

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

UNIT CODE 088-060-30

REPORT AND ANNUAL
FINANCIAL STATEMENTS

APRIL 30, 2017

ROUTING SHEET

AUDIT / REVIEW _____ COMPILATION _____ AGREED UPON PROCEDURES _____

ENGAGEMENT INFORMATION **REPORT NEEDED BY:** _____
 Client Name City of Fairview AGTS Client Number _____
 Job/Service Code _____ Partner _____ In-charge accountant _____
 Year - End _____ Date wanted: _____ Report Release Date: _____

REPORT REVIEW

	Initials	Date
Report Prepared by	<u> JLN </u>	<u> 10/4 </u>
Workpapers, report & financial statements reviewed by in-charge : Senior/Manager or Engagement Partner	<u> LRS </u>	<u> 10/4/17 </u>
Workpapers, report & financial statements reviewed by Accounting & Auditing <u> PDF TO MB B </u>	<u> MB B </u>	<u> 10/5/17 </u>
Review notes answered and to-do list completed	<u> LRS </u>	<u> 10/6/17 </u>
Final engagement partner review & approval	<u> LRS </u>	<u> 10/6/17 </u>

DELIVERABLES

		# of Copies Needed
Letters & # of copies needed	Reports & financial statements	<u> 28 </u>
114 <u> 10 </u>	Typed	
115 <u> 10 </u>	Checked <u> cleared </u>	<u> 10/3 </u>
Mgmt comments <u> 10 </u>	Read	
Rep letter (RECD) <u> 1 </u>	Footed	

REPORT PROCESSING (initial & date)

Assembled by: <u> J </u>	Date: <u> 10/6/17/19 </u>
PDF to client	Date: <u> 10/18 </u>

Draft Sent: Emailed/Delivered 10/4/17 all Governmental

Does in-charge accountant want to review financial statements after assembling YES _____ NO _____

DELIVERY INSTRUCTIONS (circle one) Mail Deliver Client Pick Up _____ Other _____

Disposition Mailed / Delivered / Picked up by Bo-Jin Date: 10/9

HOLD ITEMS (Describe)

	Cleared by	Date

408
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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

INDEPENDENT AUDITOR'S REPORT

October 11, 2017

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, 2017, 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, 2017, 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

Management has omitted the management discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and pension information on pages 45-65 and 66-73 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, and combining general fund accounts 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.

Scheffer Boyle

Belleville, Illinois

FINANCIAL SECTION

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2017

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 7,932,551	
Certificates of Deposit	2,947,292	
Due from Fiduciary Fund	132,437	
Receivables	5,686,448	
Restricted Cash and Cash Equivalents	<u>2,696,060</u>	
Total Current Assets		<u>\$ 19,394,788</u>

NONCURRENT ASSETS:

Capital Assets, Net	<u>65,346,157</u>	
Total Noncurrent Assets		<u>65,346,157</u>
Total Assets		<u>84,740,945</u>

DEFERRED OUTFLOWS OF RESOURCES

DEFERRED OUTFLOWS OF RESOURCES:

Related to Pensions	<u>3,238,675</u>	
Total Deferred Outflows of Resources		<u>3,238,675</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	1,731,907	
Accrued Payroll	326,269	
Accrued Interest Payable	13,537	
Compensated Absences, Current	30,936	
Bonds Payable, Current	<u>515,000</u>	
Total Current Liabilities		<u>2,617,649</u>

NONCURRENT LIABILITIES:

Compensated Absences, Noncurrent	637,962	
Other Postemployment Benefit Obligation	2,158,547	
Bonds Payable, Noncurrent	1,099,750	
Net Pension Liability	<u>18,046,860</u>	
Total Noncurrent Liabilities		<u>21,943,119</u>
Total Liabilities		<u>24,560,768</u>

DEFERRED INFLOWS OF RESOURCES

DEFERRED INFLOWS OF RESOURCES:

Unavailable Revenue - Property Tax	986,274	
Related to Pensions	<u>1,955,683</u>	
Total Deferred Inflows of Resources		<u>2,941,957</u>

NET POSITION

NET INVESTMENT IN CAPITAL ASSETS:

Restricted Net Position	63,731,407	
Unrestricted Net Position	8,852,011	
Total Net Position	<u>(12,106,523)</u>	<u>\$ 60,476,895</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2017

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	\$ 3,248,434	\$ 300,276	\$ -	\$ -	\$ (2,948,158)
Municipal Complex	1,066,611	46,619	-	-	(1,019,992)
Public Safety					
Police	8,998,438	730,049	22,252	-	(8,246,137)
Emergency Services and Disaster Agency	72,519	-	6,166	-	(66,353)
Street and Public Works					
Engineering/Streets	3,551,801	2,821	832,142	-	(2,716,838)
Public Works Maintenance	610,196	-	-	-	(610,196)
Land Use and Development	3,318,850	254,543	-	-	(3,064,307)
Culture and Recreation					
Parks	1,127,106	94,801	-	-	(1,032,305)
Library	666,634	20,081	13,274	-	(633,279)
Tourism	220,657	-	-	-	(220,657)
Interest on Long-Term Debt	50,349	-	-	-	(50,349)
Total Governmental Activities	\$ 22,931,595	\$ 1,449,190	\$ 873,834	\$ -	(20,608,571)
GENERAL REVENUES:					
Taxes					
Sales Tax					7,632,343
Home Rule Tax					6,622,104
Food and Beverage Tax					2,147,778
Hotel and Motel Tax					930,964
State Income Tax					1,609,870
Use Tax					420,239
Property Tax					914,420
Franchise Tax					286,020
Motor Fuel Tax					449,067
Business District Tax					78,142
Video Game Tax					123,294
Investment Earnings					100,118
Miscellaneous					34,214
Total General Revenues					21,348,573
Special Item - (Loss) on Disposition of Capital Assets					(73,790)
Change in Net Position					666,212
Net Position, Beginning of Year					59,810,683
Net Position, End of Year					<u>\$ 60,476,895</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2017

ASSETS	GENERAL	HOME RULE	HOTEL AND MOTEL TAX	TAX REBATES	TIF #1 BUNKUM ROAD	TIF #2 SHOPPES OF ST. CLAIR	TIF #3 LINCOLN TRAIL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and Cash Equivalents	\$ 4,235,770	\$ 2,265,889	\$ 506,376	\$ (308,476)	\$ -	\$ (2,542)	\$ -	\$ 1,235,534	\$ 7,932,551
Certificates of Deposit	590,000	1,109,501	194,932	-	-	-	-	1,052,859	2,947,292
Receivables	2,490,693	1,380,484	150,440	472,658	301,135	364,120	285,019	241,899	5,686,448
Due from Other Funds	805,887	-	-	-	17,203	2,274	1,737	-	827,101
Due from Fiduciary Fund	132,437	-	-	-	-	-	-	-	132,437
Restricted Cash and Cash Equivalents	131,352	116,968	-	-	841,370	-	1,606,370	-	2,696,060
Total Assets	\$ 8,386,139	\$ 4,872,842	\$ 851,748	\$ 164,182	\$ 1,159,708	\$ 363,852	\$ 1,893,126	\$ 2,530,292	\$ 20,221,889
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES:									
Accounts Payable	\$ 250,763	\$ 750,905	\$ 8,884	\$ 652,045	\$ -	\$ 1,767	\$ -	\$ 67,543	\$ 1,731,907
Accrued Payroll	313,229	-	-	-	-	-	-	13,040	326,269
Due to Other Funds	21,214	731,184	-	-	-	-	-	74,703	827,101
Total Liabilities	585,206	1,482,089	8,884	652,045	-	1,767	-	155,286	2,885,277
DEFERRED INFLOWS OF RESOURCES:									
Unavailable Revenue - Property Taxes	28,635	-	-	-	301,135	364,120	285,017	7,367	986,274
Total Deferred Inflows of Resources	28,635	-	-	-	301,135	364,120	285,017	7,367	986,274
FUND BALANCES:									
Restricted for:									
Rebate and Financing									
Agreements	131,352	116,968	-	(487,863)	-	-	1,608,109	-	1,368,566
Sewer Improvements	-	-	-	-	858,573	-	-	-	858,573
Infrastructure	-	-	-	-	-	-	-	588,567	588,567
Special Revenue Funds	-	3,273,785	842,864	-	-	-	-	1,919,656	6,036,305
Unassigned:									
General Funds	7,640,946	-	-	-	-	-	-	-	7,640,946
Special Revenue Funds	-	-	-	-	-	(2,035)	-	(140,584)	(142,619)
Total Fund Balances	7,772,298	3,390,753	842,864	(487,863)	858,573	(2,035)	1,608,109	2,367,639	16,350,338
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,386,139	\$ 4,872,842	\$ 851,748	\$ 164,182	\$ 1,159,708	\$ 363,852	\$ 1,893,126	\$ 2,530,292	\$ 20,221,889

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, 2017

Total fund balance - total governmental funds		\$ 16,350,338
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets of \$108,092,470 net of accumulated depreciation of \$42,746,313 are not financial resources and, therefore, are not reported in the funds.		65,346,157
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, 2017, were:		
Compensated absences	\$ (668,898)	
Accrued interest on bonds payable	(13,537)	
Other post employment benefit obligation	(2,158,547)	
Net pension liability	(18,046,860)	
General obligation bonds payable	<u>(1,614,750)</u>	<u>(22,502,592)</u>
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are reported in the governmental funds, as follows:		
Deferred outflows of resources (related to pensions)		3,238,675
Deferred inflows of resources (related to pensions)		<u>(1,955,683)</u>
Net position of governmental activities		<u>\$ 60,476,895</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, 2017

	GENERAL	HOME RULE	HOTEL AND MOTEL TAX	TAX REBATES	TIF #1 BUNKUM ROAD	TIF #2 SHOPPES OF ST. CLAIR	TIF #3 LINCOLN TRAIL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:									
Sales Taxes	\$ 7,346,370	\$ -	\$ -	\$ 285,973	\$ -	\$ -	\$ -	\$ -	\$ 7,632,343
Food and Beverage Taxes	1,632,793	-	-	-	-	-	-	514,985	2,147,778
Home Rule Taxes	4,155,031	2,287,326	-	179,747	-	-	-	-	6,622,104
Income Taxes	1,609,870	-	-	-	-	-	-	-	1,609,870
Property Taxes	42,752	-	-	-	240,307	346,344	285,017	-	914,420
Use Taxes	420,239	-	-	-	-	-	-	-	420,239
Hotel and Motel Taxes	347,619	-	583,345	-	-	-	-	-	930,964
Utility/Franchise Taxes	286,020	-	-	-	-	-	-	-	286,020
Video Game Taxes	123,294	-	-	-	-	-	-	-	123,294
Motor Fuel Taxes	-	-	-	-	-	-	-	449,067	449,067
Business District Taxes	-	-	-	78,142	-	-	-	-	78,142
Licenses and Permits	301,461	-	-	-	-	-	-	-	301,461
Grant	23,542	832,142	-	-	-	-	-	-	855,684
Fines and Fees	417,579	-	-	-	-	-	-	214,774	632,353
Rental	46,619	-	-	-	-	-	-	-	46,619
Donations	4,875	-	-	-	-	-	-	97	4,972
Interest Income	21,753	26,602	7,394	2,595	4,765	1,641	11,466	23,902	100,118
OPEB Insurance Contributions	-	-	-	-	-	-	-	242,210	242,210
Miscellaneous	251,793	7,307	900	-	-	-	-	13,939	273,939
Total Revenues	17,031,610	3,153,377	591,639	546,457	245,072	347,985	296,483	1,458,974	23,671,597
EXPENDITURES:									
Current									
General Government									
Mayor's Department	439,038	-	-	-	-	-	-	-	439,038
Clerk's Department	620,641	-	-	-	-	-	-	171,599	792,240
Finance Department	295,414	-	-	-	-	-	-	-	295,414
Administration Department	1,632,122	4,574	-	-	-	-	-	-	1,636,696
Municipal Complex	560,284	350,005	-	-	-	-	-	-	910,289
Public Safety									
Police	7,460,990	200,630	-	-	-	-	-	185,991	7,847,611
Emergency Services and Disaster Agency	27,660	-	-	-	-	-	-	-	27,660
Streets and Public Works									
Engineering/Streets	1,807,013	232,969	-	-	-	-	-	-	2,039,982
Public Works	-	-	-	-	-	-	-	-	-
Maintenance	583,931	-	-	-	-	-	-	-	583,931
Land Use and Development	681,989	45,938	-	-	-	-	-	-	727,927
Sales Tax Rebates	-	-	-	1,438,478	-	-	-	-	1,438,478
Tax Increment Financing	-	-	-	-	1,825	383,516	90,370	654,889	1,130,600
Culture and Recreation									
Parks	585,396	329,184	55,821	-	-	-	-	-	970,401
Library	88,523	-	-	-	-	-	-	529,905	618,428
Tourism	-	-	144,725	-	-	-	-	-	144,725
Debt Service									
Principal	-	-	265,000	-	-	-	-	615,000	880,000
Interest	-	-	39,984	-	-	-	-	14,864	54,848
Capital Outlay	25,080	3,446,676	658,790	-	-	-	269,291	92,728	4,492,565
Total Expenditures	14,808,081	4,609,976	1,164,320	1,438,478	1,825	383,516	359,661	2,264,976	25,030,833
Excess (Deficiency) of Revenues Over Expenditures	2,223,529	(1,456,599)	(572,681)	(892,021)	243,247	(35,531)	(63,178)	(806,002)	(1,359,236)
OTHER FINANCING SOURCES (USES):									
Transfers Out	(2,056,848)	-	-	-	-	-	-	-	(2,056,848)
Transfers In	1,446,664	-	-	-	24,033	34,639	28,505	523,007	2,056,848
Proceeds From Sale of Property	-	-	-	-	-	-	50,502	-	50,502
Total Other Financing Sources (Uses)	(610,184)	-	-	-	24,033	34,639	79,007	523,007	50,502
Net Change in Fund Balances	1,613,345	(1,456,599)	(572,681)	(892,021)	267,280	(892)	15,829	(282,995)	(1,308,734)
Fund Balances (Deficit), Beginning of Year	6,158,953	4,847,352	1,415,545	404,158	591,293	(1,143)	1,592,280	2,650,634	17,659,072
Fund Balances (Deficit), End of Year	\$ 7,772,298	\$ 3,390,753	\$ 842,864	\$ (487,863)	\$ 858,573	\$ (2,035)	\$ 1,608,109	\$ 2,367,639	\$ 16,350,338

