ended April 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
TIF revenue	\$ 320,000	\$ 320,000	\$ 303,221	\$ (16,779)
Interfund transfer	30,000	30,000	30,732	732
Interest	100	100	116	16
Total revenue	<u>350,100</u>	<u>350,100</u>	<u>334,069</u>	<u>(16,031)</u>
Expenditures				
TIF expenditures	<u>350,000</u>	<u>350,000</u>	<u>338,050</u>	<u>11,950</u>
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>338,050</u>	<u>11,950</u>
Net change in fund balance	<u>\$ 100</u>	<u>\$ 100</u>	(3,981)	<u>\$ (4,081)</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			4,098	
Effect of unrecorded liabilities			<u>-</u>	
Beginning fund balance			<u>374</u>	
Ending fund balance			<u>\$ 491</u>	

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Required Supplementary Information

Notes to Required Supplementary Information

April 30, 2015

1. Budgetary control

The City Council is required to adopt an annual budget and appropriations ordinance for the City. The budget is presented to the City Council for review, and public hearings are held to address priorities and the allocation of resources. The budgets for the operating funds are prepared on the cash and expenditures basis. Revenues are budgeted in the year receipts are expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be paid. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1 the Budget Director submits to the City Council, a proposed operating budget for the fiscal year commencing the following May 1. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by sources. Expenditures are budgeted by account and class as follows: personnel services, other services and charges, supplies, capital outlay, transfers, and debt service. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval.

Revisions to the budget were made throughout the year. Budget revisions at this level are subject to final review by the City Council.

2. Prior to May 1, the budget is legally enacted through passage of an ordinance.
3. The Budget Director is authorized to transfer budgeted amounts between departments with approval by the City Council and any amendments that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
5. The budget figures shown in the financial statements represent the final authorized amounts as revised during the year.

The City amended its budget during the year.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Schedule of Funding Progress
April 30, 2015**

Illinois Municipal Retirement Fund

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)
12/31/2014	\$ 9,739,727	\$ 12,771,848	\$ 3,032,121	76.26 %	\$ 4,193,206	72.31 %
12/31/2013	9,458,771	12,024,850	2,566,079	78.66	3,993,436	64.26
12/31/2012	8,660,764	11,968,236	3,307,472	72.36	4,016,472	82.35
12/31/2011	8,411,793	11,786,160	3,374,367	71.37	3,822,733	88.27
12/31/2010	8,914,464	11,982,387	3,067,923	74.40	3,749,626	81.82
12/31/2009	9,225,939	11,480,492	2,254,553	80.36	3,812,448	59.14

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$11,946,318. On a market basis, the funded ratio would be 93.54 percent.

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

**Other Post Employment Benefit Plan
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Normal Cost (b)	Unfunded (Overfunded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2015	\$ -	\$ 5,328,243	\$ 5,328,243	0 %	\$ 6,657,002	80.00 %
4/30/2014	-	5,078,491	5,078,491	0	6,431,886	78.96
4/30/2013	-	4,835,478	4,835,478	0	6,214,383	77.80
4/30/2012	-	4,264,540	4,264,540	0	5,743,597	74.30
4/30/2011	-	4,013,650	4,013,650	0	5,549,369	72.30

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Police Pension Trust Fund
April 30, 2015

Schedule of Changes in Net Pension Liability and Related Ratios - Current Year
(Schedule to be built prospectively from fiscal year 2015)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service Cost	\$ 865,338									
Interest on the Total Pension Liability	2,218,469									
Changes of benefit terms	-									
Difference between expected and actual experience	(128,421)									
Change of assumptions	2,609,255									
Benefit payments	(1,400,257)									
Net change in total pension liability	4,164,384									
Total pension liability, beginning of period	<u>34,772,070</u>									
Total pension liability, end of period	38,936,454									
Plan Fiduciary Net Position										
Employer contributions	1,260,000									
Member contributions	599,979									
Net investment income	1,549,494									
Benefit payments	(1,400,257)									
Other (Net Transfer)	<u>(20,957)</u>									
Net change in plan fiduciary net position	1,988,259									
Plan fiduciary net position - beginning	<u>22,758,781</u>									
Plan fiduciary net position - ending	\$ <u>24,747,040</u>									
Net Pension Liability	\$ 14,189,414									
Plan Fiduciary Net Position as a Percentage	63.56%									
Covered Valuation Payroll	\$ 3,234,164									
Net Pension Liability as a Percentage of Covered Valuation Payroll	438.74%									

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Police Pension Trust Fund

April 30, 2015

Multiyear Schedule of Contributions - Last 10 Fiscal Years

(Schedule to be built prospectively from fiscal year 2015)

<u>Fiscal Year Ending April 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2015	\$ 1,803,573	\$ 1,260,000	\$ 543,573	\$ 3,234,164	38.96%

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Notes to Schedule of Contributions
April 30, 2015**

Valuation Date: Actuarially determined contributions are calculated as of May 1 of each year prior to the beginning of the year in which contributions are reported.

