

3 YEAR BUDGET FORECAST

City of Fairview Heights, IL



FISCAL YEARS: ***2016 - 2017***

2017 - 2018

2018 - 2019

Report Date: 6/2/2015



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Fairview Heights
Illinois**

For the Fiscal Year Beginning

May 1, 2014

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Award to **City of Fairview Heights, Illinois** for its annual budget for the fiscal year beginning **May 1, 2014**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Elected Officials, Staff, and Residents of Fairview Heights:

In accordance with City Ordinance # 1205-04 it's my pleasure to present the "City of Fairview Heights' Three Year Budget Forecast". The ordinance calls for a three-year budget projection in the same format as the current budget. This report is a supplement to the recently adopted annual budget for Fiscal Year End 2015 - 2016 (FYE '16), and utilizes the same data therein as the baseline for this report. As a forecast report, it is designed to display trends which help identify what the City's long-term budget challenges are. The report should help identify the driving forces behind those challenges, and initiate discussion as to the fiscal decisions which lie ahead. The following pages include data, charts, and narratives in an attempt to do as such.

Based on a combination of relatively stagnant revenues and rising expenditures, the City remains in a period of relying on cash reserves and cash-management adjustments to maintain current service levels. Currently sales tax accounts for over 60% of total City revenues, thus making a decline or lack of retail growth problematic. For this reason, the stagnant sales tax receipt growth seen over the past decade is a concern.

The General Fund, as the primary operations fund of the City, is particularly challenged. In order to balance the General Fund in the current budget, the City Council took action to allocate a higher percentage of the Home Rule Sales Tax dollars into the General Fund. This action meant reducing the amount available for capital projects in both the current and future years. Since the City has traditionally taken a "pay-as-you-go" approach towards capital spending, it can be difficult to match available resources to project needs. As this report shows, based on the current adopted plan the City has enough cash reserves to pay for the capital projects during the next two years. Beyond that, the City Council will need to determine a revised course of action for funding the plan.

However, as discussed within this report, there are reasons for optimism that will help the City successfully address these concerns. These include reduced debt payments and optimistic sales tax projections. In addition there is simple cash management options available including further modifying timelines of the capital project list, exploring financing options, or continuing to adjust how current assets are allocated within the budget. Recent efforts towards building a sustainable financial framework has given the City insight into our long-range financial challenges, and is helping decision making. Ongoing strategic planning, more robust analysis, and additional policy adoption is essential to ensure the City's fiscal approach is responsible and appropriate.

I present the "City of Fairview Heights' Three Year Budget Forecast", and encourage anyone with questions to contact the Finance Department for additional information.

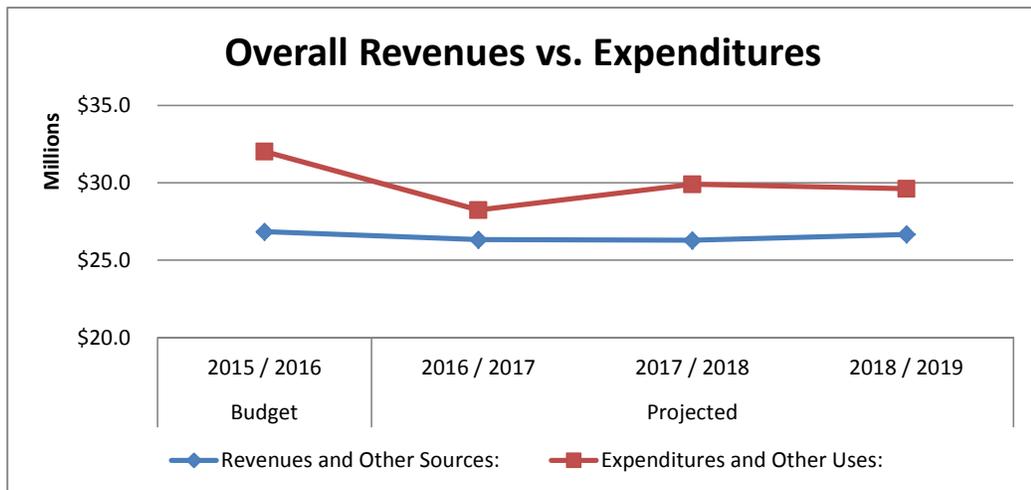
Respectfully submitted,

Scott E. Borrer
Director of Finance



OVERALL SUMMARY
REVENUES & EXPENDITURES - BY TYPE
 CITY OF FAIRVIEW HEIGHTS, IL
 3 Year Budget Projection

	Budget	Projected		
	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019
Revenues and Other Sources:				
Sales Tax	\$ 15,915,750	\$ 16,153,211	\$ 16,434,405	\$ 16,761,393
Other Taxes	3,612,000	3,631,540	3,651,236	3,671,089
Licenses	70,000	70,000	70,000	70,000
Permits	110,300	110,300	110,300	110,300
Intergovernmental	3,894,050	3,001,995	2,651,990	2,662,034
Fees / Fines	682,500	682,500	682,500	682,500
Transfers	2,001,859	2,112,276	2,122,902	2,133,740
Rents and Leases	91,000	91,000	91,000	91,000
Charges for Service	191,750	191,750	191,750	191,750
Miscellaneous	276,900	283,364	289,384	295,568
Total	26,846,109	26,327,936	26,295,466	26,669,374
Expenditures and Other Uses:				
Personnel Expenses	12,869,388	13,223,197	13,536,470	13,859,552
Professional Services	584,385	563,728	583,007	603,136
Contractual Services	5,179,910	5,238,198	5,332,803	5,130,778
Supplies & Minor Equipment	1,718,860	1,750,244	1,782,650	1,816,121
Capital	8,232,000	4,453,000	6,027,000	5,553,000
Debt Payments	1,428,880	995,150	616,700	610,300
Transfers	2,009,859	2,020,276	2,030,902	2,041,740
Total	\$ 32,023,282	\$ 28,243,792	\$ 29,909,531	\$ 29,614,626



PROJECTED FUND BALANCES

City of Fairview Heights, IL.