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, 2017

Net change in fund balances - total governmental funds	\$ (1,308,734)
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 \$4,492,563 exceeded depreciation of \$2,249,140 in the current period.	2,243,423
Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or loss on the disposition of capital assets. This is the effect on the change in net position on the statement of activities.	(124,292)
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.	570
Payment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	880,000
Some income/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. This includes the following:	
(Increase) in compensated absences	\$ (107,104)
Pension income (expense)	(683,444)
Decrease in accrued interest	4,500
(Increase) in other postemployment benefit and pension obligation	<u>(238,707)</u>
	<u>(1,024,755)</u>
Change in net position of governmental activities	<u>\$ 666,212</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
APRIL 30, 2017

	<u>PENSION TRUST FUND</u>
ASSETS	
Pooled Cash and Cash Equivalents	\$ 1,556,142
Total Cash	<u>1,556,142</u>
Interest and Dividends Receivable	50,528
Investments, at Fair Value	
Common Stock	13,805,392
Mutual Funds	2,405,156
Government Securities/Fixed Income	<u>9,296,346</u>
Total Investments	<u>25,506,894</u>
Total Assets	<u>27,113,564</u>
LIABILITIES	
Due to General Fund	<u>132,437</u>
Total Liabilities	<u>132,437</u>
NET POSITION	
Held in Trust for Pension Benefits	<u>\$ 26,981,127</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, 2017

	<u>PENSION TRUST FUND</u>
ADDITIONS:	
Contributions	
Employer	\$ 1,336,663
Plan Members	<u>353,941</u>
Total Contributions	<u>1,690,604</u>
Investment Income	
Net Appreciation in Fair Value of Investments	1,687,436
Realized Gain on Sale of Investments	471,589
Interest	191,571
Dividends	<u>236,803</u>
	2,587,399
Less: Investment Expense	<u>121,188</u>
Total Investment Income	<u>2,466,211</u>
Total Additions	<u>4,156,815</u>
DEDUCTIONS:	
Retirement Benefits	1,516,008
Disability	124,857
Refund of Contribution	32,004
Taxes Withheld	19
Administrative Expenses	<u>27,338</u>
Total Deductions	<u>1,700,226</u>
Change in Net Position	2,456,589
Beginning of Year	<u>24,524,538</u>
End of Year	<u>\$ 26,981,127</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 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.

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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 placed 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.

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:

<u>FUND</u>	<u>BRIEF DESCRIPTION</u>
Home Rule Fund	A fund established by City ordinance to account for home rule tax revenues and expenditures as legally restricted for City use.
Hotel and Motel Tax Fund	A fund established by City ordinance to account for hotel and motel 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 #1 Bunkum Road	A fund established by the City to account for activities related to Bunkum Road's tax increment financing district.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

<u>FUND</u>	<u>BRIEF DESCRIPTION</u>
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.
TIF #3 Lincoln Trail	A fund established by the City to account for activities related to Lincoln Trail'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 Finance Director 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 basis. 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.

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

\$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. Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

H. 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.

I. 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.

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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. 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.

K. 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.

L. Internal and Interfund Balances and Activities

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

M. 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:

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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

N. 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.

O. 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.

P. New Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application*, is effective for periods beginning after June 15, 2015. This statement provides a hierarchy of fair value measurement. The City has implemented this reporting for the year-ended April 30, 2017.

GASB Statement No. 77, *Tax Abatement Disclosures*, is effective for periods beginning after December 15, 2015. This statement requires governments to disclose tax abatement agreements in the footnotes to the financial statements. The City has implemented this reporting for the year-ended April 30, 2017.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 2. CASH, CERTIFICATES OF DEPOSIT, AND INVESTMENTS

As of April 30, 2017, the City, had the following certificates of deposit:

<u>INVESTMENTS</u>	<u>MATURITY</u>	<u>COST</u>
Capital One Bank - Certificate of Deposit	4/5/2018	\$ 245,000
Beal Bank USA - Certificate of Deposit	10/4/2017	245,000
Everbank - Certificate of Deposit	6/5/2017	245,000
State Bank of India - Certificate of Deposit	12/21/2017	129,502
Medallion Bank - Certificate of Deposit	6/4/2018	245,000
Compass Bank - Certificate of Deposit	5/29/2018	245,000
Morton Community Bank - Certificate of Deposit	1/28/2019	245,000
Goldman Sachs Bank USA- Certificate of Deposit	6/3/2020	100,000
Santander Bank - Certificate of Deposit	10/12/2017	75,000
Discover Bank - Certificate of Deposit	11/14/2017	90,151
American Express Centurion Bank - Certificate of Deposit	5/29/2018	94,711
Goldman Sachs Bank USA- Certificate of Deposit	6/3/2019	80,000
Santander Bank - Certificate of Deposit	10/12/2017	50,000
Discover Bank - Certificate of Deposit	11/14/2017	50,084
American Express Centurion Bank - Certificate of Deposit	5/29/2018	49,848
Goldman Sachs Bank USA- Certificate of Deposit	6/3/2019	45,000
Santander Bank - Certificate of Deposit	10/12/2017	90,000
Discover Bank - Certificate of Deposit	11/14/2017	90,151
American Express Centurion Bank - Certificate of Deposit	5/29/2018	89,726
Peoples State Bank of Plainview - Certificate of Deposit	12/10/2019	90,000
Total		<u>\$ 2,594,173</u>

As of April 30, 2017, the Library fund, a blended component unit of the City, had the following certificates of deposit:

<u>INVESTMENTS</u>	<u>MATURITY</u>	<u>COST</u>
Providence Bank- Certificate of Deposit	5/9/2018	\$ 29,913
Providence Bank- Certificate of Deposit	7/9/2017	106,528
First Clover Leaf Bank - Certificate of Deposit	7/28/2018	110,289
First Clover Leaf Bank - Certificate of Deposit	3/25/2020	106,389
		<u>\$ 353,119</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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 2. CASH, CERTIFICATES OF DEPOSIT, AND INVESTMENTS (CONT'D)

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

At April 30, 2017, the book balance of the City's cash and investments was \$13,575,903 and the bank balance was \$14,583,398. Of the bank balance, \$3,551,945 was covered by federal depository insurance and \$11,031,453 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.

	CARRYING AMOUNT	BANK VALUE
Cash on Hand	\$ 396	\$ -
Pooled Cash and Cash Equivalents	10,440,590	11,633,047
Certificates of Deposit	2,947,292	2,950,351
	13,387,882	14,583,398
 External Investment Pool:		
The Illinois Funds - Money Market Fund	187,625	187,625
	\$ 13,575,903	\$ 14,771,023

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 Finance Director. 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)

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 2. CASH, CERTIFICATES OF DEPOSIT, AND INVESTMENTS (CONT'D)

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 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:

	<u>MINIMUM</u>	<u>MAXIMUM</u>
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:

<u>DESCRIPTION</u>	<u>VALUE</u>	<u>COST</u>
Domestic Common Stocks	\$ 13,805,392	\$ 10,503,035
U.S. Treasury Notes	3,841,519	3,879,299
FHLMC	367,656	483,569
FNMA	1,509,662	2,502,347
Corporate Bonds	3,385,293	3,438,544
Municipal Bonds	192,217	194,947
Mutual Funds	2,405,155	2,106,712
	<u>\$ 25,506,894</u>	<u>\$ 23,108,453</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 2. CASH, CERTIFICATES OF DEPOSIT, AND INVESTMENTS (CONT'D)

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.

The City was in compliance with all investment policies at April 30, 2017.

NOTE 3. FAIR VALUE MEASUREMENT

Certificates of Deposit that are participating interest-earning investment contracts are subject to GASB 72, Fair Value Measurement and Application. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents the fair value hierarchy for the balances of the investments of the City measured at fair value on a recurring basis as of April 30, 2017:

<u>INVESTMENT BY FAIR VALUE</u>	<u>AMOUNT</u>	<u>QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)</u>	<u>SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)</u>	<u>SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)</u>
Brokered Certificates of Deposit	\$2,597,234	\$ -	\$ 2,597,234	\$ -

Level 1 Fair Value Measurements

The fair value for investments in this category is based on quoted prices in active markets for identical assets.

Level 2 Fair Value Measurements

The fair value of the brokered certificates of deposit are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information.

Level 3 Fair Value Measurements

The fair value for investments in this category is based on unobservable inputs.

NOTE 4. 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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 4. PROPERTY TAXES RECEIVABLE (CONT'D)

assessment year. 2015 property taxes were payable in two installments; July 1, 2016 and September 1, 2016. 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 2015 and prior tax levies.

NOTE 5. CAPITAL ASSETS

Changes in Capital Assets

The following provides a summary of changes in capital assets:

	<u>BALANCE AT</u> <u>MAY 1, 2016</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE AT</u> <u>APRIL 30, 2017</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 9,270,628	\$ 652,264	\$ -	\$ 9,922,892
Construction in Progress	<u>584,454</u>	<u>2,018,594</u>	<u>(271,164)</u>	<u>2,331,884</u>
Total Capital Assets Not Being Depreciated	<u>9,855,082</u>	<u>2,670,858</u>	<u>(271,164)</u>	<u>12,254,776</u>
Other Capital Assets				
Buildings	14,715,138	175,042	(6,351)	14,883,829
Other Improvements	3,587,930	397,508	-	3,985,438
Machinery and Equipment	11,533,863	346,950	(1,850,512)	10,030,301
Infrastructure	<u>65,738,044</u>	<u>1,295,118</u>	<u>(95,036)</u>	<u>66,938,126</u>
Total Other Capital Assets at Historical Costs	<u>95,574,975</u>	<u>2,214,618</u>	<u>(1,951,899)</u>	<u>95,837,694</u>
Less Accumulated Depreciation for				
Buildings	6,593,432	385,611	(1,281)	6,977,762
Other Improvements	2,325,479	120,585	-	2,446,064
Machinery and Equipment	8,595,979	606,856	(1,701,013)	7,501,822
Infrastructure	<u>24,688,141</u>	<u>1,136,088</u>	<u>(3,564)</u>	<u>25,820,665</u>
Total Accumulated Depreciation	<u>42,203,031</u>	<u>2,249,140</u>	<u>(1,705,858)</u>	<u>42,746,313</u>
Governmental Activities Capital Assets, Net	<u>\$ 63,227,026</u>	<u>\$ 2,636,336</u>	<u>\$ (517,205)</u>	<u>\$ 65,346,157</u>

For the year ended April 30, 2017, the City received donated streets of \$739,641 .

