

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

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

April 30, 2013

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

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April 30, 2013

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview Heights, Illinois as of and for the year ended April 30, 2013, 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, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3-19, 60-82 and 83 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, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



J.W. Boyle & Co., Ltd.

October 8, 2013

City of Fairview Heights
FY 2013 Audit – Management’s Discussion & Analysis

MAYOR
Gail Mitchell

CITY CLERK
Mark Kupsky

CITY TREASURER
Michele Isaacson

ALDERMAN

WARD I
Josh Frawley
Norman Miller

WARD II
Speed Allen
Roger Lowry

WARD III
Pat Baeske
Scott Greenwald

WARD IV
Linda Arnold
Carol Warner

WARD V
Sandy Baldwin
Bonnie Crossley

APPOINTED DIRECTORS

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

Stephen Rasmussen
Nicholas Gailius
Christopher Volkman
Amber Miller
Mike Malloy
Scott Borrer
Angie Beaston
Jill Pifer

City of Fairview Heights
FY 2013 Audit – Management’s Discussion & Analysis

This section of the City of Fairview Heights' annual financial report presents discussion and analysis from City management regarding the City’s financial performance during the fiscal year that ended on April 30, 2013 with selected comparative information.

FINANCIAL HIGHLIGHTS

- The “Statement of Activities” reports a change in net position of \$3.1 million, which represents a gain from operations. This result equates to an increase in net position of 6.4%, bringing the City’s net position total to \$66.6 million.
- A major revision to the City’s chart of accounts was fully implemented during the fiscal year, which enabled the City to separate reserved activities such as TIF’s from the General Fund. Non-major fund activities are now segregated on the balance sheet and the “Statement of Revenues, Expenditures, and Changes in Fund Balances” under the heading “Other Governmental Funds”.
- Additional funds were also added to the chart of accounts during Fiscal Year 2013 (FY 2013), which eliminated activity referred to as “Agency Funds” in previous audits. This action caused a restatement to the beginning net position of the City in the amount of \$847,705. Details can be found within Note 21 of the “Notes to the Financial Statements” section.
- During Fiscal Year 2013 (FY 2013) the Fund Balances for the City of Fairview Heights increased 40.0% to a total of \$13.5 million. The fund balance is a modified accrual accounting figure, meaning items such as accounts receivable and accounts payable are included. A majority of the fund balance is restricted and/or assigned for specific purposes. The total unassigned portion of the total fund balance equals \$3.1.
- Sales tax receipts account for approximately 63% of all governmental revenues. FY 2013 marked the first full year of collections since the Home Rule tax rate was increased from 0.5% to 1.0%. Total sales tax collections equaled \$14.9 million.
- The funded ratio of the City’s police pension fund decreased from 64.5% to 55.5%. The decrease occurred despite a nearly \$2 million improvement in the fund’s net position. This result was primarily due to a significant increase in the actuarial liability valuation. Detail on the police pension fund and the IMRF retirement plan can be found within the audit notes, the required supplementary information section of the audit, and the “Capital Asset and Debt Administration” section of this MD&A.
- The City of Fairview Heights is compliant with the GASB 34 reporting model, which requires accounting for depreciation of capital assets within governmental activities. Shown within the “Statement of Net Position”, the capital asset year-end balance decreased to a total of \$61.1 million (net of depreciation). The decrease is the result of additions to depreciation (\$1.8 million) exceeding additions to the capital asset inventory (\$1.3 million).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

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

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

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

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

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

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

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

City of Fairview Heights
FY 2013 Audit – Management’s Discussion & Analysis

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

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

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

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

City of Fairview Heights
 FY 2013 Audit – Management’s Discussion & Analysis

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The majority of the City of Fairview Heights' \$77.3 million in assets lies within the City's investment in fixed assets. \$61.1 million is comprised of infrastructure such as streets and sidewalks. Assets dominated by infrastructure are typical of local governments. Receivables for the City are primarily intergovernmental revenues due to the City from the State of Illinois. This is the result of a three month processing timeline for disbursement of sales tax to local governments. For example, sales tax reported by local businesses to the Department of Revenue during the month of February is received by the City in May. Thus, three months of sales taxes are due to the City at the end of each fiscal year. The State of Illinois remains on time with sales tax distributions to the City. However, the State has typically remained three months behind on income tax distributions.

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

City of Fairview Heights Net Position			
(in millions of dollars)			
	FY 2012	FY 2013	% Change
Assets			
Cash and Investments	\$ 5.03	\$ 9.36	86.1%
Receivables	5.60	5.26	-6.1%
Restricted Assets: Cash and Investments	1.23	1.48	20.3%
Fixed Assets, net of depreciation	61.70	61.18	-0.8%
Miscellaneous	0.07	0.06	-14.3%
Total Assets	73.63	77.34	5.0%
Liabilities			
Bonds Payable, current	1.09	1.13	3.7%
Other Current Liabilities	2.53	3.18	25.7%
Bonds Payable, non-current	6.00	4.87	-18.8%
Other Non-current Liabilities	1.42	1.56	9.9%
Total Liabilities	11.04	10.74	-2.7%
Net Position			
Net investment in capital assets	54.49	55.09	1.1%
Restricted net position	1.23	2.37	92.7%
Unrestricted net position	6.89	9.14	32.7%
Total Net Position	62.61	66.60	6.4%

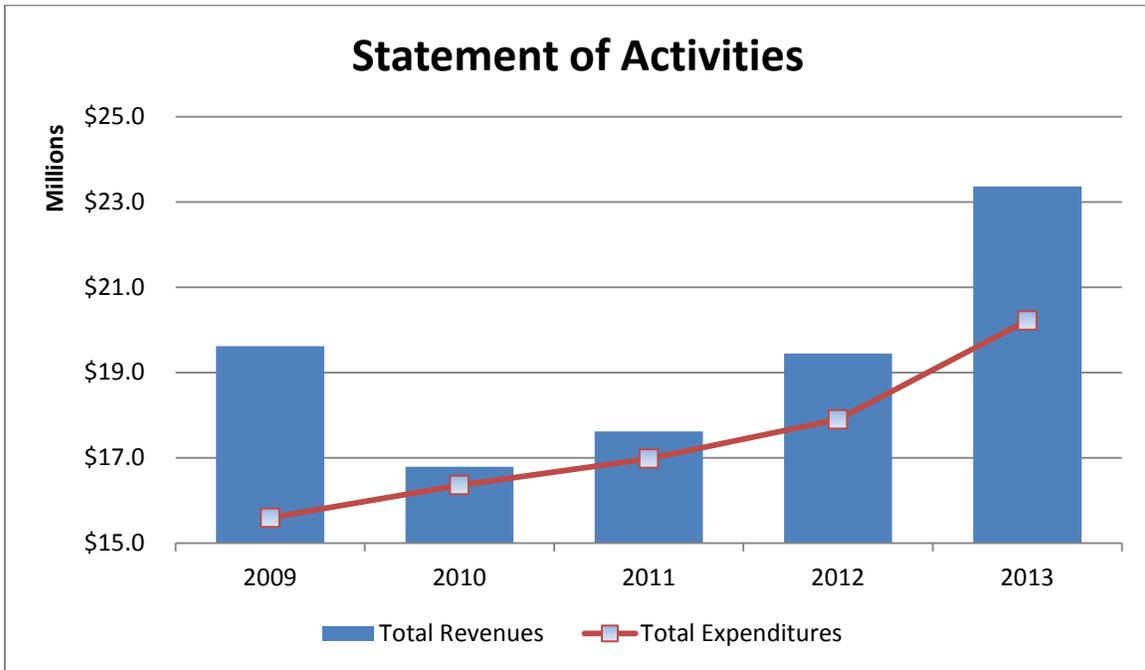
City of Fairview Heights
 FY 2013 Audit – Management’s Discussion & Analysis

The following table provides a comparison between the activities for FY 2013 and prior years under the GASB statement #34 model. Any surplus is utilized by the City of Fairview Heights to meet the City’s fiscal policy in relation to reserves for operations, maintenance, and capital projects.

Change in the City of Fairview Heights Activities (in millions of dollars)					
	Fiscal Year				
	2009	2010	2011	2012	2013
Revenues					
Program Revenues					
Charges for Services	\$ 0.66	\$ 0.95	\$ 0.99	\$ 1.20	\$ 1.42
Operating Grants and Contributions	0.13	0.12	0.13	0.24	0.48
Capital Grants and Contributions	2.87	-	0.26	-	-
General Revenues					
Taxes, General Purposes	15.70	15.63	16.06	17.95	21.13
Investment Earnings	0.11	0.01	0.01	0.01	0.02
Miscellaneous	0.14	0.08	0.16	0.04	0.32
Total Revenues	19.61	16.79	17.61	19.44	23.37
Expenditures					
General Government	3.74	4.20	4.62	4.62	3.85
Public Safety	5.02	5.53	5.62	6.00	7.63
Streets and Public Works	4.80	4.66	4.82	5.48	6.70
Culture and Recreation	1.62	1.59	1.58	1.53	1.81
Interest on long-term Debt	0.42	0.38	0.34	0.27	0.23
Total Expenditures	15.60	16.36	16.98	17.90	20.22
Change in Net Position	\$ 4.01	\$ 0.43	\$ 0.63	\$ 1.54	\$ 3.15

As seen in the statement of activities, operating revenues have exceeded operating expenses in each of the past five years. The \$3.1 million gain in operations was achieved despite an increase in total expenditures. Over the five year period, the 29.6% rate of growth for expenses (\$15.6 million to \$20.2 million) is outpacing the 19.1% growth rate of revenue (\$19.6 million to \$23.3 million). While this trend improved during FY 2013, it will need to be monitored closely due to the City’s reliance on the retail industry.

City of Fairview Heights
FY 2013 Audit – Management’s Discussion & Analysis



Budget Highlights

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

Changes to the City’s chart of accounts prior to the beginning of the fiscal year have led to several notable changes within the financial statements of the audit. In total, the City now has 15 funds which account for various governmental activities and special revenues. The inclusion of these funds, which were referred to as “Agency Funds” in previous audits, meant a restatement of the City’s net position was needed at the beginning of the year. The restatement is represented in the “Statement of Activities”. Detailed information can be found within note 21 of the “Notes to the Financial Statements”.

The inclusion of the agency funds has also affected the distribution of some governmental activities within the financial statements. For instance, in previous years activities related to the municipal library were noted within the General Fund on the “Statement of Revenues, Expenditures, and Changes in Fund Balances”. With the creation of the Library Fund, the activity has been moved out of the General Fund and into the “Other Governmental Funds” column of the statement. A similar effect can be seen on the Balance Sheet, and in relation to the “Tax Rebate Fund”. Detail on all non-major funds can be found within the “Additional Analysis” section of the audit.

City of Fairview Heights
 FY 2013 Audit – Management’s Discussion & Analysis

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

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

Each of the major funds realized an increase in fund balance during FY 2013. On a cash basis, this resulted in a total change of \$3,470,832 (as seen following Budget vs. Actual Summary below). The bulk of the total fund balance increase was within the Home Rule Tax Fund, which funds the City’s capital improvements plan (CIP). Due to various reasons, only \$1.4 million of the budgeted \$3.8 million was utilized during FY 2013. This resulted in an increase to that fund’s balance of \$2.2 million. Increases in receipts for the Home Rule Tax Fund were buoyed by the first full fiscal year of collections since the tax rate increase in January of 2012.

City of Fairview Heights
 FY 2013 Audit – Management’s Discussion & Analysis

Budget vs. Actual Summary				
Major Funds Only - Cash Basis				
Fiscal Year End 2013				
Revenues	Original Budget	Final Budget	Actual	Variance
General Fund	\$ 15,627,291	\$ 15,924,533	\$ 15,818,965	\$ 105,568
Home Rule Tax Fund	3,957,714	3,957,714	3,633,863	323,851
Motor Fuel Tax Fund	426,442	550,842	571,561	(20,719)
Hotel / Motel Tax Fund	551,100	571,100	656,024	(84,924)
Food & Beverage Tax Fund	1,053,692	1,053,692	1,103,872	(50,180)
Tax Rebates Fund	886,776	886,776	1,097,368	(210,592)
TIF #2 - Shoppes @ St. Clair	352,980	352,980	354,025	(1,045)
Total	22,855,995	23,297,637	23,235,678	61,959
Expenditures				
General Fund	15,762,925	16,827,717	15,029,551	1,798,166
Home Rule Tax Fund	4,055,528	3,844,528	1,474,968	2,369,560
Motor Fuel Tax Fund	481,500	481,500	365,432	116,068
Hotel / Motel Tax Fund	504,700	523,200	453,740	69,460
Food & Beverage Tax Fund	1,019,360	1,019,360	1,019,353	7
Tax Rebates Fund	910,745	910,745	1,068,006	(157,261)
TIF #2 - Shoppes @ St. Clair	383,200	383,200	353,796	29,404
Total	\$ 23,117,958	\$ 23,990,250	\$ 19,764,846	\$ 4,225,404
Net Change in Fund Balance *				
General Fund			\$ 789,414	
Home Rule Tax Fund			2,158,895	
Motor Fuel Tax Fund			206,129	
Hotel / Motel Tax Fund			202,284	
Food & Beverage Tax Fund			84,519	
Tax Rebates Fund			29,362	
TIF #2 - Shoppes @ St. Clair			229	
Total Change in Fund Balance			\$ 3,470,832	
* Does not include unrecorded assets & liabilities.				