3 Year Budget Projection

	<i>PROJECTED</i>			
	FYE 2016	FYE 2017	FYE 2018	FYE 2019
General Fund	\$ 4,440,869	\$ 4,313,783	\$ 3,990,690	\$ 3,491,057
Motor Fuel Tax Fund	540,982	\$ 102,022	\$ (351,268)	\$ (819,162)
Food & Beverage Fund	877,878	\$ 751,703	\$ 1,010,954	\$ 1,275,792
Hotel / Motel Tax Fund	1,166,947	\$ 1,187,676	\$ 1,208,462	\$ 1,237,144
Home Rule Tax Fund	1,795,238	\$ 313,283	\$ (1,955,078)	\$ (4,715,472)
Capital Reserve Fund	748,719	\$ 860,259	\$ 971,953	\$ 1,083,816
Police Pension Fund (a)	4,759	\$ 10,869	\$ 16,173	\$ 20,656
Federal Police Escrow Fund	322,326	\$ 322,326	\$ 322,326	\$ 322,326
Library Fund	51,031	\$ 59,211	\$ 67,650	\$ 76,352
Tax Rebates Fund	599,503	\$ 570,078	\$ 569,517	\$ 902,521
TIF #1 - Bunkum Road	489,042	\$ 686,622	\$ 84,144	\$ 281,607
TIF #2 - Shoppes @ St. Clair	11,637	\$ 22,737	\$ 33,837	\$ 44,937
TIF #3 - Lincoln Trail	1,157,715	\$ 1,035,095	\$ 602,417	\$ 379,680
Police Youth Fund	4,746	\$ 4,746	\$ 4,746	\$ 4,746
Parks Programs Fund	25,785	\$ 22,296	\$ 18,587	\$ 14,656
Local Police Escrow Fund	6,309	\$ 6,309	\$ 6,309	\$ 6,309
TIF #4 - FH West	(77,575)	\$ (77,575)	\$ (77,575)	\$ (77,575)
TIF #5 - FH North	(127,575)	\$ (127,575)	\$ (127,575)	\$ (127,575)
OPEB Fund	89,500	\$ 148,115	\$ 201,645	\$ 250,846
	\$ 12,127,836	\$ 10,211,980	\$ 6,597,916	\$ 3,652,663

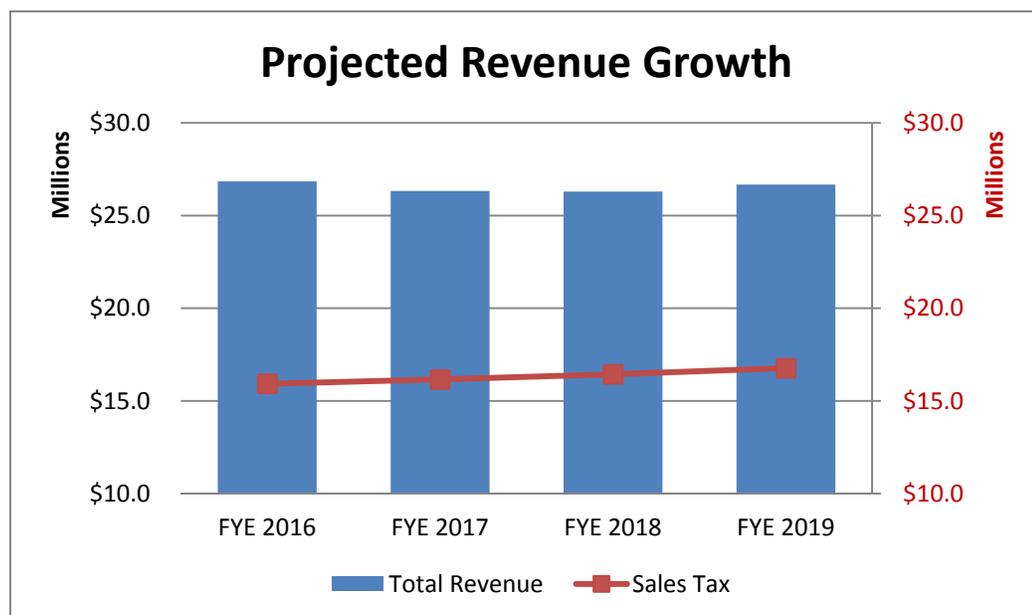
(a) Above totals do not include securities managed by the Police Pension Board.

Revenue Forecast

The City of Fairview Heights is a fiscally unique municipality. The City does not operate an enterprise (i.e. water/sewer operation) commonly seen in municipalities. Additionally, we are one of the few local governments in Illinois that has chosen to not adopt a property tax levy to support operations. A large retail presence has allowed the City Council to rely heavily on sales tax revenue to fund operations, capital projects, and pension obligations. Sales tax receipts represent over 60% of the City's total revenue.