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 5. CAPITAL ASSETS (CONT'D)

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

PRIMARY GOVERNMENT:

Governmental Activities	
General Government	
Executive	\$ 44,376
Municipal Complex	121,130
Police Safety	
Police	297,930
EDSA	44,408
Street and Public Works	
Engineering/Streets	1,459,112
Public Works Maintenance	15,109
Land Use and Development	-
Culture and Recreation	
Parks	143,696
Library	47,449
Tourism	75,932
Total Depreciation for Governmental Activities	<u>\$ 2,249,142</u>

NOTE 6. 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.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2017:

DESCRIPTION AND PURPOSE	BALANCE MAY 1, 2016	ISSUED	RETIRED	BALANCE APRIL 30, 2017	DUE WITHIN ONE YEAR
Governmental Activities					
Compensated					
Absences	\$ 561,794	\$ 642,278	\$ 535,174	\$ 668,898	\$ 30,936
General Obligation					
Bonds	2,494,750	-	880,000	1,614,750	515,000
Total	<u>\$ 3,056,544</u>	<u>\$ 642,278</u>	<u>\$ 1,415,174</u>	<u>\$ 2,283,648</u>	<u>\$ 545,936</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 6. LONG-TERM DEBT (CONT'D)

The City has general obligation debt service requirements at April 30, 2017, 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, 2017:

PAYABLE DURING THE YEAR ENDED	GENERAL OBLIGATION BOND SERIES DTD 12/23/14		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2018	\$ 246,192	\$ 240,000	\$ 6,192
April 30, 2019	242,846	239,750	3,096
	<u>\$ 489,038</u>	<u>\$ 479,750</u>	<u>\$ 9,288</u>

PAYABLE DURING THE YEAR ENDED	GENERAL OBLIGATION BOND SERIES DTD 1/1/11		
	TOTAL	PRINCIPAL	INTEREST
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>\$ 1,222,574</u>	<u>\$ 1,135,000</u>	<u>\$ 87,574</u>

PAYABLE DURING THE YEAR ENDED	TOTAL ALL BONDS		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2018	\$ 555,611	\$ 515,000	\$ 40,611
April 30, 2019	549,013	519,750	29,263
April 30, 2020	302,769	285,000	17,769
April 30, 2021	304,219	295,000	9,219
	<u>\$ 1,711,612</u>	<u>\$ 1,614,750</u>	<u>\$ 96,862</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 7. 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:

<u>DUE FROM</u>	<u>DUE TO</u>	<u>AMOUNT</u>
Governmental Activities/Major Governmental Funds	Governmental Activities/Major Governmental Funds	
General Fund	TIF #1 Bunkum Road	\$ 17,203
General Fund	TIF #2 Shoppes of St. Clair	2,274
General Fund	TIF #3 Lincoln Trail	1,737
Food and Beverage Fund	General Fund	74,703
Home Rule Fund	General Fund	731,184
		<u>\$ 827,101</u>
<u>DUE FROM</u>	<u>DUE TO</u>	<u>AMOUNT</u>
Fiduciary Funds	Governmental Activities/Major Governmental Funds	
Police Pension Fund	General Fund/Police Pension Fund	<u>\$ 132,437</u>

The following is a summary of transfers during the year ended April 30, 2017:

<u>TRANSFER FROM</u>	<u>TRANSFER TO</u>	<u>AMOUNT</u>
General Fund	General Fund/Capital Reserve Fund	\$ 110,000
General Fund	Library	523,007
General Fund	Police Pension	1,336,664
General Fund	TIF #1 Bunkum Road	24,033
General Fund	TIF #2 Shoppes of St. Clair	34,639
General Fund	TIF #3 Lincoln Trail	28,505
		<u>\$ 2,056,848</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 transfers 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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONT'D)

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.

NOTE 8. TAX ABATEMENTS

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 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 \$554,161. 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, 2017, the amount of cash restricted for current and future payments under this agreement was \$107,366. 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 and later amended by Ordinance 1779-2017, 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 37.5 percent of the sales tax collected from stores located in the development. Total rebate is not to exceed \$6,700,000 and expires December 31, 2038. The developer met the requirements of the agreement as of January 1, 2017. Current year payment is payable in the amount of \$189,177 as of April 30, 2017. 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, 2017, the amount of cash restricted for current and future payments under this agreement was \$43,645.

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, 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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 8. TAX ABATEMENTS (CONT'D)

pledged by TIF revenues and limited incremental sales tax revenues. The City made payments under this agreement of \$497,324 in fiscal year 2017. 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, 2017, the amount of cash restricted for current and future payment under this agreement was \$97,309. 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.

NOTE 9. TAX INCREMENT FINANCING DISTRICTS

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 \$379,925 in fiscal year 2017. 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, 2017, the amount of cash restricted for current and future payments under this agreement was \$-0-. 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 \$52,337 by April 30, 2017.

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 had a balance payable to Taxing Districts under this agreement of \$32,263. 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, 2017, the amount of cash restricted for current and future payments under this agreement was \$1,606,370.

The City has entered into a redevelopment plan with a local business as part of the Tax Increment Financing redevelopment agreements to rebate a total of \$74,731 to the local business. For the fiscal year ended April 30, 2017, the City rebated property taxes totaling \$49,893 under this agreement.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 10. LEASE REVENUE

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 monthly at a rate of \$767 per month 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 \$691 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.

The City has a lease agreement with SIMAPC to lease office space on the second floor of the Fairview Heights municipal complex. This is a lease for 3 years and rent under this agreement is \$1,350 per month.

The City has a lease agreement with the Fairview Heights Area Food Pantry, Inc. to lease an area in the north wing basement of the community room of the municipal building. This lease is renewed year to year 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:

5/1/17 - 4/30/18	\$ 60,234
5/1/18 - 4/30/19	61,893
5/1/19 - 4/30/20	61,892
5/1/20 - 4/30/21	61,892
5/1/21 - 4/30/22	45,692

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.

NOTE 11. 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, 2017, rentals approximated \$55,500 for such leases. These leases primarily support governmental activities.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 11. OPERATING LEASES (CONT'D)

Minimum rentals on leases for future years are as follows:

5/1/17 - 4/30/18	\$ 30,816
5/1/18 - 4/30/19	30,816
5/1/19 - 4/30/20	20,706
5/1/20 - 4/30/21	3,936
5/1/21 - 4/30/22	1,668

NOTE 12. CAPITAL LEASES

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. This lease ended during the year ended April 30, 2017. Total payments of \$570 were remitted.

NOTE 13. 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 \$1,854,690 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 TIF #1 Bunkum Road tax increment financing agreement for future sewer projects. At April 30, 2017, an amount of \$841,370 was restricted to pay for the future sewer projects.

NOTE 14. 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.

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 14. RETIREMENT PLANS (CONT'D)

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings.

Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms - As of December 31, 2016, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	76
Inactive Plan Members entitled to but not yet receiving benefits	64
Active Plan Members	79
Total	219

Contributions - As set by statute, the City's Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2016 was 11.28 percent. For the calendar year December 31, 2016, the City contributed \$480,680 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability - The City's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 14. RETIREMENT PLANS (CONT'D)

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

The **Actuarial Cost Method** used was Entry Age Normal.

The **Asset Valuation Method** used was Market Value of Assets.

The Inflation Rate was assumed to be 2.75 percent.

Salary Increases were expected to be 3.75 percent to 14.50 percent, including inflation.

The Investment Rate of Return was assumed to be 7.50 percent.

Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASSET CLASS	PORTFOLIO TARGET PERCENTAGE	LONG-TERM EXPECTED REAL RATE OF RETURN
Domestic Equity	38 %	6.60 %
International Equity	15	6.40
Fixed Income	23	2.60
Real Estate	10	1.40
Alternative Investments	12	7.20-7.70
Cash Equivalents	2	1.1
Total	<u>100 %</u>	

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 14. RETIREMENT PLANS (CONT'D)

Single Discount Rate - A Single Discount Rate of 7.50 percent was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.78 percent, and the resulting single discount rate is 7.50 percent.

Changes in Net Pension Liability

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY (A)-(B)
Balance at December 31, 2015	\$ 27,013,997	\$ 23,824,235	\$ 3,189,762
Changes for the year:			
Service Cost	427,355	-	427,355
Interest on the Total Pension Liability	1,983,146	-	1,983,146
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	412,657	-	412,657
Changes of Assumptions	(67,179)	-	(67,179)
Contributions - Employer	-	480,680	(480,680)
Contributions - Employees	-	186,042	(186,042)
Net Investment Income	-	1,619,400	(1,619,400)
Benefit Payments, Including Refunds of Employee Contributions	(1,430,063)	(1,430,063)	-
Other (Net Transfer)	-	179,542	(179,542)
Net Changes	<u>1,325,916</u>	<u>1,035,601</u>	<u>290,315</u>
Balance at December 31, 2016	<u>\$ 28,339,913</u>	<u>\$ 24,859,836</u>	<u>\$ 3,480,077</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50 percent, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1 percent lower or 1 percent higher:

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 14. RETIREMENT PLANS (CONT'D)

	1% DECREASE 6.50%	CURRENT SINGLE DISCOUNT RATE 7.50%	1% INCREASE 8.50%
Net Pension Liability	<u>\$ 7,104,701</u>	<u>\$ 3,480,077</u>	<u>\$ 497,283</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016 the City recognized pension expense of \$713,815. At April 30, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<u>DEFERRED AMOUNTS RELATED TO PENSIONS</u>	<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>DEFERRED INFLOWS OF RESOURCES</u>
Deferred Amounts to Be Recognized in Pension Expense in Future Periods:		
Difference Between Expected and Actual Experience	\$ 305,356	\$ 55,107
Changes of Assumption	16,007	49,711
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,120,704</u>	<u>-</u>
Total Deferred Amounts to Be Recognized in Pension Expense in Future Periods	1,442,067	104,818
Pension Contributions Made Subsequent to the Measurement Date	<u>221,734</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 1,663,801</u>	<u>\$ 104,818</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>NET DEFERRED OUTFLOWS OF RESOURCES</u>
2017	\$ 433,823
2018	434,475
2019	439,846
2020	29,105
2021	-
Thereafter	-
Total	<u>\$ 1,337,249</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 14. RETIREMENT PLANS (CONT'D)

B. Police Officers' Pension

Plan Description

Plan Administration

The Plan is administered by a Board of Trustees comprised of:

Two members appointed by the City,

Two active members of the Police Department elected by the Membership
and one retired Member of the Police Department elected by the Membership.

At April 30, 2017, the Police Pension membership consisted of:

Active plan members	44
Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	8
Total	81

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Age: Tier 1: Age 50 and 20 years of service.

Tier 2: Age 55 with 10 years of service.

Benefit: 2.50% of Average Final Compensation times Credited Service.

Early Retirement:

Age: Tier 1: Age 60 and 8 years of service.

Tier 2: Age 50 with 10 years of service.

Benefit: Determined as for Normal Retirement; Benefit for members hired after January 1, 2011 is reduced 6.00% for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination):

Tier 1: Less than 8 years: Refund of accumulated contributions without interest. 8 or more: Refund of contributions or accrued benefit payable at retirement age.

Tier 2: Less than 10 years: Refund of accumulated contributions without interest. 10 or more: Refund of contributions or accrued benefit payable at retirement age.

Disability:

Eligibility: Total and permanent as determined by the Board of Trustees.

Benefit: Benefit accrued to date of disability. Minimum benefit for Service Incurred is 65% of AFC. For Non-Service Incurred benefit is 50% of salary.

Pre-Retirement Death Benefits:

Service Incurred: 100% of Salary.

Non-Vested: Refund of Required Contribution Account.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 14. RETIREMENT PLANS (CONT'D)

Cost-of-Living Adjustments:

Tier 1: Retirees - 3.00% per year upon attaining age 55. For retirements prior to age 55, 1/12 of 3.00% per month benefit commences prior to reaching age 55. Disabled Retirees - annual increase of 3.00% of the original benefit amount upon attaining age 60. For disablements prior to age 60, 3.00% of original benefit per year benefit commenced prior to age 60.

Tier 2: An annual increase equal to the lesser of 3.00% per year or 1/2 the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1 of the original pension after attaining age 60.

Contributions

Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over a period ending in 2041.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of April 30, 2017:

ASSET CLASS	TARGET ALLOCATION
Cash (US\$ 90-day T-bill)	2 %
US Short Term Investment Grade Bonds	10
US Investment Grade Bonds	23
US Large-Cap Value Stocks	19
US Large-Cap Growth Stocks	19
US Mid-Cap Core Stocks	6
US Small-Cap Core Stocks	6
International Equities	15
Total	100 %

Rate of Return:

For the year ended April 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was not available.

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 Employer

The components of the net pension liability of the employer on April 30, 2017 were as follows:

Total Pension Liability	\$ 41,549,365
Plan Fiduciary Net Position	(26,982,582)
Employer's Net Pension Liability	\$ 14,566,783

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 14. RETIREMENT PLANS (CONT'D)

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.94%
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Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of May 1, 2017 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service Based
Investment Rate of Return	6.50%

Mortality Rate: RP-2000 Combined Healthy Mortality, projected to the valuation date with Scale BB.
 Disabled Mortality Rate: RP-2000 Disabled Retiree Mortality, projected to the valuation date with Scale BB. Based on studies of public safety pension plans, we believe this assumption sufficiently accommodates expected future mortality improvements.

The demographic assumptions used in the May 1, 2017 valuation were based on the results of an actuarial experience study performed by the State of Illinois Department of Insurance in 2012.

The Long-Term Expected Rate of Return on Pension Plan investments can be 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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of April 30, 2017 are summarized in the following table:

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN
Cash (US\$ 90-Day T-bill)	2 %
US Short Term Investment Grade Bonds	10
US Investment Grade Bonds	23
US Large-Cap Value Stocks	19
US Large-Cap Growth Stocks	19
US Mid-Cap Core Stocks	6
US Small-Cap Core Stocks	6
International Equities	15
Total	100 %

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 14. RETIREMENT PLANS (CONT'D)

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 that Plan Member contributions will be made at the current contribution rate and that Sponsor 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 projected benefit payments to determine the Total Pension Liability.

For purpose of this valuation, the expected rate of return on pension plan investments is 6.50 percent; the municipal bond rate is 3.82 percent (based on the weekly rate closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve); and the resulting single discount rate is 6.50 percent.