Methods and Assumptions Used to Determine Total Pension Liability and Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Ends in fiscal year 2041
Asset Valuation Method	5-year smoothed market, no corridor
Salary Increases	Graded rates from 4.86% at age 25 to 1/12% at age 55 plus 2.00% inflation allowance
Payroll Growth	4.00% per year
Investment Rate of Return	6.50% per year
Retirement Age	

<u>Age</u>	<u>Retirement</u>	<u>Age</u>	<u>Retirement</u>
50	0.36	60	0.22
51	0.22	61	0.30
52	0.18	62	0.39
53	0.19	63	0.48
54	0.19	64	0.57
55	0.20	65	0.65
56	0.20	66	0.74
57	0.20	67	0.83
58	0.21	68	0.91
59	0.21	69	1.00

Mortality Active Lives
RP 2000 Combined Health Mortality Table (male) with blue collar adjustment projected by

Disabled Lives
RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50.

Other Information: There were no benefit changes during the year.
Municipal Contributions at 100% based upon 5-year historical average.

A detailed description of the actuarial assumptions and method can be found in the May 1, 2015 actuarial valuation report.

See independent auditor's report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Police Pension Trust Fund

April 30, 2015

Multiyear Schedule of Contributions - Last 10 Fiscal Years

(Schedule to be built prospectively from fiscal year 2015)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Annual money - weighted rate of return, net of investment expense	6.26%	-	-	-	-	-	-	-	-	-

Notes to Schedule: GASB 67 compliance was adopted in fiscal year 2015.

See independent auditor's report and notes to financial statements.

ADDITIONAL ANALYSIS

CITY OF FAIRVIEW HEIGHTS, ILLINIOS

Combining Balance Sheet
Non-Major Governmental Funds
April 30, 2015

ASSETS

	Police Escrow	Library	TIF #1 Bunkum Road	TIF #3 Lincoln Trail	OPEB	West Planning Fund	North Planning Fund	Totals
Cash and cash equivalents	\$ 392,007	\$ 171,047	\$ -	\$ -	\$ 18,948	\$ (10,000)	\$ (10,000)	\$ 562,002
Certificates of deposit	-	319,467	-	-	-	-	-	319,467
Receivables	-	-	208,350	251,824	-	-	-	460,174
Restricted cash	-	-	361,924	1,376,694	-	-	-	1,738,618
Total assets	\$ 392,007	\$ 490,514	\$ 570,274	\$ 1,628,518	\$ 18,948	\$ (10,000)	\$ (10,000)	\$ 3,080,261

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

Liabilities	\$ 2,210	\$ 5,092	\$ -	\$ 11,929	\$ -	\$ -	\$ -	\$ 19,231
Accounts payable	-	12,947	-	-	-	-	-	12,947
Accrued payroll	-	-	-	-	-	-	-	-
Total liabilities	2,210	18,039	-	11,929	-	-	-	32,178
Deferred inflows of resources	-	-	-	-	-	-	-	-
Unavailable revenue - property taxes	-	-	208,350	251,824	-	-	-	460,174
Total deferred inflows of resources	-	-	208,350	251,824	-	-	-	460,174
Fund balance	-	-	-	-	-	-	-	-
Restricted for:	-	-	-	-	-	-	-	-
Rebate and financing agreements	-	-	-	1,364,765	-	-	-	1,364,765
Sewer improvements	-	-	361,924	-	-	-	-	361,924
Assigned	-	-	-	-	-	-	-	-
Special revenue funds	389,797	472,475	-	-	18,948	(10,000)	(10,000)	861,220
Total fund balance	389,797	472,475	361,924	1,364,765	18,948	(10,000)	(10,000)	2,587,909
Total liabilities, deferred inflows of resources and fund balance	\$ 392,007	\$ 490,514	\$ 570,274	\$ 1,628,518	\$ 18,948	\$ (10,000)	\$ (10,000)	\$ 3,080,261