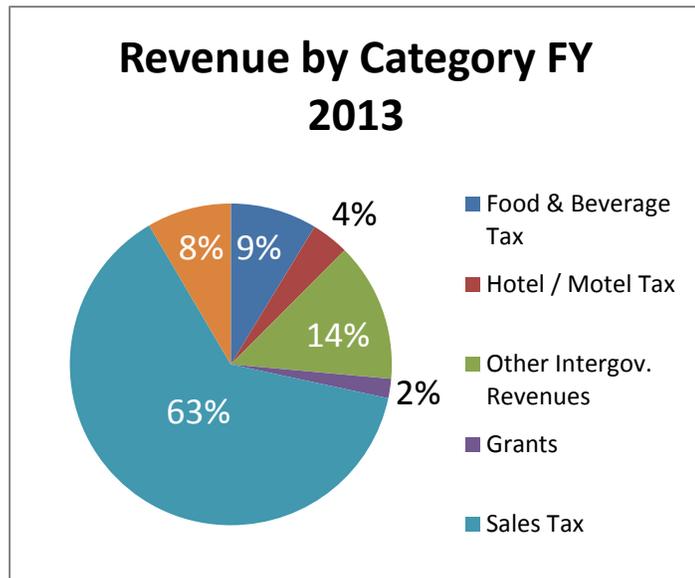
The total of all non-major funds, not shown in the above table, realized an increase in fund balance of \$115,032. This figure can be found in the “Statement of Revenues, Expenditures, and Changes in Fund Balances” statement under the column header “Other Governmental Funds”.

Governmental Activities – Revenues

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

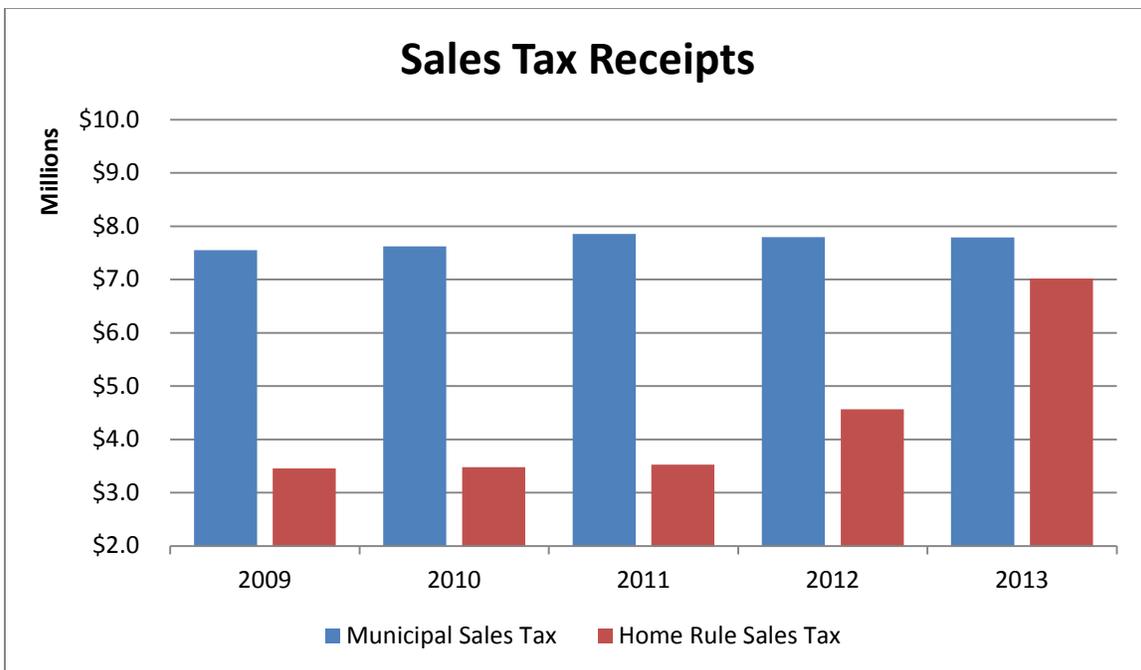
City of Fairview Heights
 FY 2013 Audit – Management’s Discussion & Analysis

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



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

The City’s sales tax collections are primarily comprised of two components: the 1% portion included in the state sales tax rate, and a 1% portion passed by the City known as a “Home-Rule” sales tax (rate increased 1/1/12). The 1% portion is utilized in the General Fund to support City operations. By City ordinance, 45% of the home-rule sales tax collections are to be used for capital expenditures, with the balance allocated to the General Fund.



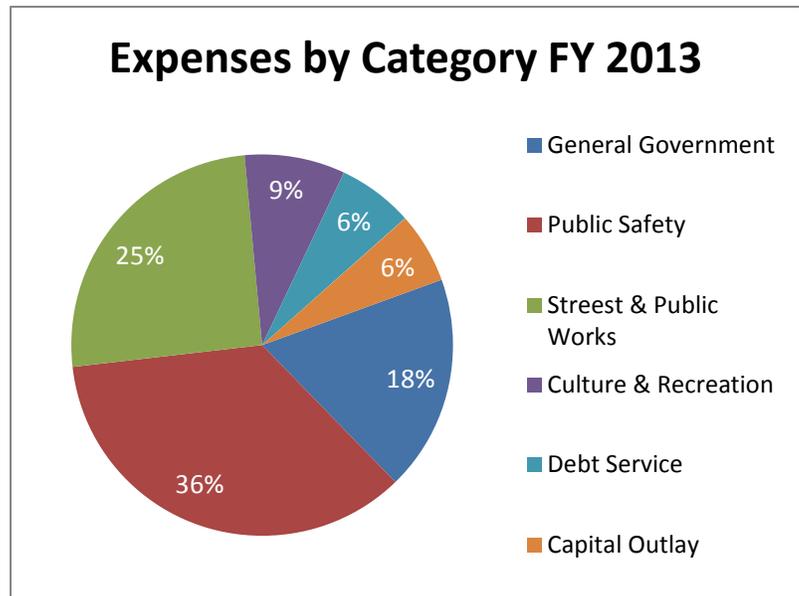
City of Fairview Heights
FY 2013 Audit – Management’s Discussion & Analysis

The City also receives a 0.5% sales tax within the “Shoppes of St. Clair” business district. Receipts from the business district tax are used for repayment of a bond within the district, and are not used to support City operations. The business district sales tax for FY 2013 was \$98,758 and is not included in the chart.

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

Governmental Activities – Expenditures

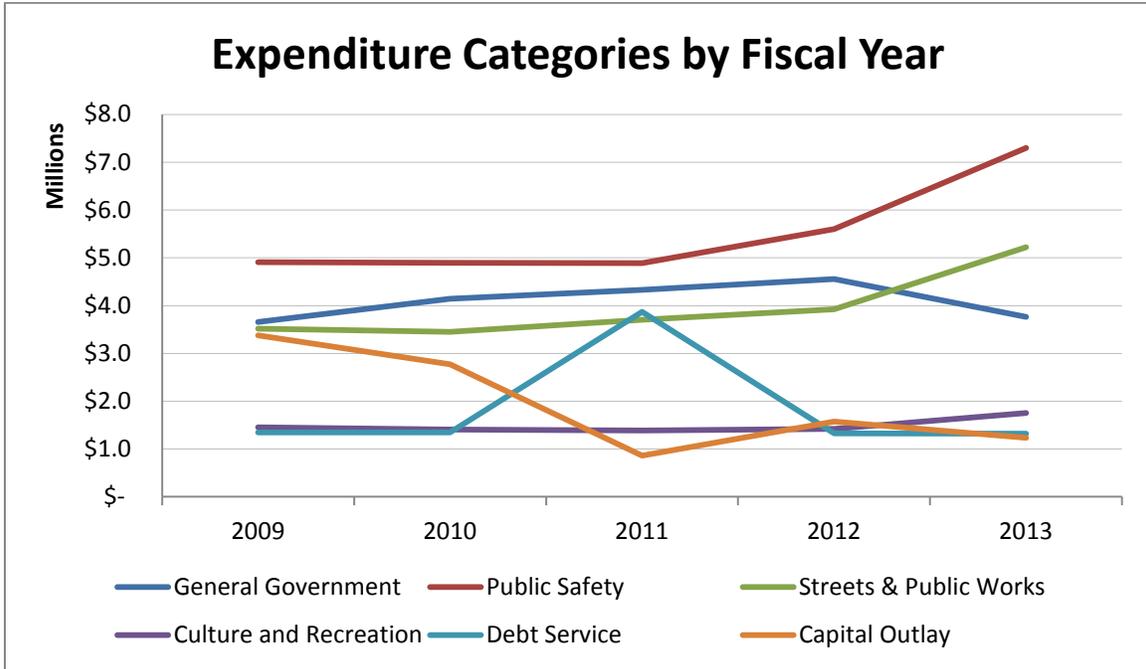
Expenditures of Governmental Activities are spread among a wide variety of functions. Among these are public safety functions of the police department and emergency services, the activities of public works department, culture and recreation (which includes parks, recreation, and the municipal library),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



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

City of Fairview Heights
 FY 2013 Audit – Management’s Discussion & Analysis

Trending information of the categories is as follows:



STATUS OF CITY RESERVES

The governmental funds reported a fund balance of \$13.5 million, an increase of 40.0%. The increase in fund balance was primarily the result of unexpended budget dollars in the Home Rule Fund, as some capital projects did not materialize as projected during the year. As noted in an earlier portion of the MD&A, the fund accounted for \$2.2 million of the total change in fund balance among the major funds. In addition, the restatement that resulted from the inclusion of agency funds increased the fund balances when compared to the previous year.

City of Fairview Heights Statement of Governmental Fund Balances				
	FY 2012	FY 2013	Percent Change	
Reserved Funds				
Rebate and Financing Agreements	\$ 1,078,656	\$ 1,380,456	28.0%	
Sewer Improvements	109,264	159,050	45.6%	
Infrastructure	644,633	832,527	29.1%	
Unreserved Funds				
Unassigned - General Funds	2,758,519	3,171,909	15.0%	
Assigned - Special Revenue	5,091,456	8,008,910	57.3%	
Totals	\$ 9,682,528	\$ 13,552,852	40.0%	

City of Fairview Heights
 FY 2013 Audit – Management’s Discussion & Analysis

The City Council adopted a “Fiscal and Budgetary Guidelines Policy” during FY 2012 that has a stated goal to have a 25% (three month) unreserved fund balance for operating expenditures within the General Fund. Cash reserves and contingencies are necessary in order to maintain current levels of service during challenging economic times or other unforeseen events. In the case of Fairview Heights it is especially important due to the City’s lack of a diversified revenue portfolio, and its reliance on sales tax generated from the retail environment. As of the end of the fiscal year, the ratio (when including receivables) is 21.8%. On a cash basis, the ratio is 13%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2013, the City had \$61.1 million (net of depreciation) invested in a range of capital assets that included land, machinery and equipment, building, and infrastructure. Infrastructure is valued based on the composite cost. The straight-line depreciation method is used, with a salvage value always being zero.

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

City of Fairview Heights Capital Assets (net of depreciation, in millions of dollars)				
	FY 2012	FY 2013	% Change	
Land	\$ 9.27	\$ 9.27	0.00%	
Construction in Progress	0.68	0.73	7.35%	
Buildings	8.37	8.04	-3.94%	
Other Improvements	0.91	0.82	-9.89%	
Machinery and Equipment	2.17	2.20	1.38%	
Infrastructure	40.31	40.11	-0.50%	
Totals	\$ 61.71	\$ 61.17	-0.88%	

Debt Administration

As a home rule unit of municipal government, the City of Fairview Heights is not subject to a general obligation legal debt limit. However, if it were, based on the statutory limit 8.625% of the City’s assessed valuation the City’s limit would be approximately \$34 million.