Changes in Net Pension Liability

	<u>TOTAL PENSION LIABILITY</u>	<u>PLAN FIDUCIARY NET POSITION</u>	<u>NET PENSION LIABILITY</u>
Balances at April 30, 2016	\$ 39,291,574	\$ 24,524,539	\$ 14,767,035
Changes For a Year:			
Service Cost	963,518	-	963,518
Interest	2,562,213	-	2,562,213
Differences Between Expected and Actual Experience	404,930	-	404,930
Changes of Assumptions	-	-	-
Changes of Benefit Terms	-	-	-
Contributions - Employer	-	1,336,663	(1,336,663)
Contributions - Employee	-	353,941	(353,941)
Contributions - Buy Back	-	-	-
Net Investment Income	-	2,467,647	(2,467,647)
Benefit Payments, Including Refunds of Employee Contributions	(1,672,870)	(1,672,870)	-
Administrative Expenses	-	(27,338)	27,338
Net Changes	<u>2,257,791</u>	<u>2,458,043</u>	<u>(200,252)</u>
Balances at April 30, 2017	<u>\$ 41,549,365</u>	<u>\$ 26,982,582</u>	<u>\$ 14,566,783</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 14. RETIREMENT PLANS (CONT'D)

Sensitivity of the net pension liability to changes in the discount rate:

	1% DECREASE 5.50%	CURRENT DISCOUNT RATE 6.50%	1% INCREASE 7.50%
Employer's Net Pension Liability	\$ 20,572,668	\$ 14,566,783	\$ 9,671,416

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions**

For the year ended April 30, 2017, the employer will recognize pension expense of \$1,652,691. On April 30, 2017, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Difference Between Expected and Actual Experience	\$ 347,082	\$ 1,850,865
Changes of Assumptions	808,895	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	418,897	-
Total	\$ 1,574,874	\$ 1,850,865

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDED APRIL 30,	
2018	\$ 47,343
2019	47,343
2020	47,343
2021	(325,320)
2022	(150,547)
Thereafter	57,847

NOTE 15. 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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 15. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

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 2017 fiscal year, the annual pay-as-you-go cost is approximately \$205,258 (2.8 percent of payroll).

As of April 30, 2016, the Plan has ten retirees and five disabled officers receiving benefits and ninety-eight active participants.

Annual OPEB Cost and Net OPEB Obligation - Every three years the City engages an actuarial firm to determine the estimated obligation associated with OPEB. The last valuation was done as of April 30, 2016, 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 2017 was \$473,925. 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, 2017, 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	\$ 399,390	\$ 74,535	\$ 473,925
Interest on OPEB Obligation	71,928	4,866	76,794
Adjustment to Annual Required Contribution	<u>(99,990)</u>	<u>(6,764)</u>	<u>(106,754)</u>
Annual OPEB Cost (Expense)	371,328	72,637	443,965
Contributions Made	<u>(157,936)</u>	<u>(47,322)</u>	<u>(205,258)</u>
Increase in Net OPEB Obligation	213,392	25,315	238,707
Net OPEB obligation - May 1, 2016	<u>1,798,198</u>	<u>121,642</u>	<u>1,919,840</u>
 Net OPEB Obligation - April 30, 2017	 <u>\$ 2,011,590</u>	 <u>\$ 146,957</u>	 <u>\$ 2,158,547</u>

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, 2017 and the two preceding years are as follows:

<u>YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED</u>	<u>NET OPEB OBLIGATION</u>
04/30/17	\$ 443,965	46.20 %	\$ 2,158,547
04/30/16	448,004	42.20	1,919,840
04/30/15	457,798	43.00	1,661,014

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 15. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Funded Status and Funding Progress - The funded status of the Plan based on the most recent actuarial valuation as of April 30, 2017 is as follows:

	<u>POLICE</u>	<u>MUNICIPAL</u>	<u>TOTAL</u>
Actuarial accrued liability (AAL)	\$ 4,467,464	\$ 800,365	\$ 5,267,829
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,467,464</u>	<u>\$ 800,365</u>	<u>\$ 5,267,829</u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%	0.00%	0.00%
Covered payroll (active plan members)	\$ 4,039,857	\$ 2,920,295	\$ 6,960,152
UAAL as a percentage of covered payroll	110.6%	27.4%	75.7%

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, 2016, the entry age normal cost method was used.

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 - Probabilities of death for participants were according to RP2000 Blue Collar table projected to 2016 using scale AA for Police. For all others the RP2000 table projected to 2016 using scale AA was used. No additional provision was included for mortality improvements beyond 2016.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 15. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Healthcare Cost Trend Rate - An annual healthcare cost trend rate of 8.5 percent initially, reduced to an ultimate rate of 4.5 percent after eight years. Rates include a 2.5 percent general inflation assumption.

Health Insurance Premiums - Health insurance premiums for employees for the year ended April 30, 2017 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 4 percent was used.

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

NOTE 16. 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.

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 Tax 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 \$1,656,417 for road and bridge improvements. The City is in the preliminary design and planning phases for various other capital improvements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 17. 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.

NOTE 18. 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.

NOTE 19. 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 a total of \$62,023 was made in fiscal year 2017.

NOTE 20. SUBSEQUENT EVENTS

The City entered into contracts totaling \$1,250,453 for various road improvements and professional services.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 20. SUBSEQUENT EVENTS (CONT'D)

Ordinance No. 1792-2017 was adopted by the City Council on September 5, 2017. This ordinance provided for the issuance not to exceed \$18,000,000 of general obligation bonds for the City to construct a recreation center.

NOTE 21. EXPENDITURES OVER BUDGET

The City operated within the legal confines of the budget during the fiscal year ended April 30, 2017 except the following:

TIF #2 Shoppes of St. Clair Fund	\$	30,591
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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
Permits				
Building Permits	\$ 50,000	\$ 50,000	\$ 62,017	\$ 12,017
Plumbing Permits	700	700	735	35
Electric Permits	3,500	3,500	4,420	920
Demo, Satellite and Grade	1,000	1,000	690	(310)
Sign Permits	9,000	9,000	6,982	(2,018)
Building Maintenance Permits	45,000	45,000	54,391	9,391
Total Permits	<u>109,200</u>	<u>109,200</u>	<u>129,235</u>	<u>20,035</u>
Income Tax				
Income Tax	1,666,000	1,666,000	1,625,663	(40,337)
Interest	7,100	7,100	21,752	14,652
Total Income Taxes	<u>1,673,100</u>	<u>1,673,100</u>	<u>1,647,415</u>	<u>(25,685)</u>
Miscellaneous Revenue				
Liquor Licenses	45,000	45,000	30,523	(14,477)
Miscellaneous	-	-	23,744	23,744
Total Miscellaneous Revenue	<u>45,000</u>	<u>45,000</u>	<u>54,267</u>	<u>9,267</u>
Other Taxes				
Food and Beverage Tax	1,575,000	1,575,000	1,632,793	57,793
Hotel and Motel Collection Tax	332,500	332,500	347,619	15,119
Video Gaming Tax	70,000	70,000	120,684	50,684
Total Other Taxes	<u>1,977,500</u>	<u>1,977,500</u>	<u>2,101,096</u>	<u>123,596</u>
Use Taxes				
Sales Tax	7,500,000	7,500,000	7,434,899	(65,101)
Home Rule Tax	4,406,794	4,406,794	4,155,031	(251,763)
Use Tax	323,000	323,000	417,161	94,161
Road and Bridge Allotments	38,000	38,000	42,752	4,752
Total Use Taxes	<u>\$ 12,267,794</u>	<u>\$ 12,267,794</u>	<u>\$ 12,049,843</u>	<u>\$ (217,951)</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY</u>	<u>WITH</u>
			<u>BASIS</u>	<u>FINAL</u>
				<u>BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
Grants				
Franchises	\$ 190,000	\$ 190,000	\$ 288,553	\$ 98,553
Special Grants	101,000	101,000	17,376	(83,624)
E.S.D.A. Grant	4,000	4,000	6,166	2,166
Total Grants	<u>295,000</u>	<u>295,000</u>	<u>312,095</u>	<u>17,095</u>
Charges for Service				
City Services	1,000	1,000	10,708	9,708
School Resource Officer Duty	70,000	70,000	139,410	69,410
Police Reports	5,000	5,000	4,830	(170)
Use of Copy/Fax Equipment	250	250	440	190
Total Charges for Services	<u>76,250</u>	<u>76,250</u>	<u>155,388</u>	<u>79,138</u>
Police Revenue				
Police Fines	125,000	125,000	104,376	(20,624)
Residential Rental License Fee	100,000	100,000	113,850	13,850
Police Outside Employment	85,000	85,000	84,590	(410)
Licenses - Other Than Liquor	25,000	25,000	27,078	2,078
Towing Fees	200,050	200,050	171,550	(28,500)
Fugitive Failure to Appear Fee	15,000	15,000	10,302	(4,698)
Bail Bond Fee	22,000	22,000	15,700	(6,300)
Sex Offender Registration	10,000	10,000	1,150	(8,850)
Donations	3,000	3,000	4,876	1,876
Total Police Revenue	<u>585,050</u>	<u>585,050</u>	<u>533,472</u>	<u>(51,578)</u>
Other Financing Sources				
Zoning Permits	100	100	775	675
Waste Haulers' Fee	-	-	2,821	2,821
Users' Fees - Parks	15,000	15,000	94,801	79,801
Rents, Leases, Sharecrop	85,000	85,000	46,619	(38,381)
Sales Tax Rebate Application Fee	-	-	1,500	1,500
Interfund Transfer	<u>1,410,000</u>	<u>1,410,000</u>	<u>1,446,664</u>	<u>36,664</u>
Total Other Financing Sources	<u>1,510,100</u>	<u>1,510,100</u>	<u>1,593,180</u>	<u>83,080</u>
Total Revenue	<u>\$ 18,538,994</u>	<u>\$ 18,538,994</u>	<u>\$ 18,575,991</u>	<u>\$ 36,997</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS BUDGETARY BASIS	WITH FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES:				
Executive Department				
Semi-Monthly Salaries	\$ 169,400	\$ 169,400	\$ 172,226	\$ (2,826)
Elected and Appointed Officials	9,600	9,600	9,600	-
Overtime Compensation	300	300	-	300
Christmas Bonus	800	800	450	350
Unemployment Insurance	1,400	1,400	695	705
Social Security	11,000	11,000	8,510	2,490
Medicare	2,500	2,500	2,668	(168)
Retirement Funds	20,328	20,328	20,219	109
Health and Life Insurance	60,000	60,000	54,415	5,585
OPEB Employer Contribution	3,181	3,181	3,036	145
Education	2,000	2,000	780	1,220
Legal Fees	400	400	123	277
Travel and Meeting Expense	3,100	3,100	2,424	676
Bonds and Notary Fees	100	100	30	70
Membership Dues	2,320	2,320	1,785	535
Advertising and Public Notice	13,000	13,000	12,707	293
Public Relations	4,300	4,300	6,033	(1,733)
Equipment Rental	1,000	1,000	570	430
Technical and Outside Services	5,000	5,000	2,900	2,100
Insurance Liability	398,900	398,900	284,703	114,197
Insurance Deductible	30,000	30,000	1,388	28,612
Postage	11,000	11,000	9,721	1,279
Office Furniture and Equipment	600	600	-	600
Petty Cash	75	75	-	75
Subscriptions-Books	200	200	-	200
Election Expenses	2,000	2,000	-	2,000
Maintenance to Rolling Stock	-	-	(2,134)	2,134
Supplies	16,000	16,000	9,068	6,932
Total Executive Department	\$ 768,504	\$ 768,504	\$ 601,917	\$ 166,587

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	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	\$ 117,440	\$ 160
Social Security	7,300	7,300	7,291	9
Medicare	1,750	1,750	1,705	45
Boards and Committees	3,500	3,500	-	3,500
Elected Official Expense	3,050	3,050	-	3,050
Educational Expense	-	-	(250)	250
Legal Fees	264,500	264,500	308,964	(44,464)
Travel and Meeting Expense	21,000	21,000	15,179	5,821
Membership Dues	400	400	250	150
Advertising and Public Notice	-	-	(125)	125
Public Relations	200	200	(300)	500
Technical and Outside Services	4,200	4,200	241	3,959
Office Furniture and Equipment	700	700	1,101	(401)
Supplies	-	-	27	(27)
Transfer to Capital Reserve Fund	10,000	10,000	10,000	-
Transfer to Library Fund	520,859	520,859	523,007	(2,148)
Total Mayor's Department	<u>955,059</u>	<u>955,059</u>	<u>984,530</u>	<u>(29,471)</u>
Finance Department				
Semi-Monthly Salaries	192,300	177,300	162,938	14,362
Elected and Appointed Officials	12	12	-	12
Christmas Bonus	600	600	300	300
Unemployment Insurance	900	900	439	461
Social Security	12,000	12,000	9,925	2,075
Medicare	2,800	2,800	2,321	479
Retirement Funds	22,800	22,800	18,595	4,205
Health and Life Insurance	45,000	45,000	28,758	16,242
OPEB Employer Contribution	3,400	3,400	2,017	1,383
Audit Fees	61,500	61,500	39,020	22,480
Travel and Meeting Expense	6,000	6,000	696	5,304
Membership Dues	500	500	-	500
Technical and Outside Services	1,400	1,400	(630)	2,030
IT Software	19,775	19,775	18,422	1,353
Supplies	5,500	5,500	5,945	(445)
Total Finance Department	<u>\$ 374,487</u>	<u>\$ 359,487</u>	<u>\$ 288,746</u>	<u>\$ 70,741</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Police Department				
Semi-Monthly Salaries	\$ 4,537,692	\$ 4,332,812	\$ 4,290,144	\$ 42,668
Overtime Compensation	267,000	267,000	271,964	(4,964)
Shift Premium	13,140	13,140	9,570	3,570
Holliday Premium Pay	4,320	4,320	-	4,320
Allowances	-	-	4,140	(4,140)
Christmas Bonus	11,050	11,050	8,000	3,050
Unemployment Insurance	25,000	25,000	13,955	11,045
Social Security	57,706	51,354	47,561	3,793
Medicare	70,311	68,826	67,455	1,371
9-1-1 Consolidation	-	236,911	189,562	47,349
Retirement Funds	106,557	93,557	1,415,693	(1,322,136)
Health and Life Insurance	890,000	878,806	785,074	93,732
OPEB Employer Contribution	77,000	77,000	82,089	(5,089)
Boards and Committees	15,000	15,000	15,831	(831)
Educational Expense	34,300	34,300	26,059	8,241
Travel and Meeting Expense	15,000	15,000	13,757	1,243
Bonds and Notary Fees	2,200	2,200	2,385	(185)
Membership Dues	2,815	2,815	2,972	(157)
Public Relations	9,075	9,075	8,412	663
Buildings Rental	5,000	5,000	5,000	-
Equipment Rental	29,650	29,650	19,595	10,055
Technical and Outside Services	46,600	46,600	21,359	25,241
Uniform Cleaning	4,300	4,300	2,080	2,220
Postage	6,800	6,800	6,689	111
Petty Cash	300	300	95	205
Uniform Purchase	21,500	21,500	20,526	974
Subscriptions-Books	1,200	1,200	931	269
IT Software	75,400	75,400	68,472	6,928
Maintenance to Equipment	45,650	45,650	37,377	8,273
Minor Equipment	12,000	12,000	11,515	485
Supplies	29,200	29,200	32,056	(2,856)
Retiree Pension Salary	-	-	(1,705)	1,705
Other Capital Improvements	-	-	900	(900)
Transfer to Capital Reserve	20,000	20,000	20,000	-
Transfer to Police Pension	1,300,000	1,300,000	1,336,663	(36,663)
Total Police Department	\$ 7,735,766	\$ 7,735,766	\$ 8,836,176	\$ (1,100,410)