See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
April 30, 2015

	Police Escrow	Library	TIF #1 Bunkum Road	TIF #3 Lincoln Trail	OPEB	West Planning Fund	North Planning Fund	Totals
Revenues:								
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant	-	21,348	-	-	-	-	-	21,348
Fines and fees	233,169	27,155	-	-	-	-	-	260,324
Property taxes	-	-	193,243	244,311	-	-	-	437,554
Donations	-	857	-	-	-	-	-	857
Interest income	583	1,731	852	3,702	-	-	-	6,868
OPEB Insurance Contributions	-	-	-	-	69,125	-	-	69,125
Miscellaneous	-	52	-	-	-	25,000	25,000	50,052
Total revenues	233,752	51,143	194,095	248,013	69,125	25,000	25,000	846,128
Expenditures:								
General Government								
Clerk's department	-	-	-	-	50,177	-	-	50,177
Administration department	-	-	-	-	-	35,000	35,000	70,000
Public safety								
Police	145,708	-	-	-	-	-	-	145,708
Streets and public works								
Tax increment financing	-	-	64,137	44,877	-	-	-	109,014
Land use and development	-	-	-	21,835	-	-	-	21,835
Culture and recreation								
Library	37,556	533,689	-	178,387	-	-	-	533,689
Capital outlay								
Capital outlay	183,264	533,689	64,137	245,099	50,177	35,000	35,000	1,146,366
Total expenditures	50,488	(482,546)	129,958	2,914	18,948	(10,000)	(10,000)	(300,238)
Excess (deficiency) of revenues over expenditures								
Other financing sources:								
Transfer in	-	503,008	19,324	24,431	-	-	-	546,763
Transfer out	-	(503,008)	(19,324)	(24,431)	-	-	-	(546,763)
Total other financing sources								
Net change in fund balance	50,488	20,462	149,282	27,345	18,948	(10,000)	(10,000)	246,525
Fund balance, beginning of year	339,309	452,013	212,642	1,337,420	-	-	-	2,341,384
Funds balance, end of year	\$ 389,797	\$ 472,475	\$ 361,924	\$ 1,364,765	\$ 18,948	\$ (10,000)	\$ (10,000)	\$ 2,587,909

See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINIOS

Combining Balance Sheet
All General Fund Accounts
April 30, 2015

ASSETS

	General	Parks Programs	Police Pension	Police Youth	Capital Reserve	Total General Fund
Cash and cash equivalents	\$ 1,475,345	\$ 45,106	\$ 58,883	\$ 8,627	\$ 637,379	\$ 2,225,340
Receivables	2,461,979	-	-	-	-	2,461,979
Due from other funds	805,887	-	-	-	-	805,887
Due from fiduciary fund	-	-	63,251	-	-	63,251
Restricted cash	113,924	-	-	-	-	113,924
Total assets	\$ 4,857,135	\$ 45,106	\$ 122,134	\$ 8,627	\$ 637,379	\$ 5,670,381

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

Liabilities						
Accounts payable	\$ 225,443	\$ 4,982	\$ -	\$ 86	\$ -	\$ 230,511
Accrued payroll	354,399	395	-	-	-	354,794
Due to other funds	435,853	-	-	-	-	435,853
Total liabilities	1,015,695	5,377	-	86	-	1,021,158
Deferred inflows of resources						
Unavailable revenue - property taxes	29,501	-	-	-	-	29,501
Total deferred inflows of resources	29,501	-	-	-	-	29,501
Fund balance						
Restricted for:						
Rebate and financing agreements	113,924	-	-	-	-	113,924
Unassigned						
General funds	3,698,015	39,729	122,134	8,541	637,379	4,505,798
Total fund balance	3,811,939	39,729	122,134	8,541	637,379	4,619,722
Total liabilities, deferred inflows of resources and fund balance	\$ 4,857,135	\$ 45,106	\$ 122,134	\$ 8,627	\$ 637,379	\$ 5,670,381

See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
All General Fund Accounts
For the Year Ended April 30, 2015**