Currently, the City has \$6.0 million in general obligation bond debt. A 2005 general obligation bond of \$7.5 million was issued to consolidate two previous bonds and provide funds for construction of a new police department. The bond is supported by the “Food and Beverage Tax”, and is scheduled to be retired in 2019. A 2001 general obligation bond of \$4 million was originally issued to support the construction of a conference center. The bond is backed by the Hotel/Motel Tax received by the City. The bond is scheduled to be retired in 2021.

City of Fairview Heights
 FY 2013 Audit – Management’s Discussion & Analysis

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

City of Fairview Heights Liabilities			
(in millions of dollars)			
	FY 2012	FY 2013	% Change
General Obligation Bonds	\$ 7.10	\$ 6.00	-15.5%
Unearned Real Estate Tax Revenue	0.80	0.70	-12.5%
OPEB and Pension Obligations	1.30	1.50	15.4%
Compensated Absences	0.50	0.50	0.0%
Totals	\$ 9.70	\$ 8.70	-10.3%

Another long-term consideration pertains to the City’s pension obligations. Sworn personnel within the Police Department participate in the police pension fund defined benefit plan, and non-sworn employees participate in the Illinois Municipal Retirement Fund (IMRF). The Police Pension Board, by state statute, manages the investments of the police pension fund while the City acts as the fiduciary.

The funded ratio of the police pension fund decreased in FY 2013 despite nearly a \$2.0 million gain in the fund’s net position. This was due to a significant increase in the actuarial liability from \$27 million to \$33 million – a 22% increase. The increase was partially due to an actuarial change in the mortality rates utilized in the calculations. See the “Schedule of Funding Progress” within the “Required Supplemental Information” section of the audit for more information.

PENSION FUNDED RATIOS			
	Audit Date	Funded Ratio	City Contribution
IMRF	FY 2013	72.36%	\$ 520,073
	FY 2012	71.37%	436,524
	FY 2011	74.40%	374,249
	FY 2010	80.36%	333,970
	FY 2009	82.59%	314,210
POLICE PENSION	FY 2013	55.49%	\$ 1,332,200
	FY 2012	64.48%	1,311,035
	FY 2011	59.78%	741,047
	FY 2010	56.05%	766,419
	FY 2009	69.84%	745,154

In terms of the IMRF, it is important to note the plan is managed independently from the State of Illinois employee pension system. As such the IMRF is not affected by any potential State of Illinois pension reforms in the future. Additional information on both plans can be found within Note 13 of the audit and within the “Required Supplementary Information” section.

CURRENT EVENTS AND NEXT YEAR’S BUDGET

The City is heavily reliant on the retail industry, and serves as a major retail destination in the St. Louis and southwestern Illinois area. The economic conditions of the past few years have been challenging for the City. Retail activity within Fairview Heights is nearly identical to the level seen ten years ago. During these times the City has been able to maintain the same level of services to the residents and stakeholders of Fairview Heights by using cash reserves, deferring some capital expenditures, and implementing tax rate increases. The Fiscal Year 2013-2014 budget (FY 2014) was adopted at a total of \$27.5 million. The primary operating fund – The General Fund – was adopted as a balanced budget.

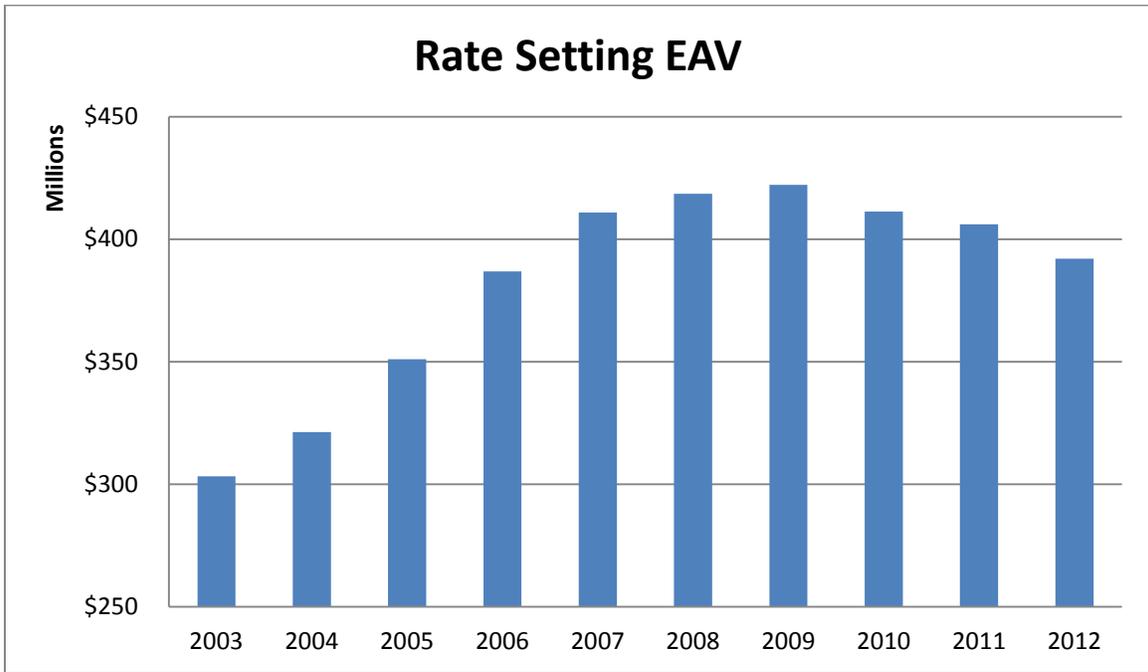
The City has adopted a multi-year Capital Improvements Plan (CIP) as part of the FY 2013-2014 budget process. The CIP includes a five year projection of all capital expenditures and accompanied by extensive narratives on project scope, funding sources, and justification. The current year of the CIP includes \$5.0 million in capital expenditures, which is a significant increase in the City’s commitment towards capital investment. The five year total of the CIP equals \$25.1 million in planned capital investments.

Steps have been taken in recent years by the City Council towards adopting an increased professional approach in local government management by adding key staff members to present and implement a strategic management approach. The first City Administrator was hired in 2006 to manage the day-to-day activity of the City. The first Finance Director was hired in January 2011. An Economic Development Director was hired in the fall of 2011 to work directly with the retail community to retain and expand the retail market within the City. The management team as a whole is responsible for implementing the policy and vision of the elected officials.

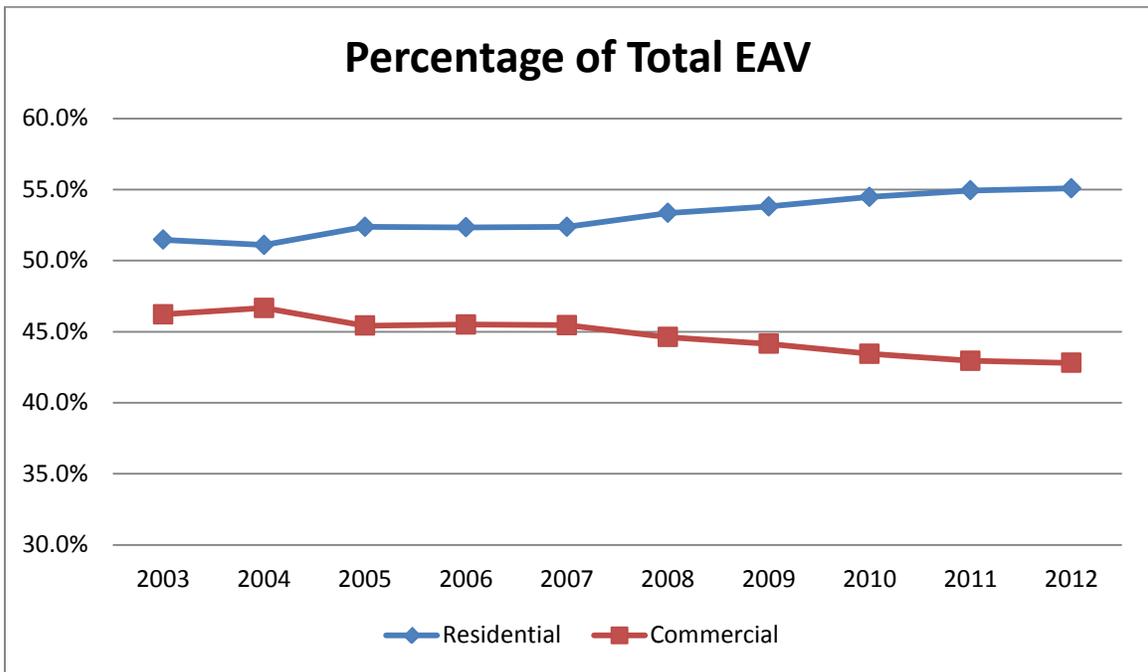
The City currently has several projects completed or underway that will contribute towards the aforementioned approach. The Comprehensive Plan for the City of Fairview Heights was adopted during FY 2013, thus providing a direction for elected officials and staff to pursue in the future. The City began introducing components of the comprehensive plan within the long-range CIP budget, and updated codes will be pursued as a result of the comprehensive plan. Some of the CIP projects planned for the next year include a streetscape project for the Lincoln Trail TIF District, a recreation center renovation, and multiple street projects and overlays. Early in the new fiscal year, as referenced in Note 20 as a subsequent event, the City entered into a new sales tax rebate agreement in relation to a major redevelopment project within the City’s main retail corridor.

As of June 2013, the City’s rate setting Equalized Assessed Value (EAV) decreased 3.5% to a total of \$392.1 million. This reflects the tax year 2012 data, the most recent data available from the St. Clair County Clerk’s office. The average growth rate of the EAV during the past 10 years has been 2.9%. While the City does not currently collect a property tax levy, the EAV remains an important metric to assess the economic health of the City as a whole. A detailed table of EAV data can be found in the statistical section of this audit.

City of Fairview Heights
 FY 2013 Audit – Management’s Discussion & Analysis



A related EAV trend of note is the growing difference in the percentage of the total EAV that resides with residential property owners versus the percentage that resides with commercial property. During the past ten years, the margin of difference has grown from 5% to 12%. While it is difficult to determine what the exact cause of the growing variance, this is an area the City should monitor closely and manage accordingly.



CONTACTING THE CITY’S FINANCIAL MANAGEMENT

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

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Statement of Net Position
April 30, 2013**

ASSETS

Current assets		
Cash and cash equivalents	\$ 9,053,752	
Certificates of deposit	310,660	
Receivables	5,256,957	
Restricted cash and cash equivalents	<u>1,482,001</u>	
Total current assets		\$ 16,103,370
Noncurrent assets		
Unamortized bond issuance costs	63,851	
Capital assets, net	<u>61,175,600</u>	
Total noncurrent assets		<u>61,239,451</u>
Total assets		77,342,821

LIABILITIES

Current liabilities		
Accounts payable	1,468,292	
Accrued payroll	334,964	
Accrued interest payable	66,583	
Compensated absences, current	517,813	
Unearned revenue	747,262	
Capital lease payable, current	44,853	
Bonds payable, current	<u>1,130,000</u>	
Total current liabilities		4,309,767
Noncurrent liabilities		
Compensated absences, non-current	30,163	
Capital lease payable, non-current	42,178	
Other postemployment benefit and pension obligation	1,370,361	
IMRF pension obligation	120,077	
Bonds payable, non-current	<u>4,870,000</u>	
Total noncurrent liabilities		<u>6,432,779</u>
Total liabilities		<u>10,742,546</u>

NET POSITION

Net investment in capital assets	55,088,569	
Restricted net position	2,372,033	
Unrestricted net position	<u>9,139,673</u>	
Total net position		<u>\$ 66,600,275</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Statement of Activities

April 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government					
Executive department	\$ 3,255,558	\$ 82,288	\$ -	\$ -	\$ (3,173,270)
Municipal complex	593,329	202,085	-	-	(391,244)
Public safety					
Police	7,608,883	808,242	215,408	-	(6,585,233)
Emergency services and disaster agency	23,483	-	3,554	-	(19,929)
Street and public works					
Engineering/streets	3,164,135	-	228,207	-	(2,935,928)
Public works maintenance	947,539	-	-	-	(947,539)
Land use and development	2,583,858	234,789	1,260	-	(2,347,809)
Culture and recreation					
Parks	941,378	68,072	300	-	(873,006)
Library	639,378	26,103	30,381	-	(582,894)
Tourism	229,173	-	-	-	(229,173)
Interest on long-term debt	<u>232,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(232,289)</u>
Total governmental activities	<u>\$ 20,219,003</u>	<u>\$ 1,421,579</u>	<u>\$ 479,110</u>	<u>\$ -</u>	(18,318,314)
General revenues					
Taxes					
					7,789,375
					7,016,697
					2,054,297
					887,163
					1,615,750
					274,040
					785,376
					199,180
					406,671
					98,758
					20,982
					315,721
					<u>21,464,010</u>
					3,145,696
					<u>63,454,579</u>
					<u>\$ 66,600,275</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Balance Sheet
Governmental Funds
April 30, 2013