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Administration				
Semi-Monthly Salaries	\$ 464,992	\$ 462,990	\$ 405,238	\$ 57,752
Elected and Appointed Officials	6,000	6,000	-	6,000
Overtime Compensation	-	-	189	(189)
Allowances	4,200	4,200	4,560	(360)
Christmas Bonus	26,050	26,050	750	25,300
Unemployment Insurance	2,500	2,500	1,237	1,263
Social Security	30,817	30,817	25,307	5,510
Medicare	7,207	7,207	5,918	1,289
Retirement Funds	59,148	59,148	45,614	13,534
Health and Life Insurance	129,800	129,800	85,006	44,794
OPEB Employer Contribution	8,698	8,698	7,146	1,552
Employee Contributions	-	-	232	(232)
Survey and Engineer Fees	150,000	57,600	17,505	40,095
Educational Expense	2,750	2,750	141	2,609
Travel and Meeting Expense	28,500	28,500	5,180	23,320
Membership Dues	7,090	7,090	1,323	5,767
Safety Program	350	350	-	350
Advertising and Public Notices	17,430	17,430	6,160	11,270
Public Relations	6,000	6,000	7,244	(1,244)
Equipment Rental	91,760	91,760	53,485	38,275
Telephone Utility	76,000	76,000	56,615	19,385
Technical and Outside Services	79,500	81,502	51,108	30,394
Insurance Liability	830,400	830,400	646,784	183,616
Postage	1,500	1,500	-	1,500
Office Furniture and Equipment	6,250	6,250	956	5,294
Renovation or Remodeling	10,000	10,000	11,212	(1,212)
Computers	140,000	140,000	122,883	17,117
IT Hardware	41,750	41,750	26,889	14,861
IT Software	46,000	46,000	45,413	587
G.I.S Expense	5,000	5,000	-	5,000
Supplies	2,550	2,550	1,403	1,147
Transfer to Capital Reserve	10,000	10,000	10,000	-
Total Administration	<u>\$ 2,292,242</u>	<u>\$ 2,199,842</u>	<u>\$ 1,645,498</u>	<u>\$ 554,344</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	WITH
			BUDGETARY	FINAL
			BASIS	BUDGET
				POSITIVE
				(NEGATIVE)
Public Works - Engineering				
Semi-Monthly Salaries	\$ 1,020,226	\$ 1,020,226	\$ 1,079,991	\$ (59,765)
Overtime Compensation	15,000	30,000	33,570	(3,570)
Shift Premium	-	-	24	(24)
Christmas Bonus	5,600	5,600	3,000	2,600
Unemployment Insurance	6,000	6,000	4,868	1,132
Social Security	82,090	82,090	70,315	11,775
Medicare	25,500	25,500	16,448	9,052
Retirement Funds	154,000	154,000	120,808	33,192
Health and Life Insurance	369,300	369,300	332,072	37,228
OPEB Employer Contribution	25,500	25,500	24,446	1,054
Employee Contributions	-	-	(88)	88
Survey and Engineer Fees	10,000	10,000	7,781	2,219
Educational Expense	4,000	4,000	-	4,000
Travel and Meeting Expense	4,000	4,000	-	4,000
Bonds and Notary Fees	200	200	88	112
Membership Dues	1,500	1,500	540	960
Safety Program	-	-	74	(74)
Public Relations	1,000	1,000	500	500
Equipment Rental	32,000	32,000	30,892	1,108
Electric Utility	2,000	2,000	1,862	138
Technical and Outside Services	161,000	161,000	47,784	113,216
Petty Cash	100	100	30	70
Uniform Purchase	10,000	10,000	8,516	1,484
Subscriptions-Books	200	200	-	200
Minor Equipment	4,000	4,000	4,213	(213)
Supplies	31,100	31,100	23,263	7,837
Transfer to Capital Reserve	15,000	15,000	15,000	-
Total Public Works - Engineering	<u>\$ 1,979,316</u>	<u>\$ 1,994,316</u>	<u>\$ 1,825,997</u>	<u>\$ 168,319</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Public Works - Maintenance				
Semi-Monthly Salaries	\$ 240,000	\$ 240,000	\$ 231,907	\$ 8,093
Overtime Compensation	5,000	5,000	4,137	863
Shift Premium	300	300	-	300
Christmas Bonus	800	800	300	500
Unemployment Insurance	1,500	1,500	741	759
Social Security	14,790	14,790	14,542	248
Medicare	3,468	3,468	3,398	70
Retirement Funds	27,540	27,540	21,989	5,551
Health and Life Insurance	42,000	42,000	40,659	1,341
OPEB Employer Contribution	4,250	4,250	5,383	(1,133)
Educational Expense	1,800	1,800	-	1,800
Travel and Meeting Expense	750	750	28	722
Membership Dues	180	180	160	20
Equipment Rental	200	200	-	200
Technical and Outside Services	6,000	6,000	5,048	952
Uniform Rental	4,000	4,000	2,094	1,906
Vehicle Operations Costs	220,000	220,000	140,775	79,225
Uniform Purchase	1,500	1,500	975	525
Subscriptions-Books	500	500	470	30
Maintenance to Equipment	2,500	2,500	513	1,987
Maintenance to Rolling Stock	59,500	59,500	21,189	38,311
Minor Equipment	16,000	16,000	10,986	5,014
Supplies	114,600	114,600	88,810	25,790
Transfer to Capital Reserve	15,000	15,000	15,000	-
Total Public Works - Maintenance	<u>\$ 782,178</u>	<u>\$ 782,178</u>	<u>\$ 609,104</u>	<u>\$ 173,074</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
	Parks Department			
Semi-Monthly Salaries	\$ 267,933	\$ 267,933	\$ 278,208	\$ (10,275)
Overtime Compensation	5,000	5,000	4,609	391
Christmas Bonus	1,100	1,100	600	500
Unemployment Insurance	2,300	2,300	1,116	1,184
Social Security	17,000	17,000	17,235	(235)
Medicare	4,100	4,100	4,031	69
Retirement Funds	33,000	33,000	29,080	3,920
Health and Life Insurance	66,000	66,000	35,274	30,726
OPEB Employer Contribution	5,000	5,000	5,448	(448)
Educational Expense	14,000	14,000	2,632	11,368
Travel and Meeting Expense	3,100	3,100	2,689	411
Membership Dues	850	850	449	401
Safety Program	1,500	1,500	1,480	20
Public Relations	25,800	25,800	22,544	3,256
Equipment Rental	2,000	2,000	1,305	695
Electric Utility	18,000	18,000	18,911	(911)
Sewer Utility	5,000	5,000	3,689	1,311
Water Utility	11,000	11,000	7,025	3,975
Sanitation Service	14,500	14,500	14,016	484
Technical and Outside Services	3,155	3,155	13,004	(9,849)
Uniform Purchase	500	500	643	(143)
Minor Equipment	3,400	3,400	1,851	1,549
Renovation or Remodeling	-	-	22,961	(22,961)
Supplies	74,000	74,000	74,802	(802)
Postage	-	-	3,671	(3,671)
Transfer to Capital Reserve	15,000	15,000	15,000	-
Total Parks Department	<u>\$ 593,238</u>	<u>\$ 593,238</u>	<u>\$ 582,273</u>	<u>\$ 10,965</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
	Municipal Complex			
Semi-Monthly Salaries	\$ 214,715	\$ 214,715	\$ 205,351	\$ 9,364
Overtime Compensation	5,000	5,000	3,021	1,979
Shift Premium	300	300	418	(118)
Christmas Bonus	750	750	450	300
Unemployment Insurance	2,000	2,000	1,091	909
Social Security	14,790	14,790	13,917	873
Medicare	3,468	3,468	3,255	213
Retirement Funds	27,540	27,540	23,569	3,971
Health and Life Insurance	42,000	42,000	50,777	(8,777)
OPEB Employer Contribution	4,000	4,000	3,686	314
Educational Expense	1,000	1,000	-	1,000
Travel and Meeting Expense	500	500	-	500
Membership Dues	150	150	-	150
Public Relations	7,500	7,500	7,500	-
Equipment Rental	1,000	1,000	205	795
Electric Utility	120,000	120,000	108,658	11,342
Sewer Utility	6,000	6,000	5,009	991
Water Utility	16,000	16,000	15,444	556
Gas Utility	2,000	2,000	1,705	295
Technical and Outside Services	93,000	93,000	57,218	35,782
Office Furniture and Equipment	1,000	1,000	-	1,000
Renovation or Remodeling	15,000	15,000	14,963	37
Uniform Purchase	1,500	1,500	1,141	359
Maintenance to Equipment	10,500	10,500	5,403	5,097
Supplies	35,000	35,000	36,480	(1,480)
Transfer to Capital Reserve	15,000	15,000	15,000	-
Total Municipal Complex	<u>\$ 639,713</u>	<u>\$ 639,713</u>	<u>\$ 574,261</u>	<u>\$ 65,452</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Land Use and Development				
Semi-Monthly Salaries	\$ 436,300	\$ 436,300	\$ 461,053	\$ (24,753)
Elected and Appointed Officials	27,900	27,900	(1,879)	29,779
Overtime Compensation	5,000	5,000	763	4,237
Shift Premium	100	100	-	100
Allowances	1,800	1,800	1,800	-
Christmas Bonus	2,000	2,000	1,050	950
Unemployment Insurance	3,500	3,500	1,847	1,653
Social Security	35,000	35,000	28,555	6,445
Medicare	7,300	7,300	6,678	622
Retirement Funds	57,000	57,000	49,459	7,541
Health and Life Insurance	115,000	115,000	85,541	29,459
OPEB Employer Contribution	8,800	8,800	6,963	1,837
Employee Contributions	-	-	193	(193)
Boards and Committees	2,585	2,585	-	2,585
Educational Expense	250	250	-	250
Legal Fees	1,600	1,600	720	880
Travel and Meeting Expense	2,900	2,900	80	2,820
Membership Dues	1,790	1,790	551	1,239
Advertising and Public Notice	2,100	2,100	-	2,100
Technical and Outside Services	31,900	31,900	15,952	15,948
Office Furniture and Equipment	750	750	715	35
Petty Cash	60	60	-	60
Renovation or Remodeling	2,500	2,500	-	2,500
Uniform Purchase	1,875	1,875	1,406	469
Subscriptions-Books	1,000	1,000	-	1,000
IT Software	10,000	10,000	10,000	-
G.I.S. Expenses	11,500	11,500	5,000	6,500
Supplies	7,425	7,425	5,898	1,527
Transfer to TIF #1	22,000	22,000	24,033	(2,033)
Transfer to TIF #2	32,000	32,000	34,639	(2,639)
Transfer to TIF #3	25,000	25,000	28,505	(3,505)
Transfer to Capital Reserve	10,000	10,000	10,000	-
Total Land Use and Development	<u>\$ 866,935</u>	<u>\$ 866,935</u>	<u>\$ 779,522</u>	<u>\$ 87,413</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS BUDGETARY BASIS	WITH FINAL BUDGET POSITIVE (NEGATIVE)
Library Department				
Semi-Monthly Salaries	\$ 22,440	\$ 22,440	\$ 15,883	\$ 6,557
Shift Premium	140	140	-	140
Christmas Bonus	550	550	150	400
Unemployment Insurance	3,264	3,264	2,347	917
Social Security	1,505	1,505	125	1,380
Medicare	357	357	29	328
Retirement Funds	2,400	2,400	5,668	(3,268)
Health and Life Insurance	36,050	36,050	29,065	6,985
OPEB Employer Contribution	5,500	5,500	5,833	(333)
Electric Utility	25,000	25,000	23,791	1,209
Sewer Utility	700	700	553	147
Water Utility	5,000	5,000	4,839	161
Supplies	2,100	2,100	1,116	984
Total Library Department	<u>105,006</u>	<u>105,006</u>	<u>89,399</u>	<u>15,607</u>
Emergency Services and Disaster Agency				
Elected and Appointed Officials	10,000	10,000	9,563	437
Educational Expenses	500	500	-	500
Travel and Meeting Expense	1,000	1,000	497	503
Membership Dues	130	130	-	130
Public Relations	250	250	-	250
Telephone Utility	1,650	1,650	1,263	387
Technical and Outside Services	17,200	17,200	26,720	(9,520)
Postage	150	150	-	150
Subscriptions-Books	25	25	-	25
Maintenance to equipment	6,000	6,000	2,223	3,777
Supplies	1,500	1,500	549	951
Total Emergency Services and Disaster Agency	<u>38,405</u>	<u>38,405</u>	<u>40,815</u>	<u>(2,410)</u>
Total Expenditures	<u>\$ 17,130,849</u>	<u>\$ 17,038,449</u>	<u>\$ 16,858,238</u>	<u>\$ 180,211</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Total Expenditures (Brought Forward)	\$ 17,130,849	\$ 17,038,449	\$ 16,858,238	\$ 180,211
Net Change in Fund Balance	\$ 1,408,145	\$ 1,500,545	1,717,753	\$ 217,208
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			(97,711)	
Effect of Unrecorded Liabilities			(6,697)	
Beginning Fund Balance			6,158,953	
Ending Fund Balance			\$ 7,772,298	