	General	Parks Program	Police Pension	Police Youth	Capital Reserve	Total General Fund
Revenues						
Sales taxes	\$ 6,962,308	\$ -	\$ -	\$ -	\$ -	\$ 6,962,308
Food and beverage taxes	1,576,182	-	-	-	-	1,576,182
Home rule taxes	3,194,106	-	-	-	-	3,194,106
Income taxes	1,720,133	-	-	-	-	1,720,133
Property taxes	38,327	-	-	-	-	38,327
Use taxes	352,155	-	-	-	-	352,155
Hotel and motel taxes	261,251	-	-	-	-	261,251
Utility/franchise taxes	262,047	-	-	-	-	262,047
Video game taxes	69,165	-	-	-	-	69,165
Licenses and permits	324,712	-	-	-	-	324,712
Grant	148,394	-	-	-	-	148,394
Fines and fees	426,249	61,569	-	-	-	487,818
Rental	99,766	-	-	-	-	99,766
Donations	-	-	-	5,463	-	5,463
Interest income	4,939	100	240	19	1,466	6,764
Miscellaneous	142,154	-	200	-	-	142,354
Total revenues	15,581,888	61,669	440	5,482	1,466	15,650,945
Expenditures						
Current						
General government						
Mayor's department	418,944	-	-	-	-	418,944
Clerk's department	1,667,815	-	-	-	-	1,667,815
Finance department	339,720	-	-	-	-	339,720
Administration department	806,928	-	-	-	-	806,928
Municipal complex	480,815	-	-	-	-	480,815
Public Safety						
Police	5,651,606	-	1,260,000	2,769	-	6,914,375
Emergency services and disaster agency	29,089	-	-	-	-	29,089
Streets and public works						
Engineering/streets	1,116,991	-	-	-	-	1,116,991
Public works maintenance	689,142	-	-	-	-	689,142
Land use and development	660,916	-	-	-	-	660,916
Culture and recreation						
Parks	1,077,156	51,108	-	-	-	1,128,264
Library	80,219	-	-	-	-	80,219
Capital outlay	16,443	-	-	-	-	16,443
Total expenditures	13,035,784	51,108	1,260,000	2,769	-	14,349,661
 Excess (deficiency) of revenues over expenditures (carried forward)	 \$ 2,546,104	 \$ 10,561	 \$ (1,259,560)	 \$ 2,713	 \$ 1,466	 \$ 1,301,284

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
All General Fund Accounts
(Continued)
For the Year Ended April 30, 2015**

	<u>General</u>	<u>Parks Program</u>	<u>Police Pension</u>	<u>Police Youth</u>	<u>Capital Reserve</u>	<u>Total General Fund</u>
Excess (deficiency) of revenues over expenditures (brought forward)	\$ 2,546,104	\$ 10,561	\$ (1,259,560)	\$ 2,713	\$ 1,466	\$ 1,301,284
Other financing sources (uses)						
Transfers out	(1,987,495)	-	-	-	-	(1,987,495)
Transfers in	-	-	1,300,000	-	110,000	1,410,000
Total other financing sources (uses)	<u>(1,987,495)</u>	<u>-</u>	<u>1,300,000</u>	<u>-</u>	<u>110,000</u>	<u>(577,495)</u>
Net change in fund balances	558,609	10,561	40,440	2,713	111,466	723,789
Fund balances, beginning of year	<u>3,253,330</u>	<u>29,168</u>	<u>81,694</u>	<u>5,828</u>	<u>525,913</u>	<u>3,895,933</u>
Fund balances, end of year	<u>\$ 3,811,939</u>	<u>\$ 39,729</u>	<u>\$ 122,134</u>	<u>\$ 8,541</u>	<u>\$ 637,379</u>	<u>\$ 4,619,722</u>

See accompanying notes to financial statements.