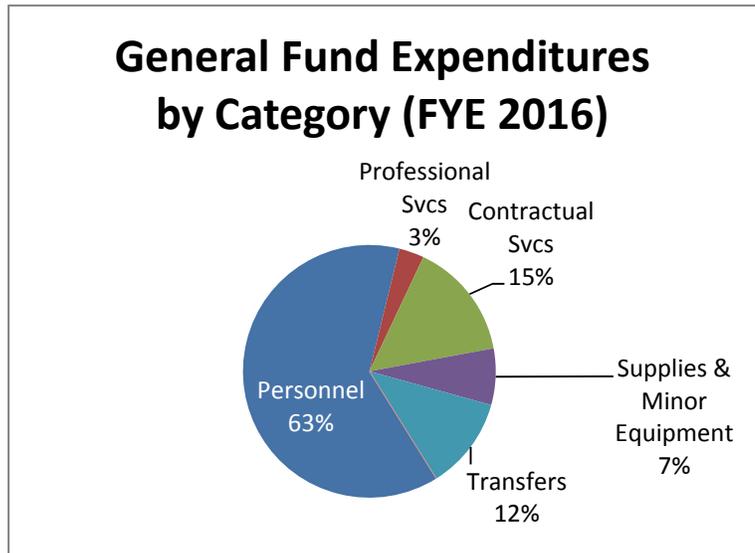
There are several threats to the City's ability to sustain this revenue model on a long-term basis. The growth in online retail activity has undoubtedly affected the ability for the City to realize growth in sales tax collection. In addition, over the past decade there has been an increase in competition from other local municipalities for retail development. Another threat to local government revenue continues to reside with the State of Illinois itself. Income tax distributions have routinely been delayed in recent years. This roughly equates to a range of \$200,000 - \$400,000 due the City at any time in delayed payments. While the State has not yet reduced the allocations of state shared revenues, it is routinely discussed.

Conservative budgeting practice calls for revenue forecasts to be slightly understated. The projections within this report do not anticipate any new revenue sources, or changes in the current tax rates. Based on these factors, revenues during the next three years are projected to remain relatively flat, despite modest projected growth in sales tax. There are several factors that may help the City realize larger growth than currently anticipated. These include the continued improvement of the overall economy, redevelopment of existing retail sites, and the possibility of Congressional action regarding online retail sales transactions.



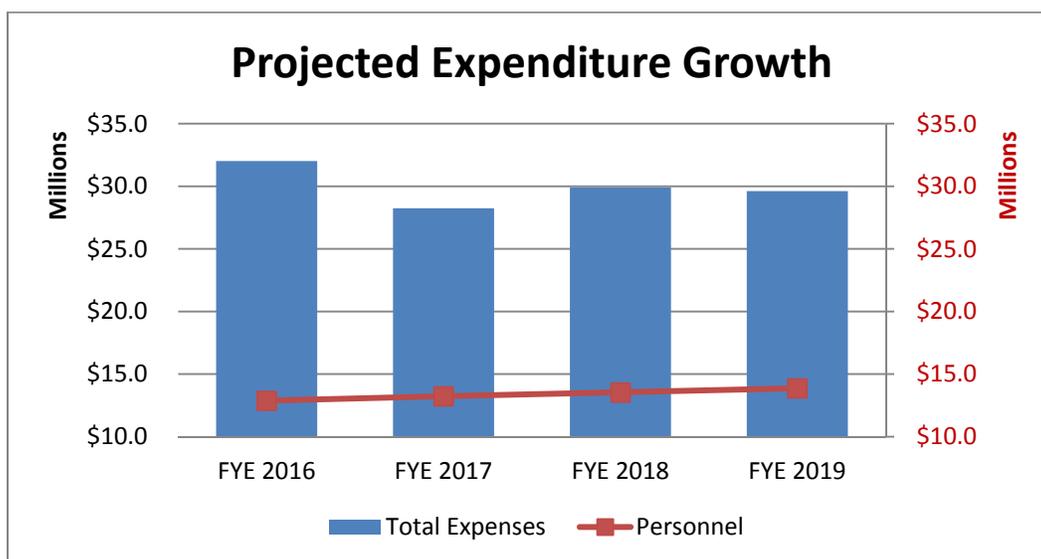
Expenditure Forecast

Conservative budgeting practice calls for expense forecasts to be slightly overstated. The expenditure projections within this report is based on historical trends and known amounts that can be ascertained from items such as debt schedules or contractual obligations. These projections do not account for any potential new programs or changes in staffing levels in the future. A majority of operational expenses – including personnel – is accounted for in the



General Fund. Capital and Debt expenses are accounted for in other funds such as the Food & Beverage Fund and the Hotel / Motel Tax Fund. Thus, personnel expenditures for fiscal year end (FYE) 2016 equate to approximately 63% of general fund expenses.

General Fund transfers to other funds are conducted for items typically funded by a property tax levy, such as contributions to the Police Pension Fund and the Library Fund. Other transfer examples include funding the Capital Reserve Fund and statutorily required contributions to the tax incremental financing (TIF) funds due to the lack of a property tax levy. Transfers from the General Fund exceed \$2.0 million annually (see “Fund Balances” table on page 8).