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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Home Rule Tax Revenues	\$ 2,362,888	\$ 2,362,888	\$ 2,340,186	\$ (22,702)
Interest	10,000	10,000	26,602	16,602
Special Grants	1,130,500	1,130,500	832,142	(298,358)
Sale of Surplus Property	-	-	7,307	7,307
Total Revenue	<u>3,503,388</u>	<u>3,503,388</u>	<u>3,206,237</u>	<u>(297,151)</u>
EXPENDITURES:				
Police Department				
Equipment and Rolling Stock	52,320	52,320	101,155	(48,835)
Buildings and Structures	50,000	50,000	366	49,634
Streets and Alleys	50,000	50,000	-	50,000
Other Capital Improvements	250,000	250,000	139,585	110,415
Total Police Department	<u>402,320</u>	<u>402,320</u>	<u>241,106</u>	<u>161,214</u>
Administration				
Survey and Engineer Fees	5,500	5,500	6,898	(1,398)
Equipment and Rolling Stock	150,000	150,000	38,879	111,121
Building and Structures	50,000	50,000	-	50,000
Total Administration	<u>205,500</u>	<u>205,500</u>	<u>45,777</u>	<u>159,723</u>
Public Works - Engineering				
Easements	38,500	38,500	4,844	33,656
Equipment and Rolling Stock	423,000	423,000	281,277	141,723
Survey/Engineering - Capital	346,000	346,000	101,155	244,845
Streets and Alleys	2,423,000	2,133,000	1,666,142	466,858
Storm Drainage	1,040,000	1,040,000	683,012	356,988
Other Capital Improvements	-	-	19,075	(19,075)
Other Debt Service	62,024	62,024	62,023	1
Total Public Works - Engineering	<u>\$ 4,332,524</u>	<u>\$ 4,042,524</u>	<u>\$ 2,817,528</u>	<u>\$ 1,224,996</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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Parks Department				
Equipment and Rolling Stock	\$ -	\$ -	\$ -	\$ -
Survey/Engineering - Capital	-	285,000	-	285,000
Buildings and Structures	360,000	360,000	174,012	185,988
Other Capital Improvements	444,000	444,000	121,054	322,946
Total Parks Department	<u>804,000</u>	<u>1,089,000</u>	<u>295,066</u>	<u>793,934</u>
Municipal Complex Department				
Survey/Engineer - Capital	60,000	60,000	22,223	37,777
Buildings and Structures	650,000	650,000	501,437	148,563
Other Capital Improvements	-	-	-	-
Total Municipal Complex Department	<u>710,000</u>	<u>710,000</u>	<u>523,660</u>	<u>186,340</u>
Land Use and Development				
Demolition Service	90,000	90,000	-	90,000
Survey/Engineering - Capital	116,950	116,950	43,549	73,401
Streets and Alleys	1,231,000	1,231,000	-	1,231,000
Total Land Use and Development	<u>1,437,950</u>	<u>1,437,950</u>	<u>43,549</u>	<u>1,394,401</u>
Municipal Complex (Library)				
Buildings and Structures	73,050	73,050	-	73,050
Total Municipal Complex (Library)	<u>73,050</u>	<u>73,050</u>	<u>-</u>	<u>73,050</u>
Total Expenditures	<u>7,965,344</u>	<u>7,960,344</u>	<u>3,966,686</u>	<u>3,993,658</u>
Net Change in Fund Balance	<u>\$ (4,461,956)</u>	<u>\$ (4,456,956)</u>	<u>(760,449)</u>	<u>\$ 3,696,507</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			(52,860)	
Effect of Unrecorded Liabilities			(643,290)	
Beginning Fund Balance			<u>4,847,352</u>	
Ending Fund Balance			<u>\$ 3,390,753</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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Hotel and Motel Tax Revenue	\$ 500,000	\$ 500,000	\$ 563,969	\$ 63,969
Interest	1,800	1,800	7,394	5,594
Miscellaneous Revenue	-	-	900	900
Total Revenues	<u>501,800</u>	<u>501,800</u>	<u>572,263</u>	<u>70,463</u>
EXPENDITURES:				
Executive Department				
Public Relations	3,500	3,500	464	3,036
Total Executive Department	<u>3,500</u>	<u>3,500</u>	<u>464</u>	<u>3,036</u>
Mayor's Department				
Public Relations	135,000	135,000	143,500	(8,500)
Total Mayor's Department	<u>135,000</u>	<u>135,000</u>	<u>143,500</u>	<u>(8,500)</u>
Finance Department				
Audit Fees	1,200	1,200	1,225	(25)
Debt Service - Principal	265,000	265,000	265,000	-
Debt Service - Interest	39,984	39,984	39,984	-
Total Finance Department	<u>306,184</u>	<u>306,184</u>	<u>306,209</u>	<u>(25)</u>
Police Department				
Overtime	20,150	20,150	-	20,150
Total Police Department	<u>20,150</u>	<u>20,150</u>	<u>-</u>	<u>20,150</u>
Parks Department				
Survey and Engineering	700,000	700,000	704,764	(4,764)
Public Relations	49,000	49,000	21,463	27,537
Total Parks Department	<u>749,000</u>	<u>749,000</u>	<u>726,227</u>	<u>22,773</u>
Total Expenditures	<u>1,213,834</u>	<u>1,213,834</u>	<u>1,176,400</u>	<u>37,434</u>
Net Change in Fund Balance	<u>\$ (712,034)</u>	<u>\$ (712,034)</u>	<u>(604,137)</u>	<u>\$ 107,897</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			19,376	
Effect of unrecorded Liabilities			12,080	
Beginning Fund Balance			<u>1,415,545</u>	
Ending Fund Balance			<u>\$ 842,864</u>	

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, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
Sales Tax	\$ 825,000	\$ 825,000	\$ 253,530	\$ (571,470)
Home Rule Sales Tax	800,000	800,000	191,029	(608,971)
Business District Sales Tax	85,000	85,000	79,500	(5,500)
Interest	1,200	1,200	2,595	1,395
Total Revenue	<u>1,711,200</u>	<u>1,711,200</u>	<u>526,654</u>	<u>(1,184,546)</u>
EXPENDITURES:				
Sales Tax Rebate	1,605,000	1,605,000	1,314,198	290,802
Intergovernmental Agreements	65,000	65,000	26,268	38,732
Total Expenditures	<u>1,670,000</u>	<u>1,670,000</u>	<u>1,340,466</u>	<u>329,534</u>
Net Change in Fund Balance	<u>\$ 41,200</u>	<u>\$ 41,200</u>	<u>(813,812)</u>	<u>\$ (855,012)</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			19,803	
Effect of Unrecorded Liabilities			(98,012)	
Beginning Fund Balance			<u>404,158</u>	
Ending Fund Balance			<u>\$ (487,863)</u>	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TIF #1 BUNKUM ROAD
FOR THE YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u> <u>BUDGETARY</u> <u>BASIS</u>	<u>VARIANCE</u> <u>WITH</u> <u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
TIF Revenue	\$ 180,000	\$ 180,000	\$ 240,307	\$ 60,307
Interfund Transfers	18,000	18,000	24,033	6,033
Interest	1,000	1,000	4,765	3,765
Total Revenue	<u>199,000</u>	<u>199,000</u>	<u>269,105</u>	<u>70,105</u>
EXPENDITURES:				
Audit Fees	1,200	1,200	1,825	(625)
TIF Expenditures	45,000	45,000	-	45,000
Right of Way	10,000	10,000	-	10,000
Total Expenditures	<u>56,200</u>	<u>56,200</u>	<u>1,825</u>	<u>54,375</u>
Net Change in Fund Balance	<u>\$ 142,800</u>	<u>\$ 142,800</u>	<u>267,280</u>	<u>\$ 124,480</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			-	
Beginning Fund Balance			<u>591,293</u>	
Ending Fund Balance			<u>\$ 858,573</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, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u> <u>BUDGETARY</u> <u>BASIS</u>	<u>VARIANCE</u> <u>WITH</u> <u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
TIF Revenue	\$ 310,000	\$ 310,000	\$ 328,571	\$ 18,571
Interfund Transfer	31,000	31,000	34,639	3,639
Interest	100	100	1,641	1,541
Total Revenue	<u>341,100</u>	<u>341,100</u>	<u>364,851</u>	<u>23,751</u>
EXPENDITURES:				
Audit Fees	1,825	1,825	1,825	-
TIF Expenditures	<u>350,000</u>	<u>350,000</u>	<u>380,591</u>	<u>(30,591)</u>
Total Expenditures	<u>351,825</u>	<u>351,825</u>	<u>382,416</u>	<u>(30,591)</u>
Net Change in Fund Balance	<u>\$ (10,725)</u>	<u>\$ (10,725)</u>	<u>(17,565)</u>	<u>\$ (6,840)</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			17,773	
Effect of Unrecorded Liabilities			(1,100)	
Beginning Fund Balance			<u>(1,143)</u>	
Ending Fund Balance			<u>\$ (2,035)</u>	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TIF #3 LINCOLN TRAIL
FOR THE YEAR ENDED APRIL 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
TIF Revenue	\$ 22,000	\$ 220,000	\$ 285,018	\$ 65,018
Sale of Surplus Property	-	-	50,502	50,502
Interfund Transfer	22,000	22,000	28,505	6,505
Interest	3,500	3,500	11,466	7,966
Total revenue	<u>47,500</u>	<u>245,500</u>	<u>375,491</u>	<u>129,991</u>
EXPENDITURES:				
Intergovernmental Agreements	-	75,000	70,916	4,084
Audit Fees	1,825	1,825	1,825	-
Minor Equipment	1,200	1,200	-	1,200
Contingencies	10,000	10,000	-	10,000
Easements	25,000	25,000	-	25,000
Survey Engineering - Capital	50,000	50,000	44,877	5,123
Streets and Alleys	-	-	224,414	(224,414)
Demolition Services	25,000	25,000	-	25,000
TIF Expenditures	<u>210,000</u>	<u>210,000</u>	<u>49,893</u>	<u>160,107</u>
Total Expenditures	<u>323,025</u>	<u>398,025</u>	<u>391,925</u>	<u>6,100</u>
Net Change in Fund Balance	<u>\$ (275,525)</u>	<u>\$ (152,525)</u>	<u>(16,434)</u>	<u>\$ 136,091</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			-	
Effect of Unrecorded Liabilities			32,263	
Beginning Fund Balance			<u>1,592,280</u>	
Ending Fund Balance			<u>\$ 1,608,109</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, 2017

NOTE 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, 2017

OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	ACTUARIAL VAUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE 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)
4/30/2017	\$ -	\$ 5,267,829	\$ 5,267,829	- %	\$ 6,960,152	75.69 %
4/30/2016	-	5,070,614	5,070,614	-	6,724,784	75.40
4/30/2015	-	5,328,243	5,328,243	-	6,657,002	80.00
4/30/2014	-	5,078,491	5,078,491	-	6,431,886	78.96
4/30/2013	-	4,835,478	4,835,478	-	6,214,383	77.80