STATISTICAL ANALYSIS

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

GENERAL GOVERNMENTAL REVENUES BY SOURCE
FOR THE LAST TEN FISCAL YEARS
INCLUDES ALL GOVERNMENTAL FUND TYPES

YEAR ENDING APRIL 30th	INTERGOV- ERNMENTAL	FOOD & BEVERAGE TAX	HOTEL / MOTEL TAX	CHARGES FOR SERVICES	LICENSE AND PERMITS	UTILITY / FRANCHISE TAXES	FINES AND FEES	INTEREST	GRANTS	MISC	TOTAL
2006	13,509,584	984,297	603,176	122,336	350,855	258,359	254,667	158,590	215,140	169,954	16,626,958
2007	13,948,711	992,855	608,594	134,331	236,845	214,862	152,886	267,694	374,462	212,866	17,144,006
2008	13,394,677	1,006,626	598,278	140,199	261,184	240,716	144,840	316,605	180,184	415,246	16,698,555
2009	13,844,027	1,031,616	584,653	144,880	283,538	241,809	130,041	109,615	129,024	244,346	16,743,549
2010	13,570,995	1,016,829	522,347	172,450	285,736	223,427	364,645	14,185	124,562	200,687	16,495,863
2011	14,386,511	1,029,885	560,135	194,606	280,462	219,919	392,834	13,418	130,090	280,663	17,488,623
2012	15,357,029	1,617,796	705,217	181,844	306,329	208,857	571,487	13,731	237,887	169,679	19,369,856
2013	18,201,256	2,054,297	887,163	218,910	314,014	199,180	813,969	20,982	460,548	430,574	23,600,893
2014	17,456,048	2,059,603	872,788	211,322	324,557	189,785	665,396	31,526	545,795	327,868	22,684,678
2015	17,777,390	2,110,816	910,601	99,766	324,712	262,047	748,142	37,244	730,747	288,260	23,289,725

COMMENTS

- "Intergovernmental" represents tax distributions collected by other governmental entities and distributed to the City. A breakdown of that category can be found in Table 2.

- The "Food & Beverage Tax" rate was increased from 1% to 2%, effective 10/1/11.

- The "Hotel / Motel Tax" rate was increased from 5% to 7%, effective 10/1/11.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 INTERGOVERNMENTAL TAX REVENUES BY SOURCE
 FOR THE LAST TEN FISCAL YEARS
 INCLUDES ALL GOVERNMENTAL FUND TYPES

YEAR ENDING APRIL 30th	SALES TAX	HOME RULE SALES TAX	BUSINESS DISTRICT SALES TAX	ILLINOIS INCOME TAX	MOTOR FUEL TAX	PROPERTY TAX	USE TAX	VIDEO GAMING TAX	TOTAL
2006	8,170,985	3,690,023	-	1,162,903	440,830	44,843	-	-	13,509,584
2007	8,157,598	3,848,970	-	1,252,802	436,217	59,681	193,443	-	13,948,711
2008	7,714,173	3,563,886	-	1,346,869	448,816	102,885	218,048	-	13,394,677
2009	7,551,644	3,455,522	85,575	1,483,993	439,732	589,770	237,791	-	13,844,027
2010	7,622,883	3,480,874	89,319	1,005,848	425,270	746,407	200,394	-	13,570,995
2011	7,852,568	3,526,108	91,486	1,441,099	426,300	804,895	244,055	-	14,386,511
2012	7,797,488	4,566,168	94,378	1,389,128	420,729	839,985	249,153	-	15,357,029
2013	7,789,375	7,016,697	98,758	1,830,339	406,671	785,376	274,040	-	18,201,256
2014	7,309,328	6,902,674	91,637	1,630,540	421,618	758,955	299,556	41,740	17,456,048
2015	7,568,900	6,779,705	85,599	1,720,133	418,533	783,200	352,155	69,165	17,777,390

COMMENTS

Prior to 2009, the "Business District Sales Tax" is shown within the "Sales Tax" column.

Prior to 2007, "Use Tax" was listed under "Illinois Income Tax".

"Property Tax" revenue includes TIF and "Road and Bridge" distributions via St. Clair County. The City of Fairview Heights historically has not adopted a property tax levy to support operations.

The "Home Rule Sales Tax" rate was increased from 0.5% to 1.0%, effective 1/1/12.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
FOR THE LAST TEN FISCAL YEARS
INCLUDES ALL GOVERNMENTAL FUND TYPES

YEAR ENDING APRIL 30th	GENERAL GOVERNMENT	PUBLIC SAFETY	STREETS AND PUBLIC WORKS	CULTURE AND RECREATION	CAPITAL OUTLAY	DEBT SERVICE	TOTAL
2006	4,769,276	4,023,177	3,352,923	1,278,676	1,547,598	564,729	15,536,379
2007	3,556,374	4,532,480	3,486,282	1,295,822	1,172,905	1,404,996	15,448,859
2008	3,513,595	4,579,787	3,227,171	1,415,926	2,115,778	1,345,949	16,198,206
2009	3,654,681	4,907,906	3,519,936	1,453,212	3,380,214	1,348,791	18,264,740
2010	4,146,085	4,895,151	3,452,803	1,405,291	2,772,679	1,344,463	18,016,472
2011	4,331,457	4,885,479	3,701,210	1,387,936	859,485	3,873,092	19,038,659
2012	4,557,716	5,601,118	3,922,061	1,417,454	1,574,582	1,329,076	18,402,007
2013	3,761,161	7,297,211	5,220,407	1,753,665	1,234,051	1,318,702	20,585,197
2014	3,427,702	6,811,373	4,649,720	1,898,297	1,809,155	1,329,749	19,925,996
2015	3,956,916	7,199,462	4,904,851	1,998,990	2,973,858	3,400,524	24,434,601

COMMENTS

FY 2011 "Debt Service" includes the refinancing of an existing bond related to the Fountains Conference Center.