During the course of this three year budget period, total expenses are projected to decrease from \$32.0 to \$29.6 million. One major factor is due to capital spending. As seen in the “Overall Summary” table, the current fiscal year capital spending equals \$8.2 million...which is the highest amount in the report period. Another factor is because of decreasing debt payments in FYE 2017. As the following table illustrates, the FH 2014 Bonds paid from the Food & Beverage Tax Bond Fund are nearing maturity. The total payoff of the bond was further helped by a bond refunding during FYE 2015, which saved the City approximately \$96,000 overall.

CAPITAL DEBT					
FYE	FH 2014 BOND		FH 2010 BOND		TOTALS
2016	\$	1,012,429	\$	305,444	\$ 1,317,873
2017		629,126		304,984	934,110
2018		246,192		309,419	555,611
2019		243,096		306,169	549,265
2020		-		302,769	302,769
2021		-		304,219	304,219
Total	\$	2,130,843	\$	1,833,004	\$ 3,963,847

This reduction will provide the City some cash-management options. One of the major fiscal decisions to be made by City leaders within the next few years will be how to utilize this tax upon the retirement of the bonds. A full range of options will exist, ranging from issuing new bonds to eliminating the tax all together. The establishment of a comprehensive strategic plan is essential in helping City leaders approach decisions on matters such as this.

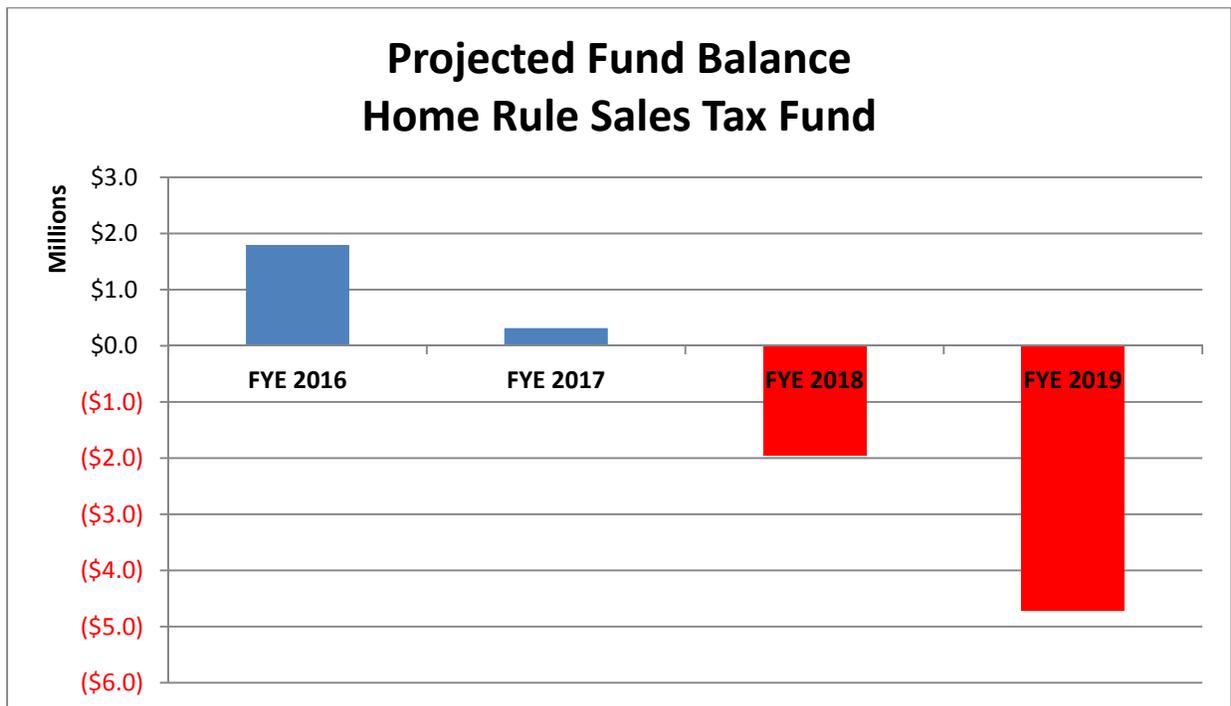
Fund Balances

Per the “Fiscal & Budgetary Guidelines Policy”, the City will “maintain an unreserved fund balance in the General Fund to support operations for a period of at least three months (25%). This will be calculated based on the total General Fund expenditures less capital outlay and transfers.” Due to the City’s heavy reliance on sales tax – a potentially more volatile revenue source in comparison to property taxes – the 25% goal is appropriately higher than the typical municipality’s goal. Based on the projections within this report, the General Fund balance ratio appears to be in line with the goal.

The following table depicts the anticipated change in the General Fund balance ratio during the three-year budget period.

PROJECTED GENERAL FUND BALANCE RATIO					
	Operating Expenses	Less: Transfers	Net Operating Expenses	FYE Fund Balance	Fund Balance Ratio
FYE 2016	\$ 17,003,545	\$ 2,009,859	\$ 14,993,686	\$ 4,440,869	29.6%
FYE 2017	17,387,837	2,020,276	15,367,561	4,313,783	28.1%
FYE 2018	17,816,519	2,030,902	15,785,617	3,990,690	25.3%
FYE 2019	18,260,142	2,041,740	16,218,402	3,491,057	21.5%

An area of fund balance concern is within the Home Rule Tax Fund, which accounts for a majority of the City’s capital plan. However, the projected deficit is based on the funding plan currently in place as opposed to a potential structural deficit as seen within the general fund. The following chart projects a negative fund balance in FYE 2018. Actual events such as project changes, grant acquisition, or capital financing would alter this scenario. While a “Pay-as-you-Go” approach is perfectly acceptable, that approach will require City leaders to weigh the timeline of projects in its current form due to the negative fund balance projection. The aforementioned retirement of bond debt might be an option in funding the plan, either via capital financing or a continuation of using cash.