	General	Home Rule	State Motor Fuel Tax	Hotel and Motel Tax		Food and Beverage	Tax Rebates	TIF #2 Shoppes of St. Clair	Other Governmental Funds	Total Governmental Funds
				Motel Tax	Tax					
ASSETS										
Cash and cash equivalents	\$ 1,888,923	\$ 4,076,682	\$ 856,974	\$ 679,948	\$ 1,110,903	\$ 35,436	\$ -	\$ -	\$ 404,886	\$ 9,053,752
Certificates of deposit	-	-	-	-	-	-	-	-	310,660	310,660
Receivables	2,533,524	1,632,353	29,369	113,552	192,649	38,169	311,871	-	405,470	5,256,957
Due from other funds	865,270	384	-	-	885,275	449,092	-	-	3,574	2,203,595
Restricted cash	102,595	103,170	-	-	-	2,738	229	-	1,273,269	1,482,001
Total assets	\$ 5,390,312	\$ 5,812,589	\$ 886,343	\$ 793,500	\$ 2,188,827	\$ 525,435	\$ 312,100	\$ 2,397,859	\$ 18,306,965	

LIABILITIES AND FUND BALANCES

Liabilities										
Accounts payable	\$ 425,233	\$ 511,247	\$ 53,816	\$ -	\$ -	\$ 449,092	\$ -	\$ -	\$ 28,904	\$ 1,468,292
Accrued payroll	322,329	-	-	-	-	-	-	-	12,635	334,964
Unearned revenue	29,921	-	-	-	-	-	311,871	-	405,470	747,262
Due to other funds	1,338,325	863,991	-	1,279	-	-	-	-	-	2,203,595
Total liabilities	2,115,808	1,375,238	53,816	1,279	-	449,092	311,871	447,009	474,009	4,754,113
Fund balances										
Restricted for:										
Rebate and financing agreements	102,595	103,170	-	-	-	76,343	229	-	1,098,119	1,380,456
Sewer improvements	-	-	-	-	-	-	-	-	159,050	159,050
Infrastructure	-	-	832,527	-	-	-	-	-	-	832,527
Assigned:										
Special revenue funds	-	4,334,181	-	792,221	2,188,827	-	-	-	693,681	8,008,910
Unassigned:										
General funds	3,171,909	-	-	792,221	-	-	-	-	-	3,171,909
Total fund balances	3,274,504	4,437,351	832,527	792,221	2,188,827	76,343	229	1,950,850	13,552,852	
Total liabilities and fund balances	\$ 5,390,312	\$ 5,812,589	\$ 886,343	\$ 793,500	\$ 2,188,827	\$ 525,435	\$ 312,100	\$ 2,397,859	\$ 18,306,965	

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, 2013**

Total fund balance - total governmental funds		\$ 13,552,852
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets of \$98,133,830 net of accumulated depreciation of \$36,958,229 are not financial resources and, therefore, are not reported in the funds.		\$ 61,175,600
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Deferred charge on debt issuance costs, net of accumulated amortization		63,851
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 assets. Balances at April 30, 2013, were:		
Compensated absences	(547,976)	
Accrued interest on bonds payable	(66,583)	
Capital lease payable	(87,031)	
Other post employment benefit and pension obligation	(1,370,361)	
IMRF pension obligation	(120,077)	
General obligation bonds payable	(6,000,000)	53,047,423
Net position of governmental activities		\$ 66,600,275

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, 2013

	General	Home Rule	State Motor Fuel Tax	Hotel and Motel Tax	Food and Beverage	Tax Rebates	TIF #2 Shoppes of St. Clair	Other Governmental Funds	Total Governmental Funds
Revenues									
Sales taxes	\$6,863,916	\$ -	\$ -	\$ -	\$ -	\$ 553,436	\$ -	\$ 372,023	\$ 7,789,375
Food and beverage taxes	1,022,778	-	-	-	1,031,519	-	-	-	2,054,297
Home rule taxes	3,124,067	3,403,158	-	-	-	489,472	-	-	7,016,697
Income taxes	1,830,339	-	-	-	-	-	-	-	1,830,339
Property taxes	42,501	-	-	-	-	-	321,633	421,242	785,376
Use taxes	274,040	-	-	-	-	-	-	-	274,040
Hotel and motel taxes	229,857	-	-	657,306	-	-	-	-	887,163
Utility/franchise taxes	199,180	-	-	-	-	-	-	-	199,180
Motor fuel taxes	-	-	406,671	-	-	-	-	-	406,671
Business district taxes	-	-	-	-	-	98,758	-	-	98,758
Licenses and permits	314,014	-	-	-	-	-	-	-	314,014
Grant	215,414	150,000	77,621	-	-	-	-	17,513	460,548
Fines and fees	626,246	-	-	-	-	-	-	187,723	813,969
Rental	218,910	-	-	-	-	-	-	-	218,910
Donations	5,694	-	-	-	-	-	-	12,868	18,562
Interest income	10,258	2,993	944	502	1,691	-	229	4,365	20,982
Miscellaneous	322,988	-	87,163	-	35	-	-	1,826	412,012
Total revenues	<u>15,300,202</u>	<u>3,556,151</u>	<u>572,399</u>	<u>657,808</u>	<u>1,033,245</u>	<u>1,141,666</u>	<u>321,862</u>	<u>1,017,560</u>	<u>23,600,893</u>
Expenditures									
Current									
General government									
Mayor's department	403,851	-	-	-	-	-	-	-	403,851
Clerk's department	1,442,009	45,411	-	-	-	-	-	-	1,487,420
Finance department	327,910	-	-	-	1,150	-	-	-	329,060
Administration department	1,041,981	-	-	-	-	-	-	-	1,041,981
Municipal complex	498,849	-	-	-	-	-	-	-	498,849
Public Safety									
Police	6,952,220	37,188	-	-	-	-	-	284,953	7,274,361
Emergency services and disaster agency	22,850	-	-	-	-	-	-	-	22,850
Streets and public works									
Engineering/streets	1,288,361	27,514	369,717	-	-	-	-	-	1,685,592
Public works maintenance	824,767	126,190	-	-	-	-	-	-	950,957
Land use and development	676,705	35,408	-	-	-	-	-	-	712,113
Sales tax rebates	-	-	-	-	-	1,167,802	-	-	1,167,802
Tax increment financing	-	-	-	-	-	-	353,796	350,147	703,943
Culture and recreation									
Parks	990,873	21,909	-	-	-	-	-	-	1,012,782
Library	70,013	-	-	-	-	-	-	517,629	587,642
Tourism	-	-	-	153,241	-	-	-	-	153,241
Debt service									
Principal	-	-	-	240,000	845,000	-	-	-	1,085,000
Interest	-	-	-	60,499	173,203	-	-	-	233,702
Capital outlay	38,550	1,180,713	14,788	-	-	-	-	-	1,234,051
Total expenditures	<u>14,578,939</u>	<u>1,474,333</u>	<u>384,505</u>	<u>453,740</u>	<u>1,019,353</u>	<u>1,167,802</u>	<u>353,796</u>	<u>1,152,729</u>	<u>20,585,197</u>
Excess (deficiency) of revenues over expenditures	721,263	2,081,818	187,894	204,068	13,892	(26,136)	(31,934)	(135,169)	3,015,696
Other financing sources (uses)									
Sale of capital assets	-	6,923	-	-	-	-	-	-	6,923
Transfers out	(1,100,521)	-	-	-	-	-	-	(11,709)	(1,112,230)
Transfers in	749,258	-	-	-	-	68,899	32,163	261,910	1,112,230
Total other financing sources (uses)	<u>(351,263)</u>	<u>6,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,899</u>	<u>32,163</u>	<u>250,201</u>	<u>6,923</u>
Net change in fund balances	370,000	2,088,741	187,894	204,068	13,892	42,763	229	115,032	3,022,819
Fund balances, beginning of year (restated)	<u>2,904,504</u>	<u>2,348,610</u>	<u>644,633</u>	<u>588,153</u>	<u>2,174,935</u>	<u>33,580</u>	<u>-</u>	<u>1,835,818</u>	<u>10,530,233</u>
Fund balances, end of year	<u>\$3,274,504</u>	<u>\$4,437,351</u>	<u>\$ 832,527</u>	<u>\$792,221</u>	<u>\$2,188,827</u>	<u>\$ 76,343</u>	<u>\$ 229</u>	<u>\$ 1,950,850</u>	<u>\$13,552,852</u>

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, 2013**

Net change in fund balances - total governmental funds \$ 3,022,619

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 depreciation of \$1,800,191 exceeded capital assets of \$1,285,774 in the current period. \$ (514,417)

In the statement of activities, the remaining basis of assets disposed of are reported, whereas in governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the cost of the assets disposed of \$182,406 net of related accumulated depreciation of \$170,703. (11,703)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase in income tax (214,589)

Increase in rental income (16,825)

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. 43,401

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Payment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds. 1,075,264

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in compensated absences of \$66,758, the net decrease in accrued interest of \$11,149, the net increase in IMRF pension obligation of \$2,514, and the net increase in other postemployment benefit and pension obligation of \$179,931. (238,054) 123,077

Change in net position of governmental activities \$ 3,145,696

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Statement of Fiduciary Net Position - Fiduciary Funds
April 30, 2013

	<u>Pension Trust Fund</u>
ASSETS	
Pooled cash and cash equivalents	\$ 1,033,579
Total cash	1,033,579
Interest and dividends receivable	54,913
Investments, at fair value	
Common stock	8,799,213
Mutual funds	1,943,505
Government securities/fixed income	<u>8,575,641</u>
Total investments	<u>19,318,359</u>
Total assets	<u>20,406,851</u>
LIABILITIES	
Total liabilities	<u>-</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 20,406,851</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, 2013**

	<u>Pension Trust Fund</u>
Additions	
Contributions	
Employer	\$ 1,332,200
Plan members	310,573
Buy back of creditable service	<u>291,784</u>
Total contributions	1,934,557
Investment income	
Net appreciation in fair value of investments	940,187
Realized gain on sale of investments	387,497
Interest	130,469
Dividends	<u>147,680</u>
	1,605,833
Less: investment expense	<u>(92,847)</u>
Total investment income	<u>1,512,986</u>
Total additions	3,447,543
Deductions	
Retirement benefits	1,248,295
Disability	192,182
Administrative expenses	<u>31,925</u>
Total deductions	<u>1,472,402</u>
Change in net position	1,975,141
Beginning of year	<u>18,431,710</u>
End of year	<u>\$ 20,406,851</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Notes to Financial Statements April 30, 2013

1. Summary of significant accounting policies

A. General statement

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

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

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

B. Financial reporting entity

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

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

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

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

C. Government-wide and fund financial statements

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

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

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

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

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

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

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

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

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

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 designated to finance particular functions or activities of the City. A major fund is any fund that 10 percent of the funds assets, liabilities, revenues or expenditures exceed the total assets, liabilities, revenues or expenditures of the City or a fund that is particularly important to the financial statements. 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.
State motor fuel tax fund	A fund established to account for state motor fuel tax revenues and expenditures as legally restricted for motor fuel tax purposes.
Hotel and motel tax fund	A fund established by city ordinance to account for hotel and motel tax revenues and expenditures as legally restricted.
Food and beverage fund	A fund established by city ordinance to account for food and beverage tax revenues and expenditures as legally restricted.
Tax rebate fund	A fund established by the city to account for activities related to all tax rebate financing agreements.
TIF #2 Shoppes of St. Clair	A fund established by the city to account for activities related to the Shoppes at St. Clair's tax increment financing district.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

E. 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 issued. 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 department 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 within any funds; however, any amendments that alter the total expenditures of any fund must be approved by the City Council.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

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.

F. Cash and cash equivalents

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

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

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

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

G. Capital assets, depreciation, and amortization

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

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

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

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, deferred debt expense, and bond discounts/premiums

In the government-wide financial statements outstanding debt is reported as liabilities. Bond issuance costs, bond discounts and premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized 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.

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".

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

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 assets and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund financial statements

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

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

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.