FY 2015 "Debt Service" includes the refinancing of an existing bond related to the construction of the Police Department & Infrastructure Improvements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 RATE SETTING EQUALIZED ASSESSED VALUATION (EAV)
 FOR THE LAST TEN TAX CYCLES

<u>TAX YEAR</u>	<u>FARM</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>MINERAL</u>	<u>STATE RR</u>	<u>TOTAL</u>	<u>% CHANGE</u>
2005	6,941,999	183,873,204	159,450,273	794,984	1,818	1,495	351,063,773	9.3%
2006	7,479,412	202,450,121	175,997,514	868,048	1,818	1,686	386,798,599	10.2%
2007	8,001,295	215,220,857	186,797,543	912,518	1,818	2,020	410,936,051	6.2%
2008	7,860,205	223,278,350	186,742,668	632,619	1,870	2,709	418,518,421	1.8%
2009	7,986,593	227,193,105	186,397,654	653,815	1,870	3,111	422,236,148	0.9%
2010	7,916,904	224,047,514	178,657,696	658,411	1,870	3,814	411,286,209	-2.6%
2011	7,907,208	223,100,049	174,403,732	663,335	951	4,874	406,080,149	-1.3%
2012	7,627,614	215,960,073	167,826,555	654,852	951	4,813	392,074,858	-3.4%
2013	7,424,670	211,322,320	162,373,322	678,843	951	4,798	381,804,904	-2.6%
2014	7,011,746	207,667,800	158,180,462	549,817	951	4,580	373,415,356	-2.2%

Ten Year Avg	1.6%
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SOURCE: St. Clair County Clerk's Office, Tax Computation Report

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

RATIO OF NET GENERAL DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>YEAR ENDING APRIL 30th</u>	<u>POPULATION</u>	<u>ASSESSED VALUATION</u>	<u>GENERAL BONDED DEBT</u>	<u>RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUATION</u>	<u>BONDED DEBT PER CAPITA</u>
2006	16,851	351,063,773	12,710,823	0.036	754.31
2007	16,851	386,798,599	11,750,000	0.030	697.29
2008	16,851	410,936,051	10,880,000	0.026	645.66
2009	16,851	418,518,421	10,050,538	0.024	596.44
2010	16,851	422,236,148	9,025,000	0.021	535.58
2011	17,078	411,286,209	8,187,971	0.020	479.45
2012	17,078	406,080,149	7,225,115	0.018	423.07
2013	17,078	392,074,858	6,092,528	0.016	356.75
2014	17,078	381,804,904	4,914,941	0.013	287.79
2015	17,078	373,415,356	3,899,004	0.010	228.31

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION
 ALL DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN YEARS (UNAUDITED)