Three other funds also project negative fund balances in the upcoming years. The Motor Fuel Tax (MFT) Fund has recently been utilized for some personnel costs when eligible per the MFT guidelines. That option is challenged in the near future, due to the projected fund balance. Since the MFT guidelines do not allow a negative fund balance, the City will be forced to return those expenses to the General Fund.

The other two funds with negative cash balances (TIF #24 and TIF #25) are due to costs related to the potential Tax Increment Finance districts. The future of them will be determined early in the new fiscal year. Assuming adoption of the districts, TIF revenue will begin to be received by the City during the timeline of this report. However due to the unknown nature of them, no activity is projected within this report beyond the base fiscal year of 2015-2016. Thus, negative fund balances are displayed throughout the three year term.

Summary

In summary, the 3-Year Budget Report identifies three primary points:

1. *The long-term sustainability of the City's revenue model is threatened.*

The City's ability to remain heavily dependent on sales tax is based on several factors, many of which are beyond the City's control. Increasing operating costs and a robust capital plan, when balanced with stagnant sales tax growth, is challenging the City.

2. *The General Fund will remain a challenge in the upcoming fiscal years.*

While we have been able to balance the General Fund in recent years with some creative cash management changes, they are short-term solutions for a structural deficit. The projection warrants a close examination of the City's operations, from the cost of services provided to the manner in which City resources are acquired and utilized to fund those services.

3. *Options are on the horizon.*

Long-term debt obligations which retire during this time period will allow the City to explore usage of those assets in another way.

The City of Fairview Heights has been fortunate for many years to heavily rely on sales tax from the retail industry to support the operations of the City. However, the current retail environment is challenging that approach. The ability to maintain the current fiscal model will be dependent on both program cost management and economic development/redevelopment. The City will need to continue a pro-active approach and promote strategic fiscal planning to ensure the long-term fiscal health of the City of Fairview Heights.

REVENUES & OTHER SOURCES SUMMARY - ALL FUNDS

City of Fairview Heights, IL
3 Year Budget Projection

	Budget	<i>Projected</i>		
	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019
Revenues and Other Sources:				
General Fund	\$ 17,060,938	\$ 17,260,751	\$ 17,493,426	\$ 17,760,509
Police Pension Fund	1,300,100	1,400,200	1,400,200	1,400,200
Library Fund	520,859	531,276	541,902	552,740
Police Youth Fund	3,000	3,000	3,000	3,000
Parks Programs Fund	63,100	63,100	63,100	63,100
Subtotal - Operating Funds	18,947,997	19,258,327	19,501,628	19,779,549
Food & Beverage Fund	503,100	505,600	508,113	510,638
Hotel / Motel Tax Fund	501,800	506,854	511,960	517,117
Motor Fuel Tax Fund	402,350	402,370	402,390	402,411
Home Rule Tax Fund	3,637,562	2,771,545	2,454,089	2,503,501
Capital Reserve Fund	111,400	111,540	111,694	111,863
Federal Police Escrow Fund	-	-	-	-
Tax Rebates Fund	1,711,200	1,735,575	1,764,439	1,798,004
TIF #1 - Bunkum Road	199,000	199,500	199,500	199,500
TIF #2 - Shoppes @ St. Clair	341,100	341,100	341,100	341,100
TIF #3 - Lincoln Trail	245,500	245,500	245,500	245,500
Local Police Escrow Fund	-	-	-	-
TIF #4 - FH West	-	-	-	-
TIF #5 - FH North	-	-	-	-
OPEB Fund	245,100	250,025	255,054	260,191
Total - All Funds	\$ 26,846,109	\$ 26,327,936	\$ 26,295,466	\$ 26,669,374

NOTE: The summaries above represent total budgeted revenues, expenditures, and transfers between City funds.

EXPENDITURES & OTHER USES SUMMARY - ALL FUNDS

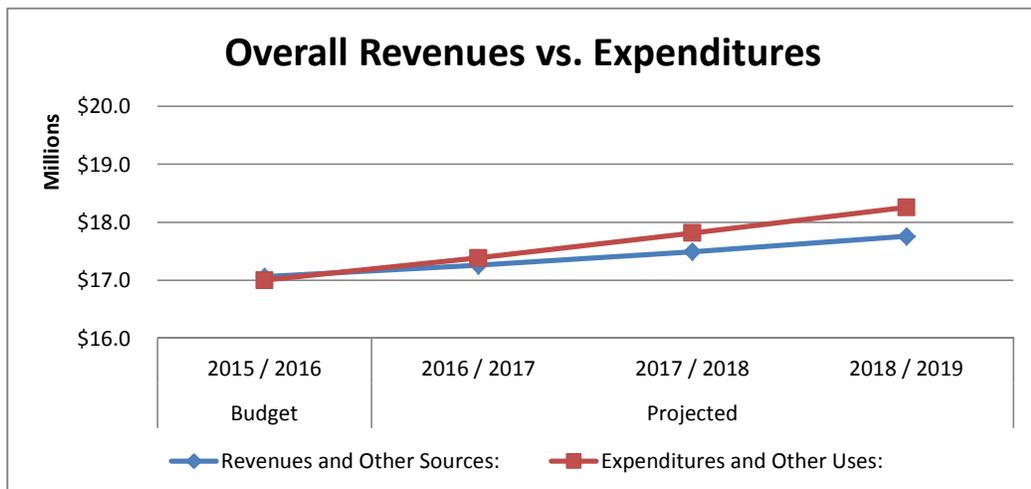
City of Fairview Heights, IL
3 Year Budget Projection