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
POLICE PENSION TRUST FUND

APRIL 30, 2017

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - CURRENT YEAR
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM FISCAL YEAR 2015)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
TOTAL PENSION LIABILITY:										
Service Cost	\$ 963,518	\$ 839,355	\$ 865,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	2,562,213	2,532,522	2,218,469	-	-	-	-	-	-	-
Experience	404,930	(2,591,212)	(128,421)	-	-	-	-	-	-	-
Change of Assumptions	-	1,132,453	2,609,255	-	-	-	-	-	-	-
Contributions - Buy Back	-	69,871	-	-	-	-	-	-	-	-
Benefit Payments	(1,672,870)	(1,627,869)	(1,400,257)	-	-	-	-	-	-	-
Net Change in Total Pension Liability	2,257,791	355,120	4,164,384	-	-	-	-	-	-	-
Total Pension Liability, Beginning of Period	39,291,574	38,936,454	34,772,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Pension Liability, End of Period (a)	\$ 41,549,365	\$ 39,291,574	\$ 38,936,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION:										
Employer Contributions	\$ 1,336,663	\$ 1,300,000	\$ 1,260,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Member Contributions	353,941	308,698	599,979	-	-	-	-	-	-	-
Contributions - Buy Back	-	69,871	-	-	-	-	-	-	-	-
Net Investment Income	2,467,647	(253,744)	1,549,494	-	-	-	-	-	-	-
Benefit Payments	(1,672,870)	(1,627,869)	(1,400,257)	-	-	-	-	-	-	-
Administrative Expense	(27,338)	(19,457)	-	-	-	-	-	-	-	-
Other (Net Transfer)	-	-	(20,957)	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,458,043	(222,501)	1,988,259	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	24,524,539	24,747,040	22,758,781	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 26,982,582	\$ 24,524,539	\$ 24,747,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability - Ending (a)-(b)	\$ 14,566,783	\$ 14,767,035	\$ 14,189,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.94%	62.42%	63.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Valuation Payroll	\$ 3,469,400	\$ 3,475,703	\$ 3,234,164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Valuation Payroll	419.86%	424.86%	438.74%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND

APRIL 30, 2017

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - CURRENT YEAR
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM CALENDAR YEAR 2014)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service Cost	\$ 427,355	\$ 452,292	\$ 446,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	1,983,146	1,915,308	1,756,883	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	412,657	(111,131)	225,545	-	-	-	-	-	-	-
Change of Assumptions	(67,179)	32,279	874,212	-	-	-	-	-	-	-
Benefit Payments	(1,430,063)	(1,240,272)	(1,078,710)	-	-	-	-	-	-	-
Net Change in Total Pension Liability	1,325,916	1,048,476	2,224,184	-	-	-	-	-	-	-
Total Pension Liability, Beginning of Period	27,013,997	25,965,521	23,741,337	-	-	-	-	-	-	-
Total Pension Liability, End of Period (a)	\$ 28,339,913	\$ 27,013,997	\$ 25,965,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Employer Contributions	\$ 480,680	\$ 496,412	\$ 507,379	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Contributions	186,042	189,470	199,290	-	-	-	-	-	-	-
Pension Plan Net Investment Income	1,619,400	119,149	1,398,908	-	-	-	-	-	-	-
Benefit Payments	(1,430,063)	(1,240,272)	(1,078,710)	-	-	-	-	-	-	-
Other	179,542	152,432	(38,765)	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,035,601	(282,809)	988,102	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	23,824,235	24,107,044	23,118,942	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 24,859,836	\$ 23,824,235	\$ 24,107,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability - (a)-(b)	\$ 3,480,077	\$ 3,189,762	\$ 1,858,477	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.72%	88.19%	92.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Valuation Payroll	\$ 4,056,371	\$ 4,210,446	\$ 4,193,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Valuation Payroll	85.79%	75.76%	44.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

POLICE PENSION TRUST FUND

APRIL 30, 2017

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>
2017	\$ 1,866,410	\$ 1,336,663	\$ 529,747	\$ 3,469,400	38.53%
2016	1,803,573	1,300,000	503,573	3,475,703	37.40
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 - POLICE PENSION
APRIL 30, 2017

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	0.00% per year
Investment Rate of Return	6.50% per year, compounded annually
Cost of Living Adjustments	Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.
Actuarial Asset Basis	The actuarial value of assets recognizes future gains and losses based on a 5-year smoothed market method as prescribed by Statute. In a 5-year smoothed market method, the current market value of assets is reduced (increased) for the current year and each of the three succeeding years, by a portion of the gain/(loss) in market value during the prior year. Such gain/(loss) is determined as the excess/(deficit) of the current market value of assets over the market value of assets as of the prior year, increased to reflect interest at the actuarial rate and adjusted to reflect contributions and benefit payments during the prior year. The portion of such gain/(loss) by which the current market value of assets is reduced(increased) shall be 80% in the current year, 60% in the first succeeding year, 40% in the second succeeding year and 20% in the third succeeding year. Additionally, in accordance with government accounting standards, the actuarial value of assets is adjusted to remove any contributions receivable on the reporting date.
Mortality	Active Lives: RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 and with a 150% load for participants under age 50. Five percent (5%) of deaths amongst active police officers are assumed to be in the performance of their duty. Non-Active Lives: RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustments projected by Scale BB with a 150% load for participants under age 50.
Termination	Illustrative rates of withdrawal from the plan for reasons other than death or disability are as follows:

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO SCHEDULE OF CONTRIBUTIONS - POLICE PENSION
APRIL 30, 2017

AGE	RATE OF WITHDRAWAL
15-24	0.1
25	0.0750
26-27	0.0625
28-31	0.05
32-34	0.04
35-37	0.03
38-49	0.02
>=50	0.035

It is assumed that terminated police officers will not be rehired.

Disability Rates

Incidence of disability amongst police officers eligible for disability benefits:

AGE	RATE
20	0.0005
25	0.0005
30	0.0022
35	0.0026
40	0.004
45	0.0065
50	0.0095
55	0.013
60	0.0165
65	0.02

Retirement Age

15% of disabilities amongst active police officers are assumed to be in the performance of duty.

AGE	RATE OF RETIREMENT
<=49	0
50-54	0.2
55-59	0.25
60-62	0.33
63-69	0.5
>=70	1.00

Marital Status

80% of police officers are assumed to be married.

Spouse's Age

Wives are assumed to be 3 years younger than their husbands.

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2017

MULTIYEAR SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM FISCAL YEAR 2014)

<u>CALENDAR YEAR ENDING DECEMBER 31,</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</u>
2016	\$ 480,680	\$ 480,680	\$ -	\$4,056,371	11.85%
2015	496,412	496,412	-	4,210,446	11.79%
2014	507,378	507,378	-	4,193,206	12.10%

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO SCHEDULE OF CONTRIBUTIONS -IMRF
APRIL 30, 2017

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.

Summary of Actuarial Methods and Assumptions Used in Calculation of the 2015 Contribution Rate

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).
Asset Valuation Method	5-year smoothed market, 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information: There were no benefit changes during the year.

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

ADDITIONAL ANALYSIS

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2017

ASSETS

	POLICE ESCROW	LIBRARY	FOOD AND BEVERAGE	STATE MOTOR FUEL TAX	OPEB	WEST TIF #4	TIF #5 LUDWIG DRIVE	TOTALS
Cash and Cash Equivalents	\$ 383,855	\$ 210,103	\$ 368,143	\$ 266,606	\$ 143,932	\$ (13,990)	\$ (123,115)	\$ 1,235,534
Certificates of Deposit	-	353,118	359,878	339,863	-	-	-	1,052,859
Receivables	-	-	197,140	37,392	-	279	7,088	241,899
Total Assets	\$ 383,855	\$ 563,221	\$ 925,161	\$ 643,861	\$ 143,932	\$ (13,711)	\$ (116,027)	\$ 2,530,292

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

LIABILITIES:								
Accounts Payable	\$ 2,321	\$ 4,790	\$ -	\$ 55,294	\$ 1,659	\$ -	\$ 3,479	\$ 67,543
Accrued Payroll	-	13,040	-	-	-	-	-	13,040
Due to Other Funds	-	-	74,703	-	-	-	-	74,703
Total liabilities	2,321	17,830	74,703	55,294	1,659	-	3,479	155,286

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue - Property Taxes	-	-	-	-	-	279	7,088	7,367
Total Deferred Inflows of Resources	-	-	-	-	-	279	7,088	7,367

FUND BALANCE:

Restricted for:								
Infrastructure	-	-	-	588,567	-	-	-	588,567
Assigned:								
Special Revenue Funds	381,534	545,391	850,458	-	142,273	-	-	1,919,656
Unassigned:								
Special Revenue Funds	-	-	-	-	-	(13,990)	(126,594)	(140,584)
Total Fund Balance (Deficit)	381,534	545,391	850,458	588,567	142,273	(13,990)	(126,594)	2,367,639

Total Liabilities (Deficit), Deferred Inflows
of Resources and Fund Balance

	\$ 383,855	\$ 563,221	\$ 925,161	\$ 643,861	\$ 143,932	\$ (13,711)	\$ (116,027)	\$ 2,530,292
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CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2017

	POLICE ESCROW	LIBRARY	FOOD AND BEVERAGE	STATE MOTOR FUEL TAX	OPEB	WEST TIF #4	TIF #5 LUDWIG DRIVE	TOTALS
REVENUES:								
Motor Fuel Tax	\$ -	\$ -	\$ -	\$ 449,067	\$ -	\$ -	\$ -	\$ 449,067
Food and Beverage Tax	-	-	514,985	-	-	-	-	514,985
Fines and Fees	194,693	20,081	-	-	-	-	-	214,774
Donations	-	97	-	-	-	-	-	97
Interest Income	-	5,677	9,606	8,211	408	-	-	23,902
OPEB Insurance Contributions	-	-	-	-	242,210	-	-	242,210
Miscellaneous	-	13,939	-	-	-	-	-	13,939
Total Revenues	194,693	39,794	524,591	457,278	242,618	-	-	1,458,974
EXPENDITURES:								
General Government	-	-	1,967	-	169,632	-	-	171,599
Clerk's Department	-	-	-	-	-	-	-	-
Public Safety	185,991	-	-	-	-	-	-	185,991
Police	-	-	-	-	-	-	-	-
Streets and Public Works	-	-	-	-	-	-	-	-
Tax Increment Financing	-	-	-	654,889	-	-	-	654,889
Culture and Recreation	-	-	-	-	-	-	-	-
Library	-	529,905	-	-	-	-	-	529,905
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	615,000	-	-	-	-	615,000
Interest	-	-	14,864	-	-	-	-	14,864
Capital Outlay	-	-	-	-	-	92,728	92,728	92,728
Total Expenditures	185,991	529,905	631,831	654,889	169,632	-	92,728	2,264,976
Excess (Deficiency) of Revenues Over Expenditures	8,702	(490,111)	(107,240)	(197,611)	72,986	-	(92,728)	(806,002)
OTHER FINANCING SOURCES:								
Transfer In	-	523,007	-	-	-	-	-	523,007
Total Other Financing Sources	-	523,007	-	-	-	-	-	523,007
Net Change in Fund Balance	8,702	32,896	(107,240)	(197,611)	72,986	-	(92,728)	(282,995)
Fund Balance (Deficit), Beginning of Year	372,832	512,495	957,698	786,178	69,287	(13,990)	(33,866)	2,650,634
Funds Balance (Deficit), End of Year	\$ 381,534	\$ 545,391	\$ 850,458	\$ 588,567	\$ 142,273	\$ (13,990)	\$ (126,594)	\$ 2,367,639

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
COMBINING BALANCE SHEET
ALL GENERAL FUND ACCOUNTS
APRIL 30, 2017

ASSETS

	GENERAL	PARKS PROGRAMS	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
Cash and Cash Equivalents	\$ 3,862,601	\$ 84,944	\$ 5,027	\$ 5,062	\$ 278,136	\$ 4,235,770
Certificates of Deposit	-	-	-	-	590,000	590,000
Receivables	2,490,693	-	-	-	-	2,490,693
Due From Other Funds	805,887	-	-	-	-	805,887
Due From Fiduciary Fund	-	-	132,437	-	-	132,437
Restricted Cash and Cash Equivalents	131,352	-	-	-	-	131,352
Total Assets	\$ 7,290,533	\$ 84,944	\$ 137,464	\$ 5,062	\$ 868,136	\$ 8,386,139

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

LIABILITIES:

Accounts Payable	\$ 224,292	\$ 26,345	\$ -	\$ 126	\$ -	\$ 250,763
Accrued Payroll	313,109	120	-	-	-	313,229
Due to Other Funds	21,214	-	-	-	-	21,214
Total Liabilities	558,615	26,465	-	126	-	585,206

DEFERRED INFLOWS OF RESOURCES:

Unavailable Revenue - Property Taxes	28,635	-	-	-	-	28,635
Total Deferred Inflows of Resources	28,635	-	-	-	-	28,635

FUND BALANCE:

Restricted for:						
Rebate and Financing Agreements	131,352	-	-	-	-	131,352
Unassigned						
General Funds	6,571,931	58,479	137,464	4,936	868,136	7,640,946
Total fund balance	6,703,283	58,479	137,464	4,936	868,136	7,772,298
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 7,290,533	\$ 84,944	\$ 137,464	\$ 5,062	\$ 868,136	\$ 8,386,139