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.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

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. Unearned revenue

The City reports unearned revenue on its governmental funds balance sheet. Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

2. Cash, certificates of deposit, and investments

As of April 30, 2013, the City had the following certificates of deposit:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
Community First Bank - Certificate of Deposit	4/21/2014	\$ 50,695
Community First Bank - Certificate of Deposit	4/21/2014	55,617
Regions Bank - Certificate of Deposit	7/4/2013	102,605
Centrue Bank - Certificate of Deposit	8/19/2013	101,743
Total		<u>\$ 310,660</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**

2. Cash, certificates of deposit, and investments

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

At April 30, 2013, the book balance of the City's cash and investments was \$10,784,414 and the bank balance was \$10,996,445. Of the bank balance, \$1,084,113 was covered by federal depository insurance and \$9,912,332 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.

	<u>Carrying Amount</u>	<u>Bank Value</u>
Cash on hand	\$ 546	\$ 546
Pooled cash and cash equivalents	10,473,754	10,685,785
Certificates of deposit	<u>310,660</u>	<u>310,660</u>
Sub-total - deposits with banks	10,784,414	10,996,445
External investment pool:		
The Illinois Funds - Money Market Fund	<u>61,453</u>	<u>61,453</u>
	<u>\$ 10,846,413</u>	<u>\$ 11,058,444</u>

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

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

Investment policies

City policy

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City Treasurer. Investing is performed in accordance with investment policies adopted by the City (1) direct obligations of the United States government, its agencies or instrumentalities to the payment

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

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

of which the full faith and credit of the government of the United States is pledged or obligations to the payment of which the full faith and credit of the State is pledged; (2) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, savings and loan associations and credit unions located in the City when secured by appropriate collateral; (3) with certain limitations; negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations; (4) public treasurers' investment pool administered by the Illinois State Treasurer; and (5) other available bank investments, pass books, and savings accounts provided securities are pledged to secure those funds.

The Illinois Funds is an external investment pool administered by the Illinois State Treasurer. U.S. Bank, N.A. serves as custodian for The Illinois Funds. The fair value of the City's investment in The Illinois Funds is the same as the value of the pool shares. Although not subject to direct regulatory 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%	45%
Fixed income (greater than one year)	43%	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:

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

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

<u>Description</u>	<u>Value</u>	<u>Cost</u>
Domestic common stocks	\$ 8,799,213	\$ 6,983,305
U.S. Treasury notes	4,462,987	4,458,445
FHLMC	616,840	612,822
FNMA	590,279	589,841
Corporate bonds	2,757,532	2,727,478
Municipal bonds	148,003	147,381
Mutual funds	1,943,505	1,968,695
	<u>\$ 19,318,359</u>	<u>\$ 17,487,967</u>

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

The City was in compliance with all investment policies at April 30, 2013.

3. Property taxes receivable

The City has not levied any property taxes in the current or prior years. The City receives from the townships, one-half of the township road tax produced by the property within the limits of the municipality. Within one year of receipt of the money, the amount must either be budgeted or returned. These governments levy taxes annually prior to December 31 of each year. Property taxes are attached as an enforceable lien on property as of January 1st. Property taxes are mailed in the year following the assessment year. 2011 property taxes were payable in two installments; July 18, 2012 and September 5, 2012. 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 2011 and prior tax levies.

4. Capital assets

Changes in capital assets

The following provides a summary of changes in capital assets:

	<u>Balance at May 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at April 30, 2013</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,270,628	\$ -	\$ -	\$ 9,270,628
Construction in progress	677,395	130,221	(81,105)	726,511
Total capital assets not being depreciated (carried forward)	\$ 9,948,023	\$ 130,221	\$ (81,105)	\$ 9,997,139

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

4. Capital assets (continued)

	Balance at May 1, 2012	Additions	Retirements	Balance at April 30, 2013
Total capital assets not being depreciated (brought forward)	\$ 9,948,023	\$ 130,221	\$ (81,105)	\$ 9,997,139
Other capital assets				
Buildings	13,568,217	-	-	13,568,217
Other improvements	2,882,552	-	-	2,882,552
Machinery and equipment	9,904,117	435,753	(283,251)	10,056,619
Infrastructure	<u>60,828,398</u>	<u>800,905</u>	<u>-</u>	<u>61,629,303</u>
Total other capital assets at historical costs	87,183,284	1,236,658	(283,251)	88,136,691
Less accumulated depreciation for				
Buildings	5,201,677	323,617	-	5,525,294
Other improvements	1,976,397	83,256	-	2,059,653
Machinery and equipment	7,737,319	388,520	(271,548)	7,854,291
Infrastructure	<u>20,514,194</u>	<u>1,004,798</u>	<u>-</u>	<u>21,518,992</u>
Total accumulated depreciation	<u>35,429,587</u>	<u>1,800,191</u>	<u>(271,548)</u>	<u>36,958,230</u>
Other capital assets, net	<u>51,753,697</u>	<u>(563,533)</u>	<u>(11,703)</u>	<u>51,178,461</u>
Governmental activities capital assets, net	<u>\$ 61,701,720</u>	<u>\$ (433,312)</u>	<u>\$ (92,808)</u>	<u>\$ 61,175,600</u>

For the year ended April 30, 2013, the City received donated streets of \$-0-.

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

Primary government	
Governmental activities	
General government	
Executive	\$ 34,133
Municipal complex	78,817
Police safety	
Police	253,868
EDSA	633
Street and public works	
Engineering/streets	1,210,691
Public works maintenance	14,831
Land use and development	-
Culture and recreation	
Parks	79,550
Library	51,736
Tourism	75,932
Total depreciation for governmental activities	<u>\$ 1,800,191</u>

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

5. Long-term debt

Long-term debt supporting governmental activities

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

Changes in long-term debt

The following is a summary of changes in long-term debt for the year ended April 30, 2013:

Description and Purpose	Balance May 1, 2012	Issued	Retired	Balance April 30, 2013	Due Within One Year
Governmental activities					
Compensated absences	\$ 481,218	\$ 565,165	\$ 498,407	\$ 547,976	\$ 517,813
General obligation bonds	<u>7,085,000</u>	<u>-</u>	<u>1,085,000</u>	<u>6,000,000</u>	<u>1,130,000</u>
Total	<u>\$ 7,566,218</u>	<u>\$ 565,165</u>	<u>\$ 1,583,407</u>	<u>\$ 6,547,976</u>	<u>\$ 1,647,813</u>

The City has general obligation debt service requirements at April 30, 2013, on bond issues as follows:

1. A general obligation bond issue of \$7,455,000 dated September 15, 2005, 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 rates varying from 2.75 percent to 4.00 percent per annum with an average interest rate of 3.62 percent. The proceeds from this issue were used to advance refund \$1,890,000 of General Obligation Bonds Series 1999 dated October 1, 1999, with an average rate of 5.3 percent and \$5,355,000 of General Obligation Bonds Series 2000 dated November 1, 2000, with an average interest rate of 5.33 percent.
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.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

5. Long-term debt (continued)

A deferred amount on refunding of \$115,697 is included in the government-wide financial statements. This amount is being amortized over the life of the bonds. An amount of \$9,736 was added to interest expense in the government-wide statements leaving a balance of \$63,851 at April 30, 2013.

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, 2013:

Payable During the Year Ended	General Obligation Bond Series DTD 9/15/05		
	Total	Principal	Interest
April 30, 2014	\$ 1,029,050	\$ 885,000	\$ 144,050
April 30, 2015	1,022,632	910,000	112,632
April 30, 2016	1,026,233	950,000	76,233
April 30, 2017	646,558	605,000	41,558
April 30, 2018	258,870	240,000	18,870
April 30, 2019	259,750	250,000	9,750
	<u>\$ 4,243,093</u>	<u>\$ 3,840,000</u>	<u>\$ 403,093</u>

Payable During the Year Ended	General Obligation Bond Series DTD 1/1/11		
	Total	Principal	Interest
April 30, 2014	\$ 300,699	\$ 245,000	\$ 55,699
April 30, 2015	305,799	255,000	50,799
April 30, 2016	305,444	260,000	45,444
April 30, 2017	304,984	265,000	39,984
April 30, 2018	309,419	275,000	34,419
April 30, 2019	306,167	280,000	26,167
April 30, 2020	302,769	285,000	17,769
April 30, 2021	304,219	295,000	9,219
	<u>\$ 2,439,500</u>	<u>\$ 2,160,000</u>	<u>\$ 279,500</u>

Payable During the Year Ended	Total All Bonds		
	Total	Principal	Interest
April 30, 2014	\$ 1,329,749	\$ 1,130,000	\$ 199,749
April 30, 2015	1,328,431	1,165,000	163,431
April 30, 2016	1,331,677	1,210,000	121,677
April 30, 2017	951,542	870,000	81,542
April 30, 2018	568,289	515,000	53,289
April 30, 2019	565,917	530,000	35,917
April 30, 2020	302,769	285,000	17,769
April 30, 2021	304,219	295,000	9,219
	<u>\$ 6,682,593</u>	<u>\$ 6,000,000</u>	<u>\$ 682,593</u>

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

6. Interfund receivables, payables and transfers

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

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

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
Governmental activities/major governmental funds	Governmental activities/major governmental funds	
General fund	Home rule fund	\$ 384
Hotel and motel fund	General fund	1,279
General fund	Food & beverage fund	885,275
Home rule fund	General fund	863,991
General fund	TIF #1 Bunkum Road	3,574
General fund	Sales tax rebate fund	<u>449,092</u>
		<u>\$ 2,203,595</u>

The following is a summary of transfers during the year ended April 30, 2013:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
Library fund	General fund	\$ 11,709
General fund	General fund/Capital reserve fund	392,549
General fund	General fund/Police pension fund	345,000
General fund	TIF #1 Bunkum Road	18,396
General fund	TIF #2 Shoppes of St. Clair	32,163
General fund	TIF #3 Lincoln Trail	119,314
General fund	Library	124,200
General fund	Sales tax rebate fund	<u>68,899</u>
		<u>\$ 1,112,230</u>

The library fund transfer was used to reimburse the general fund for the payment of library expenditures.

The general fund transfer to the capital reserve fund was used to set up the newly created capital reserve fund.

The general fund transfer to the police pension fund was used to transfer sales tax revenue to the police pension fund.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

6. Interfund receivables, payables and transfers (continued)

The general fund transfer to TIF #1 Bunkum Road was used to pay the developer the additional 10% add on for non-corporate taxes.

The general fund transfer to TIF #2 Shoppes of St. Clair was used to pay the developer the additional 10% add on for non-corporate taxes.

The general fund transfer to TIF #3 Lincoln Trail was used to reimburse TIF #3 Lincoln Trail the additional 10% contribution for the current year and all prior years.

The general fund transfer to the library fund was used to transfer sales tax revenue to the library fund.

The general fund transfer to the sales tax rebate fund was used to transfer sales tax revenue to the sales tax rebate fund.

7. Sales tax rebates

Pursuant to Ordinance Number 1037-2001, and as subsequently amended, approving the Lincoln Place Phase II Businesses District Plan, the City authorized a sales tax rebate program with the developer (The Koman Group). The agreement calls for the City to pay the developer 80 percent of the sales tax collected from stores located in the development. The City pursuant to Ordinance 1079-2002 provided for the issuance of a developer note in the amount of \$5,045,000 plus interest 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 \$447,850. 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, 2013, the amount of cash restricted for current and future payments under this agreement was \$122,035. 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 1273-05 authorizing a sales tax rebate program with PK Fairview, LLC requiring a payment equal to 75 percent of the incremental sales tax revenue arising from sales by retailers in the development, the City is responsible for reimbursing up to \$1,500,000 in costs and had received documentation of \$1,041,654. The agreement began on November 15, 2005 and continues thereafter for a maximum period of 10 years. The City made payments under this agreement of \$43,111 in 2013. 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, 2013, the amount of cash restricted for current and future payment under this agreement was \$2,738. 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.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

7. Sales tax rebates (continued)

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 at 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 serviceman 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 pledged by TIF revenues and limited incremental sales tax revenues. The City made payments under this agreement of \$509,964 in 2013. 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, 2013, the amount of cash restricted for current and future payment under this agreement was \$83,730. The balance owed is not presented in the accompanying financial statements because they are considered to be commitments and will not be a liability unless certain events occur in the future.

8. Tax increment financing districts

Pursuant to Ordinances 1168-03, 1169-03, 1170-03 and 1186-04 and as subsequently amended approving the Redevelopment Plan of Tax Increment Financing District #1 authorizing reimbursement of development costs under the "TIF Act" with the developer (Freeburg Commercial Ventures L.L.C.). The agreement calls for the City to pay the developer TIF revenues which represent the amount attributable to the increase in the current equalized assessed valuation. The TIF note cannot exceed a maximum of \$1,000,000 of approved development costs and will extend for 23 years from issuance. The City made payments under this agreement of \$184,932 in 2013. Cash representing the amount of taxes due under terms of this agreement has been set aside and restrictions have been placed on the accounts. At April 30, 2013, the amount of cash restricted for current and future payments under this agreement was \$7,425.