	Budget	<i>Projected</i>		
	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019
Expenditures & Other Uses:				
General Fund	\$ 17,003,545	\$ 17,387,837	\$ 17,816,519	\$ 18,260,142
Police Pension Fund	1,343,300	1,394,090	1,394,896	1,395,717
Library Fund	512,932	523,096	533,463	544,037
Police Youth Fund	3,000	3,000	3,000	3,000
Parks Programs Fund	66,375	66,589	66,808	67,031
Subtotal - Operating Funds	18,929,152	19,374,612	19,814,686	20,269,928
Food & Beverage Fund	1,015,030	631,775	248,862	245,800
Hotel / Motel Tax Fund	536,050	486,125	491,174	488,435
Motor Fuel Tax Fund	827,250	841,330	855,680	870,304
Home Rule Tax Fund	7,823,500	4,253,500	4,722,450	5,263,895
Capital Reserve Fund	-	-	-	-
Federal Police Escrow Fund	-	-	-	-
Tax Rebates Fund	1,670,000	1,765,000	1,765,000	1,465,000
TIF #1 - Bunkum Road	61,825	1,920	801,978	2,037
TIF #2 - Shoppes @ St. Clair	330,000	330,000	330,000	330,000
TIF #3 - Lincoln Trail	463,025	368,120	678,178	468,237
Local Police Escrow Fund	-	-	-	-
TIF #4 - FH West	67,575	-	-	-
TIF #5 - FH North	117,575	-	-	-
OPEB Fund	182,300	191,410	201,524	210,990
Total - All Funds	\$ 32,023,282	\$ 28,243,792	\$ 29,909,531	\$ 29,614,626

NOTE: The summaries above represent total budgeted revenues, expenditures, and transfers between City funds.

GENERAL FUND SUMMARY
REVENUES & EXPENDITURES - BY TYPE
 CITY OF FAIRVIEW HEIGHTS, IL
3 Year Budget Projection

	Budget 2015 / 2016	2016 / 2017	<i>Projected</i>	
			2017 / 2018	2018 / 2019
Revenues and Other Sources:				
Sales Tax	11,840,188	12,017,791	12,228,102	12,472,664
Other Taxes	1,902,000	1,914,040	1,926,173	1,938,401
Licenses	70,000	70,000	70,000	70,000
Permits	110,300	110,300	110,300	110,300
Intergovernmental	2,231,700	2,241,645	2,251,640	2,261,684
Fees / Fines	680,500	680,500	680,500	680,500
Transfers	-	-	-	-
Rents and Leases	85,000	85,000	85,000	85,000
Charges for Service	136,750	136,750	136,750	136,750
Miscellaneous	4,500	4,725	4,961	5,209
Total	17,060,938	17,260,751	17,493,426	17,760,509
Expenditures and Other Uses:				
Personnel Expenses	10,665,955	10,946,318	11,235,403	11,533,524
Professional Services	541,960	529,749	548,366	567,818
Contractual Services	2,557,361	2,640,585	2,727,597	2,818,582
Supplies & Minor Equipment	1,228,410	1,250,909	1,274,252	1,298,479
Capital	-	-	-	-
Debt Payments	-	-	-	-
Transfers	2,009,859	2,020,276	2,030,902	2,041,740
Total	\$ 17,003,545	\$ 17,387,837	\$ 17,816,519	\$ 18,260,142





CAPITAL SPENDING PLAN

Project Summary

PROJ. #	PROJECT	LEAD DEPT	FISCAL YEAR					TOTALS
			2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
PR-01	Moody Park Pavilions	Parks & Recreation	391,000	-	-	-	-	391,000
PR-04	Parks Shed	Parks & Recreation	-	40,000	-	-	-	40,000
PR-09	Pedestrian & Bicycle Mobility	Parks & Recreation	-	-	200,000	500,000	-	700,000
PR-11	Moody Park Fitness Trail Upgrades	Parks & Recreation	-	-	200,000	200,000	-	400,000
PR-12	Playground Equipment Replacement Program	Parks & Recreation	-	-	45,000	-	-	45,000
PR-13	Municipal Complex Improvements	Parks & Recreation	45,000	-	-	-	-	45,000
PR-14	Creative Playground (New Pavilion)	Parks & Recreation	30,000	-	-	-	-	30,000
PR-15	Log Cabin Improvements	Parks & Recreation	15,000	-	-	-	-	15,000
PR-16	Tennis Court Renovations	Parks & Recreation	-	100,000	-	-	-	100,000
ADM-04	Facility Security / Access Control	Administration	50,000	60,000	-	-	-	110,000
ADM-05	Phone System Replacement	Administration	150,000	-	-	-	-	150,000
ADM-08	Bus Shelters	Administration	-	75,000	75,000	100,000	-	250,000
ADM-09	Arrowhead Loop Trail	Administration	-	550,000	-	-	-	550,000
POL-01	Video Monitoring System	Police Dept.	50,000	50,000	50,000	-	-	150,000
POL-02	Police In Car Video Cameras & Mobile Computers	Police Dept.	45,000	60,000	-	90,000	45,000	240,000
POL-04	West End Police Substation	Police Dept.	-	-	100,000	-	-	100,000
POL-05	Traffic Calming	Police Dept.	50,000	50,000	50,000	50,000	50,000	250,000
POL-06	Body Worn Cameras	Police Dept.	40,000	-	-	-	-	40,000
POL-07	Emergency Dispatch Communications Consoles	Police Dept.	200,000	-	-	-	-	200,000