	Tax Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Direct City Rates											
City of Fairview Heights	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Library - City of Fairview Heights	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Overlapping Rates											
St. Clair County	0.9715	1.0090	0.9120	0.9161	0.9168	0.9158	0.9132	0.9123	0.9080	0.9388	
French Village Fire	0.6691	0.6571	0.6504	0.6929	0.7137	0.7605	0.7735	1.5955	1.4990	1.5577	
Fairview Caseyville TWP Fire	0.2931	0.2791	0.2777	0.2857	0.3728	0.3984	0.3972	0.4123	0.4343	0.4535	
Northwest SCC Fire	0.3466	0.3659	0.4781	0.4784	0.4848	0.4945	0.4994	0.5187	0.5226	0.5268	
Northwest SCC Bonds	0.1079	0.0927	0.0880	0.0839	0.0849	0.0884	0.0975	0.0990	0.0994	0.0970	
East Side Fire	0.1749	0.1703	0.1648	0.1657	0.1754	0.1861	0.2028	0.2149	0.2169	0.2186	
O'Fallon - SHI - Casey Fire	0.3829	0.4106	0.3785	0.3822	0.4013	0.4162	0.4491	0.4730	0.4773	0.5008	
East Side Health	0.1627	0.1534	0.1498	0.1330	0.1297	0.1339	0.1168	0.1182	0.1532	0.1539	
East St. Louis Park	0.4879	0.4711	0.4711	0.4713	0.4330	0.4599	0.4566	0.4765	0.5829	0.5645	
Townships											
Caseyville Township	0.1271	0.1187	0.1102	0.1031	0.1065	0.1122	0.1110	0.1130	0.1145	0.1215	
St. Clair Township	0.0478	0.0453	0.0426	0.0395	0.0420	0.0501	0.0592	0.0618	0.0514	0.0513	
Canteen Township	0.4928	0.4798	0.4631	0.4604	0.4621	0.4596	0.4682	0.4814	0.4965	0.5305	
Road & Bridge											
Caseyville Road	0.1370	0.1217	0.1096	0.1033	0.1017	0.1023	0.1019	0.1041	0.1074	0.1177	
St. Clair Road	0.2500	0.2455	0.2406	0.2311	0.2352	0.2243	0.2211	0.2230	0.2475	0.2472	
Canteen Road	0.3505	0.3383	0.3380	0.3413	0.3379	0.3358	0.3399	0.3498	0.3609	0.3670	
Schools											
SWIC # 522	0.3483	0.3589	0.3689	0.3574	0.3608	0.3689	0.3766	0.3942	0.4106	0.4285	
Grant Dist # 110	2.9768	3.0610	3.1244	3.2556	3.6380	3.9457	3.8348	3.5539	3.9134	4.0020	
Belleville HS # 201	1.9768	2.0291	1.9658	1.9620	1.9753	1.9700	1.9712	1.9712	1.9712	2.0352	
Wolf Branch # 113	3.7706	3.6397	3.6325	3.5070	3.5447	3.5748	3.6245	3.6809	3.6999	3.7238	
O'Fallon Dist # 90	2.9568	2.9568	2.9568	2.9568	3.0518	3.0657	3.1203	3.1423	3.1423	3.1694	
O'Fallon HS # 203	1.9819	1.9819	1.9427	1.8999	1.9187	1.9819	2.2036	2.2005	2.2005	2.2271	
Pontiac Dist # 105	2.4909	2.3682	2.3884	2.3942	2.4239	2.3540	2.3588	2.3901	2.4190	2.4898	
Central Dist # 104	3.1623	3.1600	3.1600	3.1600	3.1600	3.2578	3.2500	3.2500	3.2500	3.2500	
Collinsville Unit #10	4.3884	4.3329	4.3319	4.2511	4.2674	4.2613	4.2684	4.3310	4.4840	4.5022	
East St. Louis Unit #189	7.4150	7.5484	7.5410	7.5406	7.4908	7.5332	10.2752	10.8352	10.8353	10.8384	
Signal Hill Dist # 181	4.7921	4.8376	4.7828	4.7917	4.8374	4.8778	5.1424	4.2633	4.2244	4.2792	

SOURCE: St. Clair County Clerk's Office, District Value within Taxcode Report

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
MISCELLANEOUS STATISTICS
APRIL 30, 2015**

Date of Incorporation	1969
Form of Government	Mayoral/Council
Number of Employees:	
Total	136
Full Time	104
Total Area	11.2 Square Miles
Number of Dwelling Units	7,876
Estimated Population	17,078
Postal Code	62208
Area Code	618

Police Protection:

Number of Policemen and Officers	44
Number of Police Vehicles	38
Community and Storm Notification System	

Culture and Recreation:

Public Library	1
Parks	6
Ball Diamonds Available	2
Volleyball Courts Available	3
Senior Citizen Centers	1

Large Item Pick Up – March, July and November
Voters Registration
Notary Service

FACILITIES AND SERVICES NOT INCLUDED IN THE REPORTING ENTITY:

Fire Protection:

Number of Stations	3
626 Lincoln Highway	
10045 Bunkum Road	
2904 North 89 th Street	

Ambulance:

Abbott Lifeforce	
Medstar	

Education:

Elementary	2
Middle School	2
Parochial	1

Utilities:

Electric – Ameren CIPS	
Gas – Ameren IP	
Sanitary Sewers – Caseyville Township Sewers	
Water – Caseyville Water	
O’Fallon Water	
Illinois American	
Waste Haulers	11

Recycling Center	1
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