Pursuant to Ordinance 1259-2005 approving the redevelopment plan authorizing reimbursement of development costs under the "TIF Act" with the developer (Shoppes at 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 \$353,796 in 2013. 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, 2013, the amount of cash restricted for current and future payments under this agreement was \$229. 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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

8. Tax increment financing districts (continued)

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 \$67,080 by April 30, 2013.

Pursuant to Ordinances 1379-07, 1380-07, and 1381-07 approving the Tax Increment Redevelopment Plan and Project for the Lincoln Trail Redevelopment Project Area authorizing reimbursement of development costs under the "TIF Act" with the developers. The agreement calls for the City to pay the developers TIF revenues which represent the amount attributable to the increase in the current equalized assessed valuation. The City signed an Intergovernmental Cooperation Agreement with some of the taxing districts located within the TIF area. The taxing districts desire to undertake capital improvements that qualify as redevelopment project costs and have said costs paid, in whole or in part, from funds from the TIF area. The City made payments under this agreement of \$161,730. 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, 2013, the amount of cash restricted for current and future payments under this agreement was \$1,106,794.

9. Lease revenue

The City has a lease agreement with the Illinois State Police for the rental of part of its municipal complex to be used for the Forensic Science Laboratory. This is a lease for five years and rent under this agreement will be paid in monthly increments of \$13,027. The lease provides annual increases of two percent.

The City has a lease agreement with Crown Castle International Corp. for rental of a parcel of property on which an antenna and equipment base is stationed. The terms of the agreement are based on 5 year increments. After each 5 year period, the next term will be automatically renewed for 5 years unless canceled by either party. Rent under this agreement will be paid in annual installments of \$10,000 and increase at each renewal date as set forth in the contract. This contract was amended to provide additional space at a total cost of \$4,800 for the initial term and to provide for a sublease to provide \$400 per month to the City. The lease provides annual increases.

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

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

9. Lease revenue (continued)

The City has a lease agreement with Clear Wireless L.L.C. 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 \$500 and increase annually as set forth in the contract.

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

5/1/13 - 4/30/14	\$ 211,458
5/1/14 - 4/30/15	118,543
5/1/15 - 4/30/16	43,549
5/1/16 - 4/30/17	41,298
5/1/17 - 4/30/18	41,298

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

10. Operating leases

The City has entered into a number of operating leases which contain cancellation provisions and are subject to annual appropriations. For the year ended April 30, 2013, rentals approximated \$89,188 for such leases. These leases primarily support governmental activities.

Minimum rentals on leases for future years are as follows:

5/1/13 - 4/30/14	\$ 41,321
5/1/14 - 4/30/15	31,665

11. Capital leases

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

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

The 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.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

11. Capital leases (continued)

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

Minimum lease payments for future years are as follows:

	Total	Principal	Interest
5/1/13 - 4/30/14	\$ 47,587	\$ 44,853	\$ 2,734
5/1/14 - 4/30/15	19,051	17,524	1,527
5/1/15 - 4/30/16	13,344	12,423	921
5/1/16 - 4/30/17	12,546	12,231	315

12. Restricted assets

The City, pursuant to ordinances establishing sales tax rebate agreements and tax increment financing agreements, was required to establish bank accounts to be used to hold the income generated by these agreements between payment dates. The balance of \$1,322,951 represents amounts due and payable either currently or in the future based on the terms of these agreements. The funds are not available for use by the City until the rebates have been paid in full or the time period for payments has elapsed.

The City restricted a portion of the real estate tax collected under the Bunkum Road tax increment financing agreement for future sewer projects. At April 30, 2013, an amount of \$159,050, was restricted to pay for the future sewer projects.

13. Retirement plans

Illinois Municipal Retirement Fund defined benefit pension plan

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

Funding Policy - As set by statute, the City's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2012 was 12.81 percent of annual

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

13. Retirement plans (continued)

covered payroll. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost - For fiscal year ending April 30, 2013, the City's actual contributions for pension cost for the Regular plan members were \$520,073.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/2013	\$ 522,857	100 %	\$ 120,077
4/30/2012	465,655	94	117,563
4/30/2011	436,231	86	86,580

The following table shows the components of the City's annual pension cost for the year ended April 30, 2013, the actual amount contributed to the Plan, and changes in the City's net pension obligation to the Plan.

Annual required contribution	\$ 520,073
Interest on net pension obligation	8,817
Adjustment to annual required	<u>(6,303)</u>
Annual pension cost	522,587
Contributions made	<u>520,073</u>
Increase in net pension obligation	2,514
Net pension obligation, May 1, 2012	<u>117,563</u>
Net pension obligation, April 30, 2013	<u>\$ 120,077</u>

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3 percent annually. The actuarial value of the City's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on open 30 year basis.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

13. Retirement plans (continued)

Funded status and funding progress - As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 72.36 percent funded. The actuarial accrued liability for benefits was \$11,968,236 and the actuarial value of assets was \$8,660,764, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,307,472. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$4,016,472 and the ratio of UAAL to the covered payroll was 82 percent.

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

Police pension fund defined benefit pension plan

Plan description

Police sworn personnel are covered by the police pension fund which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the police pension fund for the year ended April 30, 2012, was \$2,885,055 out of a total payroll of \$7,145,326. At April 30, 2012, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits	25
Terminated employees entitled to benefits but not yet receiving them	6
Current employees	
Vested	31
Nonvested	12
Total	<u>74</u>

The following is a summary of the police pension fund as provided for in the Illinois Compiled Statutes:

The police pension fund provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50 percent of such salary for each additional year of service over 20 years up to 30 years, and 1 percent of such salary for each additional year of service over 30 years, to a maximum of 75 percent of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

13. Retirement plans (continued)

Covered employees are required by ILCS to contribute 9.91 percent of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past service cost for the police pension fund.

Summary of significant accounting policies and plan asset matters

Basis of accounting

The pension trust fund financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method used to value investments

Securities are carried at fair market value. Investment income is recognized on an accrual basis. Gains and losses on sales and exchanges are recognized on the transaction date. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Securities not listed on an established market are reported at estimated fair values based on underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value.

Significant investments

The following are investments (other than U.S. government and U.S. government-guaranteed obligations) in any one organization that represent 5 percent or more of net assets available for benefits at April 30, 2013:

	<u>Cost</u>	<u>Market</u>
Europacific Growth fund	<u>\$ 1,968,695</u>	<u>\$ 1,943,505</u>

Related party transactions

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

Funding status and progress

Employer annual pension costs (APC), actual contributions and the net pension obligation (NPO) are as follows:

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

13. Retirement plans (continued)

Actuarial Valuation Date May 1, 2012

Actuarial Information:

- | | |
|-------------------------------|--|
| 1. Funding method used | Entry age normal cost |
| 2. Actuarial value of assets | 5 year smoothed market |
| 3. Investment rate of return | 6.50 percent per year |
| 4. Projected salary increases | TCG basic salary table graded increases
from 1.12% to 4.86% varying by age, plus
the inflation rate |
| 5. Inflation rate | 2.00 percent |
| 6. Payroll growth | 3.50 percent per year |
| 7. Cost of living increases | 3.00 percent per year |
| 8. Mortality rate assumption | RP-2000 Combined Healthy Mortality
Table (male) with blue collar adjustment
and with a 200% load for participants
under age 50 and 125% for participants
age 50 and over |

The attained age at time of disability or retirement, sex, annual salary or pension, and completed years of service of each individual participant as of the date of the valuation balance sheet is used in calculating the liabilities of the fund.

Actuarially determined contribution requirements and contribution made

The Systems' funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City's employee groups as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal cost is determined using the entry age normal cost actuarial funding method. The System used a level dollar amount method to amortize the unfunded liability over a 40 year period.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the net pension obligation as described in the funding status and progress.

Trend Information

<u>Actuarial Valuation Date</u>	<u>Actual Contributions</u>	<u>Annual Required Contribution</u>	<u>Percentage of ARC Contribution</u>	<u>Net Pension Obligation</u>
4/30/2013	\$ 1,332,200	\$ 1,214,599	109.68 %	\$ 248,709
4/30/2012	1,311,035	1,301,254	100.75	366,058
4/30/2011	741,047	1,009,702	73.39	374,761

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

13. Retirement plans (continued)

The following table shows the components of the City's annual pension cost for the year ended April 30, 2013, the actual amount contributed to the Plan, and changes in the City's net pension obligation to the Plan.

Annual required contribution	\$ 1,214,599
Interest on net pension obligation	23,794
Adjustment to annual required contribution	<u>(23,542)</u>
Annual pension cost	1,214,851
Contributions made	<u>(1,332,200)</u>
Decrease in net pension obligation	(117,349)
Net pension obligation, May 1, 2012	<u>366,058</u>
Net pension obligation, April 30, 2013	<u>\$ 248,709</u>

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year trend information may be found in Required Supplementary Information. For the three years 2010, 2011 and 2012 available assets were sufficient to fund 59.78 percent, 64.48 percent and 55.49 percent, respectively, of the unfunded actuarial accrued liability. Unfunded actuarial accrued liability represents, 392.18 percent, 336.65 percent and 511.03 percent of the annual payroll for the participating members covered by the police pension fund for 2010, 2011 and 2012, respectively.

Showing unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three years ended 2010, 2011 and 2012 the City's contribution to the police pension fund, all made in accordance with actuarially determined requirements, were 27.83 percent, 25.92 percent and 45.44 percent, respectively, of annual covered payroll.

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides an indication of funding status on a going-concern basis. Analysis of the percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employees Retirement System (PERS). Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation.

Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

14. Other postemployment benefit plan

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

Funding policy - The Plan makes available to all employees who retire and their dependents the option to continue healthcare coverage under the City's group health program by contributing the monthly premium. Retirees contribute 100 percent of the premium for the level and type of coverage. The City pays 100 percent of the premium for duty-disabled police officers and their families. For the 2013 fiscal year, the annual pay-as-you-go cost is approximately \$167,433 (7.6 percent of payroll).

As of April 30, 2013, the Plan has ten retirees and four disabled officers receiving benefits and ninety-eight active participants, of which eighty-five are not yet eligible to receive benefits.

Annual OPEB cost and net OPEB obligation - The City engaged an actuarial firm to determine the estimated obligation associated with OPEB as of April 30, 2013, 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 2013 was \$474,536. The City's annual OPEB cost is calculated based on the ARC. The ARC represents a level of funding, that if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year ended April 30, 2013, the actual amount contributed to the plan, and changes in the City's net OPEB obligation to the plan:

	<u>Police</u>	<u>Municipal</u>	<u>Total</u>
Annual required contribution	\$ 410,329	\$ 64,207	\$ 474,536
Interest on OPEB obligation	38,296	2,923	41,219
Adjustment to annual required contribution	<u>(47,450)</u>	<u>(3,622)</u>	<u>(51,072)</u>
Annual OPEB cost (expense)	401,175	63,508	464,683
Contributions made	<u>(119,558)</u>	<u>(47,845)</u>	<u>(167,403)</u>
Increase in net OPEB obligation	281,617	15,663	297,280
Net OPEB obligation - May 1, 2012	<u>765,910</u>	<u>58,462</u>	<u>824,372</u>
 Net OPEB obligation - April 30, 2013	 <u>\$ 1,047,527</u>	 <u>\$ 74,125</u>	 <u>\$ 1,121,652</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, 2013 and the two preceding years are as follows:

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

14. Other postemployment benefit plan (continued)

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
04/30/13	\$ 464,683	36.00 %	\$ 1,121,652
04/30/12	357,336	26.10	824,372
04/30/11	360,623	23.80	560,407

Funded status and funding progress - The funded status of the Plan based on the most recent actuarial valuation as of April 30, 2013 is as follows:

	<u>Police</u>	<u>Municipal</u>	<u>Total</u>
Actuarial accrued liability (AAL)	\$ 4,138,354	\$ 697,124	\$ 4,835,478
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,138,354</u>	<u>\$ 697,124</u>	<u>\$ 4,835,478</u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%	0.00%	0.00%
Covered payroll (active plan members)	\$ 3,652,686	\$ 2,561,697	\$ 6,214,383
UAAL as a percentage of covered payroll	113.30%	27.20%	74.20%

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, 2013, the entry age normal cost method was used.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

14. Other postemployment benefit plan (continued)

The following simplifying assumptions were made:

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

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

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

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

Health insurance premiums - Health insurance premiums for employees for the year ended April 30, 2013 were used as the basis for the calculation of the present value of total benefits to be paid.