CAPITAL SPENDING PLAN

Project Summary

PROJ. #	PROJECT	LEAD DEPT	FISCAL YEAR					TOTALS
			2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
LAND-30	Lincoln Tail TIF Streetscape	Land Use	1,390,000	591,000	880,000	670,000	-	3,531,000
LAND-31	Coventry Trail (Bunkum TIF)	Land Use	60,000	-	800,000	-	-	860,000
LAND-32	Demolition Program	Land Use	90,000	49,500	54,450	59,895	65,885	319,730
PW-01	Vehicle / Equipment Replacement Program	PW - Vehicle Maint.	430,000	423,000	427,000	403,000	391,000	2,074,000
PW-02	Storm Drainage Program	PW - Engineering	785,000	230,000	235,000	235,000	235,000	1,720,000
PW-03	Sidewalks Program	PW - Engineering	75,000	75,000	75,000	75,000	75,000	375,000
PW-04	Pleasant Ridge Road	PW - Engineering	-	210,000	80,000	1,800,000	-	2,090,000
PW-06	South Ruby Lane	PW - Engineering	760,000	-	-	-	-	760,000
PW-09	Asphalt Overlay Program	PW - Engineering	200,000	200,000	200,000	200,000	200,000	1,000,000
PW-10	I-64 / RT 159 Interchange Enhancement	PW - Engineering	140,000	-	-	-	-	140,000
PW-12	Municipal Complex Renovations	PW - Muni. Complex	355,000	350,000	220,000	220,000	220,000	1,365,000
PW-15	Perrin Road	PW - Engineering	710,000	-	-	-	-	710,000
PW-16	Richmond Drive Bridge	PW - Engineering	205,000	-	-	-	-	205,000
PW-18	Kassing Avenue Reconstruction	PW - Engineering	500,000	-	-	-	-	500,000
PW-19	Wilshire Drive Reconstruction	PW - Engineering	130,000	1,110,000	-	-	-	1,240,000
PW-20	Mark Drive Reconstruction	PW - Engineering	-	-	-	90,000	740,000	830,000
PW-21	Bonita Boulevard Reconstruction	PW - Engineering	75,000	65,000	850,000	-	-	990,000
PW-22	2nd Avenue Reconstruction	PW - Engineering	-	-	85,000	60,000	750,000	895,000
PW-23	Library Renovations	PW - Muni. Complex	60,000	60,000	85,000	165,000	60,000	430,000



CAPITAL SPENDING PLAN

Project Summary

PROJ. #	PROJECT	LEAD DEPT	FISCAL YEAR					TOTALS
			2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
PW-25	Vehicle Maintenance - Garage Renovations	PW - Muni. Complex	35,000	35,000	35,000	35,000	35,000	175,000
PW-28	Business and Industrial Park Development	PW - Engineering	550,000	-	-	-	-	550,000
PW-31	Joseph Drive Overlay	PW - Engineering	35,000	550,000	-	-	-	585,000
PW-33	Elvira Drive Reconstruction	PW - Engineering	-	-	110,000	35,000	750,000	895,000
PW-34	Mt. Vernon Drive Reconstruction	PW - Engineering	-	80,000	25,000	555,000	-	660,000
PW-35	Pearson Drive Reconstruction	PW - Engineering	-	-	-	70,000	670,000	740,000
PW-36	Lincoln Highway (IL-159 to Old Collinsville Rd)	PW - Engineering	140,000	60,000	1,200,000	-	-	1,400,000
PW-37	St. Clair Avenue Sidewalk	PW - Engineering	126,000	-	-	-	-	126,000
TOTALS			\$ 7,917,000	\$ 5,073,500	\$ 6,081,450	\$ 5,612,895	\$ 4,286,885	\$ 28,971,730

Fund Descriptions and Fund Structure

The City of Fairview Heights utilizes a fund accounting system. In such a system the emphasis is placed on accountability rather than profitability, as typically seen in the private sector. Funds can be created for various reasons. For instance, certain revenues can be required to be accounted for separately based on either state law (ex: MFT Fund) or local ordinances (ex: Food & Beverage Fund). All funds are appropriated via an adopted budget ordinance.

During FY 2014-2015 the City implemented three new funds, and appear for the first time in the adopted budget for FY 2015-2016. Funds #24 and #25 are dedicated to the accounting for two proposed Tax Increment Financing (TIF) districts in the City. For both of these funds, the City has incurred expenses to date related to consultant work in the preparation and evaluation of the feasibility of establishing the districts. The final determination is expected early in FY 2015-2016. The third newly created fund relates to Fund #30 and "Other Post-Employment Benefits (OPEB)". Due to the implementation of Government Accounting Standards Board (GASB) Statement #45, an unfunded liability for these expenses recently began to be reported in the City's financial statements. The establishment of the OPEB Fund is an attempt to reserve funds for this purpose, and decrease the unfunded liability of the City.