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, 2017

	GENERAL	PARKS PROGRAM	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
REVENUES:						
Sales Taxes	\$ 7,346,370	\$ -	\$ -	\$ -	\$ -	\$ 7,346,370
Food and Beverage Taxes	1,632,793	-	-	-	-	1,632,793
Home Rule Taxes	4,155,031	-	-	-	-	4,155,031
Income Taxes	1,609,870	-	-	-	-	1,609,870
Property Taxes	42,752	-	-	-	-	42,752
Use Taxes	420,239	-	-	-	-	420,239
Hotel and Motel Taxes	347,619	-	-	-	-	347,619
Utility/Franchise Taxes	286,020	-	-	-	-	286,020
Video Game Taxes	123,294	-	-	-	-	123,294
Licenses and Permits	301,461	-	-	-	-	301,461
Grant	23,542	-	-	-	-	23,542
Fines and Fees	344,252	73,327	-	-	-	417,579
Rental	46,619	-	-	-	-	46,619
Donations	-	-	-	4,875	-	4,875
Interest Income	11,481	252	3,281	32	6,707	21,753
Miscellaneous	251,793	-	-	-	-	251,793
Total Revenues	<u>16,943,136</u>	<u>73,579</u>	<u>3,281</u>	<u>4,907</u>	<u>6,707</u>	<u>17,031,610</u>
EXPENDITURES:						
Current						
General Government						
Mayor's Department	439,038	-	-	-	-	439,038
Clerk's Department	620,641	-	-	-	-	620,641
Finance Department	295,414	-	-	-	-	295,414
Administration Department	1,632,122	-	-	-	-	1,632,122
Municipal Complex	560,284	-	-	-	-	560,284
Public Safety						
Police	6,118,110	-	1,334,958	7,922	-	7,460,990
Emergency Services and Disaster Agency	27,660	-	-	-	-	27,660
Streets and Public Works						
Engineering/Streets	1,807,013	-	-	-	-	1,807,013
Public Works Maintenance	583,931	-	-	-	-	583,931
Land use and Development	681,989	-	-	-	-	681,989
Culture and Recreation						
Parks	513,043	72,353	-	-	-	585,396
Library	88,523	-	-	-	-	88,523
Capital Outlay	25,080	-	-	-	-	25,080
Total Expenditures	<u>13,392,848</u>	<u>72,353</u>	<u>1,334,958</u>	<u>7,922</u>	<u>-</u>	<u>14,808,081</u>
Excess (Deficiency) of Revenues Over Expenditures (Carried Forward)						
	<u>\$ 3,550,288</u>	<u>\$ 1,226</u>	<u>\$ (1,331,677)</u>	<u>\$ (3,015)</u>	<u>\$ 6,707</u>	<u>\$ 2,223,529</u>

See accompanying 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, 2017

	GENERAL	PARKS PROGRAM	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
Excess (Deficiency) of Revenues Over Expenditures (Brought Forward)	\$ 3,550,288	\$ 1,226	\$ (1,331,677)	\$ (3,015)	\$ 6,707	\$ 2,223,529
OTHER FINANCING SOURCES (USES):						
Transfers Out	(2,056,848)	-	-	-	-	(2,056,848)
Transfers In	-	-	1,336,664	-	110,000	1,446,664
Total Other Financing Sources (Uses)	(2,056,848)	-	1,336,664	-	110,000	(610,184)
Net Change in Fund Balances	1,493,440	1,226	4,987	(3,015)	116,707	1,613,345
Fund Balances, Beginning of Year	5,209,843	57,253	132,477	7,951	751,429	6,158,953
Fund Balances, End of Year	\$ 6,703,283	\$ 58,479	\$ 137,464	\$ 4,936	\$ 868,136	\$ 7,772,298

See accompanying notes to financial statements.

LETTERS



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

October 11, 2017

To the City Council
City of Fairview Heights, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Fairview Heights, Illinois for the year ended April 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 12, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Fairview Heights, Illinois are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City of Fairview Heights, Illinois implemented GASB Statement No. 72, Fair Value Measurement and Application which is effective for periods beginning after June 15, 2015 and GASB Statement No. 77, Tax Abatement Disclosures which is effective for periods beginning after December 15, 2015. GASB 72, Fair Value Measurement and Application provides a hierarchy of fair value measurement and GASB Statement No. 7, Tax Abatement Disclosures requires governments to disclose tax abatement agreements in the footnotes to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciation reserve is based on prescribed useful lives using straight-line depreciation. We evaluated the key factors and assumptions used to develop the depreciation reserve in determining that it is reasonable in relation to the financial statements taken as a whole.

The City engaged actuaries to perform actuarial valuations of the postemployment benefits, IMRF retirement benefits and the annual required contribution to the Police Pension fund. We evaluated the key factors and assumptions used to develop the actuarial liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the Plan Fiduciary Net Position of the Illinois Municipal Retirement Fund (IMRF) and the Police Officers' Pension in Note 13 to the financial statements is premised on various assumptions. These assumptions may include a higher investment rate of return than the IMRF and the Police Officers' Pension is able to generate in the short term.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

The attached Schedule A summarizes the corrected misstatements of the financial statements (i.e. adjusting journal entries).

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that, could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 11, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedules and pension information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Additional Analysis Schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of City of Fairview Heights, Illinois, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Scheffer Boyle
Belleville, Illinois

Financial Statements Effect - Additions To (Reductions From) Unadjusted Balances								
Fund No.	Fund Description	Assets & Deferred Outflows	Liabilities & Deferred Inflows	Working Capital	Equity	Revenues	Expenses	Change In Net Assets
1	General Fund	\$ 107,670	\$ (77,759)	\$ 185,429	\$ 185,429	\$ (7,013)	\$ 21,626	\$ (28,639)
2	Motor Fuel Tax Fund	(38,452)	27,911	(66,363)	(66,363)	(38,452)	27,911	(66,363)
3	Food & Beverage Fund	(29,349)	0	(29,349)	(29,349)	(29,349)	0	(29,349)
4	Hotel/Motel Tax Fund	6,007	(20,964)	26,971	26,971	20,511	(20,964)	41,475
5	Home Rule Fund	(30,141)	116,062	(146,203)	(146,203)	726,744	872,947	(146,203)
6	Capital Reserve Fund	(555)	0	(555)	(555)	(555)	0	(555)
7	Police Pension Fund	(127,153)	(5,567)	(121,586)	(121,586)	0	127,153	(127,153)
8	Police Escrow Fund	0	0	0	0	0	0	0
9	Library Fund	446,653	(1,415)	448,068	448,068	39,797	26,143	13,654
10	Sales Tax Rebate Fund	19,803	98,012	(78,209)	(78,209)	19,803	98,012	(78,209)
11	Bunkum Road TIF #1 Fund	52,399	52,427	(28)	(28)	24,006	0	24,006
12	Shoppes of St. Clair TIF #2 Fund	17,774	37,314	(19,540)	(19,540)	34,639	1,767	32,872
13	Lincoln Trail TIF #3 Fund	0	(32,263)	32,263	32,263	28,505	(32,263)	60,768
14	Police Youth Fund	(324)	(62)	(262)	(262)	0	262	(262)
15	Parks Programs Fund	0	1,651	(1,651)	(1,651)	0	1,651	(1,651)
16	Local Police Escrow Fund	0	0	0	0	0	0	0
30	OPEB Fund	0	0	0	0	0	0	0
Total Governmental Activities		<u>\$ 424,332</u>	<u>\$ 195,347</u>	<u>\$ 228,985</u>	<u>\$ 228,985</u>	<u>\$ 818,636</u>	<u>\$ 1,124,245</u>	<u>\$ (305,609)</u>



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSO

October 11, 2017

To the City Council
City of Fairview Heights, Illinois

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview Heights, Illinois (the City) as of and for the year ended April 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

The City does not have personnel or staff with sufficient training or expertise to ensure that the City's financial statements are prepared in accordance with generally accepted accounting principles and include all required disclosures.

The City does not have personnel or staff with sufficient training or expertise to ensure that the proper accounting entries are made for depreciation and fixed asset recording.

The City did not reconcile their pooled bank account with Associated Bank in a timely manner.

This communication is intended solely for the information and use of management, the City Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Scheffel Boyle

Scheffel Boyle
Belleville, Illinois





ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

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

In planning and performing our audit of the financial statements of the City of Fairview Heights, Illinois (the City) as of and for the year ended April 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 11, 2017, on the financial statements of the City of Fairview Heights, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of management, the City Council, and others within the organization and should not be used by anyone other than those specified parties.

Sincerely,

Scheffel Boyle

SCHEFFEL BOYLE
Belleville, Illinois

October 11, 2017

Billing by Various Departments

During our audit procedures, we noted that various departments send out bills to residents/customers for various goods and services. The City Clerk's office receives all payments, but the Clerk does not have knowledge of what has been billed. Therefore, there is no way to track if all the payments have been received on what has been billed. We recommend that each department that bills for goods or services should use pre-numbered invoices and provide the City Clerk's office with a listing of all invoices issued for the month on a monthly basis. The listing should contain the date of the invoice, invoice number, name of the resident/customer and amount of the invoice. The City Clerk's office should reconcile the payments received to the listing provided by the various departments and follow-up on any unpaid invoices.

Reconcile Accounts to Supporting Documents

In order to make the financial reports generated by the accounting system as meaningful as possible, the City should reconcile the general ledger accounts for revenue, accounts receivable, and accounts payable to supporting documentation on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

A reconciliation of revenue and accounts receivable from the general ledger to the monthly revenue reports and the accounts receivable detail ledger should be prepared to check that the recording of transactions is accurate and proper.

A reconciliation of accounts payable from the general ledger to the outstanding accounts payable register should be prepared to determine that all additions to and payments of accounts payable are correctly recorded and to determine whether there are any disputed items.

Maintain a Schedule of Property Additions and Deletions

A schedule of additions should be maintained as assets are purchased throughout the year to simplify the process of capitalizing property and equipment additions at year end. The schedule should include the date the asset is acquired/disposed of, a description of the asset, the vendor name, and the amount. Invoices for asset acquisition and invoices for all other disbursements should be kept on file in a manner that allows retrieval of the original invoice for review and verification as needed by management and auditors.

Revenue Transactions

During our review of revenue received by the City we found numerous voids, omissions, and double postings of receipts in the general ledger. Employees that take in cash or record revenues should not be able to void general ledger postings. We recommend that employees prepare daily deposit reconciliations that include cash received as well as ACH deposits and the manager or director of the department review and sign off on this reconciliation indicating it is accurate. Additionally, we recommend all voids be executed by the finance department and proper documentation be maintained.

Crime Free Housing

The clerk's office currently sends out invoices to landlords for their crime free housing fee that is due for each rental property unit. The landlords are supposed to remit \$50 annually per rental unit to the City. During this test, we found that nine out of our sample of fifteen rentals were not included in the billings for their crime free housing fee. We recommend the City review the procedures for the invoicing of this fee and that the invoice listing be reviewed for completeness with other city records.

Department Position Classifications

During our review of payroll we found two employee's wages that were charged to a different department than their personnel file indicated. We recommend when an employee changes departments or does a significant amount of work for a different department that the transfer be documented and signed by the department heads involved and the employee. This request should be remitted to the payroll department to update payroll records and then maintained in the employee's personnel file.

Bill List

During our review of payables we found that the board minutes for April and May 2017 did not contain a copy of the signed bill list. We recommend that the signed bill list be maintained each month with the board minutes.

Approve Purchase Requisitions over Established Amounts

As a result of our audit testing, we discovered several, purchase acquisitions in excess of \$500 did not have the required written bids by the Department Head. Pursuant to ordinance 3459-2009, all operating departments are allowed to spend \$500.00 to \$19,999.99 with three (3) bids in writing by the Department Head. In order to ensure that purchases of the City by Department Heads are in line with the City objectives, personnel should be reminded of the policy and required to comply with it.

Increase Frequency of Review of Budget Variations

The City prepares a detailed annual budget. However actual performance is measured against the annual budget only at six month intervals. A more frequent review of operating results and budget verification will enable Department heads to more accurately run the City's operations by recognizing unusual trends that may indicate fraud, unwise use of resources, operational inefficiencies, poor decision making, missed opportunities, and other threats that may derail the City finances. We recommend a budget review that includes participation of Department Heads no less than quarterly.

Maintain Records Necessary for Accruing Compensated Absences

Since the City's vacation policy is based on the employee's anniversary date and amounts can be rolled over from year to year for future use there is a necessary accrual to track what the City is liable to pay. The Company does not maintain the detailed records necessary for making a precise accrual. We recommend that the City consider maintaining a detail analysis of vacation earned by employee in order to record the liability at fiscal year-end.

Investment Transactions in Police Pension Fund

The Police Pension fund has seven different brokerage accounts. The managers of these accounts conduct numerous transactions of various investments on a daily basis. As required by the Department of Insurance report, the City has to report all investment activity, including buys and sells, to the Department of Insurance. The high volume of transactions makes it difficult to reconcile the investment activity. We recommend the Police Pension Fund board and designated administrators implement a general ledger system to record all transactions that take place in the investment accounts so the various investments could be reconciled on a monthly basis. We would also recommend the police pension fund establish a dedicated fund to record the activity of the brokerage accounts.

Improve Monthly Closing Procedures

During the audit, we recommended numerous adjusting journal entries. The effect of such entries was to decrease net income by \$305,619. Substantially all of the entries were to correct bookkeeping errors or to make accruals and other

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adjustments that should have been made by the finance department. We believe that a review and evaluation of transactions and proper monthly closing procedures would expedite the year-end closing and ensure meaningful and more accurate reporting. Additionally, Clarity, the software provider, has a month end checklist that the City should implement.