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

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

15. Contingent liabilities

A. Litigation

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

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

15. Contingent liabilities (continued)

B. Federal and state grants

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

C. State motor fuel fund

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

D. Capital improvements

The City has entered into construction contracts for approximately \$370,900 for road and bridge improvements. The City is in the preliminary design and planning phases for various other capital improvements.

16. Deferred compensation plan

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

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

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

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

17. Over expenditures of budget

For the year ended April 30, 2013, expenditures exceeded appropriations at the line item level in individual funds as follows:

<u>Fund</u>	<u>Department</u>	<u>Object Category</u>	<u>Exceeding Appropriations</u>
General fund	Executive	Petty cash	\$ 12
General fund	Mayor	Legal fees	9,767
Sales tax rebate	Land use	Sales tax rebate	157,261 *

* The exceeded appropriation in the sales tax rebate fund is due to the expected revenue exceeding expectations during the year and the sales tax rebate to the developers is based on the actual revenue.

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.

19. Commitments

On August 23, 2012 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 \$85,000 per year in two lump sums of \$42,500 for twenty years once said sewer services have begun under the agreement.

20. Subsequent events

The City entered into contracts totaling \$746,000 for various road improvements. The City approved a redevelopment agreement with a developer whereby the City would agree to provide funding for the redevelopment project from municipal sales tax revenues generated by the redevelopment project.

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS**

21. Restatement

During the current fiscal year the City introduced several new funds with a total beginning fund balance of \$847,705. Accordingly the City restated its financial statements as follows:

	<u>As previously reported</u>	<u>Restatement</u>	<u>As Restated</u>
Statement of activities:			
Net position beginning of year	\$ 62,606,874	\$ 847,705	\$ 63,454,579
Statement of revenues, expenditures and changes in fund balance:			
Fund balance			
General	2,845,925	58,579	2,904,504
Police escrow	-	399,240	399,240
Library	-	389,886	389,886

22. New pronouncements

For fiscal year 2013, the City implemented Governmental Accounting Standards Board (GASB) Statements No. 63. Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows and inflows of resources, originally introduced and defined in GASB Concepts Statement No. 4, Elements of Financial Statements, as a consumption of net assets applicable to a future reporting period and an acquisition of net assets applicable to a future reporting period, respectively. Further, Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Permits				
Building permits	\$ 100,000	\$ 100,000	\$ 75,527	\$ (24,473)
Plumbing permits	1,500	1,500	745	(755)
Electric permits	4,500	4,500	3,745	(755)
Septic, sewer and aeration	-	-	-	-
Demo, satellite and grade	1,000	1,000	1,143	143
Sign permits	8,100	8,100	12,269	4,169
Aeration tap in fee	-	-	-	-
Building maintenance permits	32,000	37,000	52,205	15,205
Total permits	147,100	152,100	145,634	(6,466)
Income tax				
Income tax	1,352,577	1,352,577	1,816,616	464,039
Interest	1,700	7,000	10,258	3,258
Total income taxes	1,354,277	1,359,577	1,826,874	467,297
Miscellaneous revenue				
Liquor licenses	53,000	53,000	50,209	(2,791)
Miscellaneous	110,000	317,000	229,794	(87,206)
Total miscellaneous revenue	163,000	370,000	280,003	(89,997)
Other taxes				
Food and beverage tax	1,050,000	1,050,000	1,006,030	(43,970)
Hotel and motel collection tax	220,000	220,000	229,855	9,855
Video gaming tax	-	-	865	865
Total other taxes	1,270,000	1,270,000	1,236,750	(33,250)
Use taxes				
Sales tax	7,118,469	7,118,469	6,856,029	(262,440)
Home rule tax	3,280,000	3,301,500	3,111,226	(190,274)
Use tax	278,371	278,371	272,016	(6,355)
Road and bridge allotments	44,700	44,700	42,501	(2,199)
Tax increment financing - Bunkum Road	-	-	-	-
Tax increment financing - Shoppes at St. Clair	-	-	-	-
Total use taxes	\$ 10,721,540	\$ 10,743,040	\$ 10,281,772	\$ (461,268)

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Grants				
Franchises	\$ 223,427	\$ 223,427	\$ 172,355	\$ (51,072)
Shoppes at St. Clair (Sales Tax)	-	-	-	-
PK Capital (Sales Tax)	-	-	-	-
Business district	-	-	-	-
Special grants	233,732	252,674	211,860	(40,814)
E.S.D.A. grant	3,800	3,800	3,554	(246)
Total grants	<u>460,959</u>	<u>479,901</u>	<u>387,769</u>	<u>(92,132)</u>
Charges for service				
City services	150	150	1,593	1,443
School resource officer duty	-	-	10,274	10,274
Police reports	3,500	3,500	5,415	1,915
Use of copy/fax equipment	250	250	71	(179)
Bulk trash pick-up	2,700	2,700	-	(2,700)
Recycling	-	-	-	-
Total charges for services	<u>6,600</u>	<u>6,600</u>	<u>17,353</u>	<u>10,753</u>
Police revenue				
Police fines	348,000	387,500	495,603	108,103
Residential rental license fee	102,150	102,150	89,175	(12,975)
Police outside employment	100,000	100,000	91,512	(8,488)
Licenses - other than liquor	12,500	12,500	29,015	16,515
Fugitive failure to appear fee	25,000	25,000	24,177	(823)
Bail bond fee	22,000	22,000	34,715	12,715
Total police revenue	<u>609,650</u>	<u>649,150</u>	<u>764,197</u>	<u>115,047</u>
TIF district 3				
TIF district 3-Lincoln Trail	-	-	-	-
Zoning - sale of development code	-	-	-	-
Total TIF district III	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources				
Zoning permits	\$ 500	\$ 500	\$ 150	\$ (350)
Waste haulers' fee	1,500	1,500	1,400	(100)
Food and beverage transfer	-	-	-	-
Users' fees - parks	90,740	90,740	68,072	(22,668)
Rents, leases, sharecrop	195,361	195,361	228,675	33,314
Forensic lab payments	-	-	-	-
Sales tax rebate application fee	5,000	5,000	-	(5,000)
Donations	2,200	2,200	5,694	3,494
Interfund transfer	427,549	427,549	392,549	(35,000)
Employee cont. - pension	171,315	171,315	182,073	10,758
Total other financing sources	<u>894,165</u>	<u>894,165</u>	<u>878,613</u>	<u>(15,552)</u>
 Total revenue	 \$ 15,627,291	 \$ 15,924,533	 \$ 15,818,965	 \$ (105,568)

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Executive department				
Semi-monthly salaries	\$ 191,649	\$ 204,649	\$ 197,870	\$ 6,779
Elected and appointed officials	9,600	9,600	9,600	-
Overtime compensation	200	200	-	200
Christmas bonus	600	600	600	-
Unemployment insurance	1,500	1,800	1,793	7
Social security	12,500	13,400	13,044	356
Medicare	2,920	3,170	3,050	120
Retirement funds	33,175	33,175	25,744	7,431
Health and life insurance	96,000	189,000	185,679	3,321
Legal fees	300	300	25	275
Travel and meeting expense	1,300	1,300	640	660
Bonds and notary fees	50	50	30	20
Membership dues	1,680	1,680	1,586	94
Advertising and public notice	12,000	14,000	13,936	64
Public relations	5,851	5,851	3,517	2,334
Equipment rental	1,250	1,250	1,212	38
Technical and outside services	3,200	3,400	3,342	58
Insurance liability	1,024,100	1,074,100	952,968	121,132
Insurance deductible	50,000	50,000	19,981	30,019
Postage	12,300	9,800	8,690	1,110
Office furniture and equipment	400	400	331	69
Petty cash	75	75	87	(12)
Subscriptions-books	200	200	76	124
Election expenses	3,000	3,000	74	2,926
Supplies	12,300	12,300	11,273	1,027
Transfer to capital reserve	46,090	16,090	16,090	-
Total executive department	\$ 1,522,240	\$ 1,649,390	\$ 1,471,238	\$ 178,152

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Mayor's department				
Elected and appointed officials	\$ 117,600	\$ 117,600	\$ 117,600	\$ -
Social security	7,300	7,300	7,291	9
Medicare	1,705	1,755	1,705	50
Retirement funds	12,055	12,055	8,969	3,086
Boards and committees	3,500	3,500	3,500	-
Elected official expense	900	900	21	879
Legal fees	247,300	202,300	212,067	(9,767)
Travel and meeting expense	23,000	22,950	8,714	14,236
Membership dues	630	630	320	310
Advertising and public notice	500	500	-	500
Public relations	600	2,400	1,912	488
Technical and outside services	3,910	2,910	889	2,021
Office furniture and equipment	700	700	-	700
Renovation or remodeling	1,500	1,500	-	1,500
IT hardware	1	1	-	1
Transfer to capital reserve	12,360	12,360	12,360	-
Total mayor's department	<u>433,561</u>	<u>389,361</u>	<u>375,348</u>	<u>14,013</u>
Finance department				
Semi-monthly salaries	219,482	200,682	169,644	31,038
Elected and appointed officials	9,600	9,600	9,600	-
Overtime compensation	100	100	-	100
Christmas bonus	450	450	300	150
Unemployment insurance	1,500	1,700	1,683	17
Social security	14,225	14,225	11,301	2,924
Medicare	3,325	3,325	2,643	682
Retirement funds	38,050	38,050	22,229	15,821
Health and life insurance	38,700	38,700	25,396	13,304
Educational expense	900	900	459	441
Audit fees	39,500	39,300	35,225	4,075
Travel and meeting expense	5,350	5,350	3,459	1,891
Membership dues	435	435	410	25
Technical and outside services	14,101	14,101	6,568	7,533
Office furniture and equipment	700	700	159	541
Petty cash	50	50	-	50
Subscriptions-books	300	300	-	300
IT software	18,025	36,025	34,666	1,359
Supplies	4,000	4,000	3,638	362
Transfer to capital reserve	13,502	13,502	13,502	-
Total finance department	<u>\$ 422,295</u>	<u>\$ 421,495</u>	<u>\$ 340,882</u>	<u>\$ 80,613</u>

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Police department				
Semi-monthly salaries	\$ 3,728,004	\$ 3,968,004	\$ 3,953,473	\$ 14,531
Overtime compensation	224,800	306,800	306,789	11
Shift premium	10,500	10,700	10,676	24
Holiday premium pay	86,000	41,400	(513)	41,913
Allowances	4,320	4,320	2,474	1,846
Christmas bonus	8,200	8,200	7,450	750
Unemployment insurance	23,500	25,500	25,381	119
Social security	45,400	50,500	50,432	68
Medicare	53,350	59,650	59,621	29
Retirement funds	1,480,395	1,480,395	1,438,834	41,561
Health and life insurance	825,200	825,200	775,292	49,908
Boards and committees	25,775	25,775	12,912	12,863
Educational expense	33,100	33,100	25,296	7,804
Travel and meeting expense	8,000	8,000	6,326	1,674
Bonds and notary fees	1,800	1,800	1,514	286
Membership dues	1,940	1,940	1,655	285
Public relations	6,575	6,575	5,571	1,004
Buildings rental	5,001	5,001	5,000	1
Equipment rental	30,200	30,200	23,568	6,632
Technical and outside services	37,850	55,492	54,759	733
Uniform cleaning	4,000	4,000	2,816	1,184
Postage	3,400	6,800	4,900	1,900
Office furniture and equipment	2,100	2,100	-	2,100
Petty cash	300	300	184	116
Uniform purchase	20,950	20,950	18,915	2,035
Subscriptions-books	1,200	1,200	539	661
IT hardware	60,000	60,000	60,000	-
IT software	-	-	-	-
Maintenance to equipment	66,930	72,930	71,016	1,914
Supplies	26,900	26,900	26,367	533
Transfer to capital reserve	165,588	165,588	165,588	-
Total police department	\$ 6,991,278	\$ 7,309,320	\$ 7,116,835	\$ 192,485