General Fund (001)

The General Fund is the primary operating fund of the City. It accounts for all general government activities not accounted for in other funds. A majority of department operations such as personnel costs, contractual obligations, and supplies are accounted for within the General Fund. The General Fund also supports the Police Pension Fund and the Library Fund via transfers - in lieu of levying a property tax.

Motor Fuel Tax Fund (002)

The Motor Fuel Tax (MFT) program is administered by the State of Illinois. The City receives a per capita share of the revenue on a monthly basis. The City's MFT revenue is required to be accounted for separately per state statute, and is restricted per the guidelines of the MFT program.

Food & Beverage Tax Fund (003)

A debt service/special revenue fund that accounts for a local tax on all food and beverages prepared for immediate consumption. The tax supports the repayment of a General Obligation Bond originally issued in 2005 for the construction of a new police department building and some infrastructure projects. The property tax levy for repayment has traditionally been abated each year. In lieu of the property tax revenue, the City utilizes the Food & Beverage tax revenue towards the bond repayment. Excess funds support General Fund operations.

Hotel / Motel Tax Fund (004)

A debt service/special revenue fund dedicated to the accounting for local hotel/motel tax receipts received by the City. Receipts are primarily utilized towards the repayment of a bond used in the construction of a conference center. Excess funds (if any) are appropriated at the discretion of the City Council towards programs which promote tourism within the City, in accordance with state statutes.

Home Rule Tax Fund (005)

The City's Home Rule Sales Tax was established in 2005. Per city ordinance, a portion of all receipts are to be utilized towards capital spending. The remaining receipts are allocated to the General Fund to support operations.

Capital Reserve Fund (006)

A reserve fund utilized towards saving for special purposes, future capital projects, and in meeting the City's cash reserve policy. Funds are transferred from the General Fund on an annual basis in accordance with the City's "Fiscal & Budgetary Guidelines Policy".

Police Pension Fund (007)

A fiduciary fund, dedicated towards the accounting of police pension activities. Fund oversight is the responsibility of an independent Police Pension Board, whose members are appointed by the Mayor. The City's contributions are funded by a General Fund transfer, in lieu of a property tax.

Federal Police Escrow Fund (008)

A special revenue fund whose revenues derive from police seizures and awarded by federal agencies. The funds are restricted towards the support of police supplies and activities. The Chief of Police serves as the administrator of the program in accordance with federal guidelines.

Library Fund (009)

A fund dedicated towards the activities of the Fairview Heights Municipal Library. Fund oversight is the responsibility of an independent Board of Trustees, whose members are appointed by the Mayor. The Library Board establishes the annual tax levy needed to support operations. In lieu of adopting the levy, the City Council has historically funded the library through a General Fund transfer.

Tax Rebates Fund (010)

A special revenue fund dedicated towards the accounting of any sales tax rebate agreements entered into by the City for economic development purposes. Sales tax revenues are allocated to the fund based on data provided by the Illinois Department of Revenue. The funds are distributed based on any agreements authorized by City Council.

TIF #1 – Bunkum Road (011)

A special revenue fund dedicated towards the accounting of the “Bunkum Road Tax Incremental Financing District”. The TIF was established in 2003 to assist in the development of a new residential neighborhood and address public infrastructure needs.

TIF #2 – Shoppes @ St. Clair (012)

A special revenue fund dedicated towards the accounting of the “Shoppes @ St. Clair Tax Incremental Financing District”. The TIF was established in 2005 as part of a major redevelopment project within the City’s primary retail corridor.

TIF #3 – Lincoln Trail (013)

A special revenue fund dedicated towards the accounting of the “Lincoln Trail Tax Incremental Financing District”. The TIF was established in 2007 to assist in redevelopment of the Lincoln Trail retail corridor (aka Illinois State Route 50).

Police Youth Fund (014)

A special revenue fund dedicated towards annual youth programs sponsored by the Police Department and funded through community donations.

Parks Programs Fund (015)

A special revenue fund dedicated towards recreation programs administered by the Parks & Recreation Department. The fund is supported by user fees of program participants, and covers expenditures such as supplies and part-time personnel.

Local Police Escrow Fund (016)

A special revenue fund whose revenues derive from police seizures and awarded by local agencies. The funds are restricted towards the support of police supplies and activities. The Chief of Police serves as the administrator of the program in accordance with program guidelines.

FH West TIF #4 (024)

A special revenue fund dedicated towards the accounting of a proposed new TIF on the western side of the City. Expenditures incurred during FY 2014-2015 during the exploratory phases have been segregated into a new fund in the event the TIF is adopted at a later time. The final determination as to whether or not to establish the TIF is expected in the early portion of FY 2015-2016.

FH North TIF #5 (025)

A special revenue fund dedicated towards the accounting of a proposed new TIF on the northern side of the City. Expenditures incurred during FY 2014-2015 during the exploratory phases have been segregated into a new fund in the event the TIF is adopted at a later time. The final determination as to whether or not to establish the TIF is expected in the early portion of FY 2015-2016.

OPEB Fund (030)

A special revenue fund established to address the funding parameters of Governmental Accounting Standards Board (GASB) pronouncement #45, which requires municipalities to disclose the net obligation of "Other Post-Employment Benefits" (OPEB).

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