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration				
Semi-monthly salaries	\$ 301,416	\$ 301,416	\$ 257,910	\$ 43,506
Allowances	8,700	8,700	5,700	3,000
Christmas bonus	750	750	600	150
Unemployment insurance	1,865	2,065	1,909	156
Social security	18,425	18,425	18,223	202
Medicare	4,310	4,310	4,262	48
Retirement funds	51,475	51,475	35,106	16,369
Health and life insurance	70,450	70,450	56,399	14,051
Educational expense	250	250	-	250
Legal fees	100,000	435,000	375,737	59,263
Travel and meeting expense	11,245	11,045	4,860	6,185
Bonds and notary fees	50	50	-	50
Membership dues	2,995	2,995	1,900	1,095
Safety program	1,350	1,350	-	1,350
Advertising and public notices	8,500	8,500	-	8,500
Public relations	3,000	3,000	-	3,000
Equipment rental	65,440	65,440	65,416	24
Telephone utility	104,000	104,000	94,814	9,186
Technical and outside services	25,300	25,300	8,895	16,405
Postage	500	500	19	481
Office furniture and equipment	4,250	4,250	417	3,833
Petty cash	170	170	10	160
Subscriptions-books	715	715	496	219
Computers	10,000	10,000	8,457	1,543
IT hardware	105,050	105,050	70,137	34,913
IT software	24,750	24,750	16,540	8,210
Maintenance to equipment	150	150	-	150
Supplies	1,457	1,457	1,435	22
Transfer to TIF #1	22,550	22,550	18,396	4,154
Transfer to TIF #2	34,980	34,980	32,163	2,817
Transfer to TIF #3	124,550	124,550	119,314	5,236
Transfer to capital reserve	31,996	31,996	31,996	-
Total administration	\$ 1,140,639	\$ 1,475,639	\$ 1,231,111	\$ 244,528

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works - engineering				
Semi-monthly salaries	\$ 792,307	\$ 862,307	\$ 794,823	\$ 67,484
Overtime compensation	15,000	15,000	10,906	4,094
Shift premium	25	25	24	1
Christmas bonus	1,950	1,950	1,950	-
Unemployment insurance	6,525	6,525	5,859	666
Social security	48,300	53,100	49,700	3,400
Medicare	11,350	12,550	11,624	926
Retirement funds	124,305	124,305	98,568	25,737
Health and life insurance	189,400	189,400	174,916	14,484
Survey and engineer fees	1,000	1,000	-	1,000
Educational expense	4,000	4,000	-	4,000
Travel and meeting expense	2,000	2,000	220	1,780
Bonds and notary fees	200	200	42	158
Membership dues	880	880	516	364
Public relations	1,000	1,000	1,000	-
Equipment rental	30,500	30,500	27,077	3,423
Electric utility	105,000	105,000	76,203	28,797
Technical and outside services	31,000	31,000	25,508	5,492
Petty cash	100	100	6	94
Uniform purchase	6,000	6,000	5,731	269
Subscriptions-books	200	200	-	200
Minor equipment	2,500	2,500	2,217	283
Supplies	900	900	374	526
Transfer to capital reserve	42,833	42,833	42,833	-
Total public works - engineering	\$ 1,417,275	\$ 1,493,275	\$ 1,330,097	\$ 163,178

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works - maintenance				
Semi-monthly salaries	\$ 232,851	\$ 294,851	\$ 233,759	\$ 61,092
Overtime compensation	5,500	5,500	2,333	3,167
Christmas bonus	600	600	600	-
Unemployment insurance	1,495	2,295	2,170	125
Social security	14,450	14,950	14,379	571
Medicare	3,375	3,575	3,363	212
Retirement funds	40,315	40,315	37,143	3,172
Health and life insurance	62,700	62,700	55,056	7,644
Educational expense	1,800	1,800	1,782	18
Travel and meeting expense	750	750	500	250
Membership dues	180	180	172	8
Equipment rental	200	200	-	200
Technical and outside services	4,500	4,500	3,998	502
Uniform rental	3,000	3,000	2,508	492
Vehicle op costs	320,000	319,200	233,943	85,257
Uniform purchase	1,500	1,500	599	901
Subscriptions-books	500	500	247	253
Maintenance to equipment	2,500	2,500	333	2,167
Maintenance to rolling stock	54,500	150,000	126,427	23,573
Minor equipment	11,500	11,500	9,811	1,689
Supplies	108,600	108,600	97,038	11,562
Transfer to capital reserve	26,049	26,049	26,049	-
Total public works - maintenance	\$ 896,865	\$ 1,055,065	\$ 852,210	\$ 202,855

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks department				
Semi-monthly salaries	\$ 683,611	\$ 677,431	\$ 521,740	\$ 155,691
Overtime compensation	15,000	15,000	12,932	2,068
Shift premium	200	200	104	96
Christmas bonus	1,800	1,800	1,200	600
Unemployment insurance	5,325	5,325	4,429	896
Social security	40,775	40,775	33,456	7,319
Medicare	9,540	9,540	7,825	1,715
Retirement funds	111,300	111,300	69,506	41,794
Health and life insurance	175,200	175,200	153,324	21,876
Educational expense	350	6,530	5,991	539
Travel and meeting expense	1,600	1,600	1,266	334
Membership dues	540	590	548	42
Safety program	1,500	1,500	45	1,455
Public relations	5,000	5,000	4,400	600
Equipment rental	500	500	218	282
Electric utility	18,000	18,000	14,391	3,609
Sewer utility	2,500	2,500	1,619	881
Water utility	11,000	11,000	9,034	1,966
Sanitation service	14,500	14,500	13,197	1,303
Technical and outside services	13,500	15,500	2,613	12,887
Uniform purchase	2,700	2,700	2,687	13
Minor equipment	250	250	-	250
Supplies	134,500	132,850	110,866	21,984
Other capital improvements	-	-	-	-
Transfer to capital reserve	36,732	36,732	36,732	-
Total parks department	\$ 1,285,923	\$ 1,286,323	\$ 1,008,123	\$ 278,200

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal complex				
Semi-monthly salaries	\$ 279,508	\$ 279,508	\$ 191,830	\$ 87,678
Overtime compensation	5,000	5,000	1,585	3,415
Shift premium	1,200	1,200	474	726
Christmas bonus	300	300	300	-
Unemployment insurance	3,100	3,100	2,485	615
Social security	17,200	17,200	12,031	5,169
Medicare	4,050	4,050	2,814	1,236
Retirement funds	42,994	42,994	24,960	18,034
Health and life insurance	29,800	34,800	33,433	1,367
Educational expense	1,500	1,500	-	1,500
Travel and meeting expense	500	500	-	500
Membership dues	150	150	-	150
Equipment rental	500	500	220	280
Electric utility	156,000	156,000	98,572	57,428
Sewer utility	11,500	11,500	7,106	4,394
Water utility	20,000	20,000	16,625	3,375
Gas utility	8,000	8,000	-	8,000
Technical and outside services	30,000	84,000	46,452	37,548
Office furniture and equipment	3,500	3,500	11	3,489
Renovation or remodeling	21,500	21,500	7,642	13,858
Uniform purchase	4,200	4,200	1,168	3,032
Maintenance to equipment	11,500	11,500	4,647	6,853
Miscellaneous	6,500	6,500	454	6,046
Supplies	39,600	39,600	35,627	3,973
Buildings and structures	-	-	-	-
Other debt service	7,300	7,300	-	7,300
Transfer to capital reserve	22,366	22,366	22,366	-
Total municipal complex	\$ 727,768	\$ 786,768	\$ 510,802	\$ 275,966

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Land use and development				
Semi-monthly salaries	\$ 366,207	\$ 392,207	\$ 375,861	\$ 16,346
Elected and appointed officials	43,631	49,131	44,278	4,853
Overtime compensation	1,500	1,500	274	1,226
Shift premium	50	50	42	8
Allowances	1,800	1,800	1,800	-
Christmas bonus	900	900	900	-
Unemployment insurance	4,725	4,725	4,580	145
Social security	28,100	28,600	26,259	2,341
Medicare	6,575	6,775	6,141	634
Retirement funds	73,100	73,100	52,603	20,497
Health and life insurance	92,900	92,900	84,541	8,359
Boards and committees	2,360	2,360	1,475	885
Educational expense	250	250	-	250
Legal fees	1,500	1,500	1,070	430
Travel and meeting expense	2,900	2,900	2,572	328
Membership dues	1,995	1,995	1,278	717
Advertising and public notice	600	600	148	452
Technical and outside services	77,150	79,650	55,441	24,209
Office furniture and equipment	750	750	738	12
Petty cash	60	60	40	20
Uniform purchase	1,500	1,500	1,459	41
Subscriptions-books	1,600	1,600	1,036	564
IT software	5,000	5,000	4,928	72
G.I.S. expenses	19,500	19,500	-	19,500
Maintenance to equipment	750	750	200	550
Supplies	8,075	9,375	7,308	2,067
Transfer to capital reserve	24,022	24,022	24,022	-
Total land use and development	\$ 767,500	\$ 803,500	\$ 698,994	\$ 104,506

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Library department				
Semi-monthly salaries	\$ 28,628	\$ 28,628	\$ 7,712	\$ 20,916
Unemployment insurance	4,340	4,340	3,880	460
Social security	19,655	19,655	484	19,171
Medicare	4,600	4,600	83	4,517
Retirement funds	4,956	4,956	1,000	3,956
Health and life insurance	31,425	31,425	30,666	759
Electric utility	24,000	24,000	22,151	1,849
Sewer utility	500	500	462	38
Water utility	4,000	4,000	3,634	366
Supplies	5,500	5,500	-	5,500
Library grant	-	-	-	-
Total library department	\$ 127,604	\$ 127,604	\$ 70,072	\$ 57,532

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
General Fund (Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Emergency services and disaster agency				
Salaries	\$ 5,126	\$ 5,726	\$ 5,687	\$ 39
Educational expenses	250	250	-	250
Travel and meeting expense	250	250	-	250
Membership dues	65	65	65	-
Public relations	250	250	-	250
Telephone utility	950	950	776	174
Technical and outside services	15,200	15,200	14,070	1,130
Postage	150	150	-	150
Subscriptions-books	25	25	-	25
Maintenance to equipment	6,000	5,400	2,230	3,170
Supplies	700	700	-	700
Transfer to capital reserve	1,011	1,011	1,011	-
Total emergency services and disaster agency	<u>29,977</u>	<u>29,977</u>	<u>23,839</u>	<u>6,138</u>
 Total expenditures	 <u>15,762,925</u>	 <u>16,827,717</u>	 <u>15,029,551</u>	 <u>1,798,166</u>
 Net change in fund balance	 <u>\$ (135,634)</u>	 <u>\$ (903,184)</u>	 789,414	 <u>\$ 1,692,598</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			(446,023)	
Effect of unrecorded liabilities			26,609	
Beginning fund balance (restated)			<u>2,904,504</u>	
Ending fund balance			<u>\$ 3,274,504</u>	

See independent auditors' 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, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Home rule tax revenues	\$ 3,280,000	\$ 3,280,000	\$ 3,473,947	\$ 193,947
Interest	6,500	6,500	2,993	(3,507)
Special grants	671,214	671,214	150,000	(521,214)
Sale of surplus property	-	-	6,923	6,923
Inter-fund Transfer	-	-	-	-
Total revenue	3,957,714	3,957,714	3,633,863	(323,851)
Expenditures				
Police department				
Equipment and rolling stock	115,000	115,000	114,460	540
Total police department	115,000	115,000	114,460	540
Administration				
Equipment and rolling stock	65,000	65,000	16,691	48,309
Building and structures	15,000	15,000	-	15,000
Other capital improvements	90,000	90,000	28,179	61,821
Total administration	\$ 170,000	\$ 170,000	\$ 44,870	\$ 125,130

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
Home Rule Fund
(Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works - engineering				
Supplies	\$ -	\$ -	\$ -	\$ -
Easements	90,000	165,000	-	165,000
Equipment and rolling stock	169,000	169,000	134,769	34,231
Survey/engineering - capital	315,000	297,500	90,703	206,797
Buildings and structures	260,000	260,000	42	259,958
Streets and alleys	815,000	815,000	723,100	91,900
Storm drainage	730,000	461,500	3,681	457,819
Other debt service	85,000	85,000	-	85,000
Total public works - engineering	2,464,000	2,253,000	952,295	1,300,705
Public works - maintenance				
Equipment and rolling stock	20,000	20,000	18,249	1,751
Total public works - maintenance	20,000	20,000	18,249	1,751
Parks department				
Equipment and rolling stock	135,000	135,000	127,887	7,113
Survey/engineering - capital	33,100	33,100	22,819	10,281
Buildings and structures	630,428	630,428	12,822	617,606
Other capital improvements	-	-	-	-
Total parks department	798,528	798,528	163,528	635,000
Municipal complex department				
Buildings and structures	210,000	210,000	126,205	83,795
Total municipal complex department	\$ 210,000	\$ 210,000	\$ 126,205	\$ 83,795

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
Home Rule Fund
(Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Land use and development				
Equipment and rolling stock	\$ 24,000	\$ 24,000	\$ 19,954	\$ 4,046
Other capital improvements	<u>50,000</u>	<u>50,000</u>	<u>35,408</u>	<u>14,592</u>
Total land use and development	74,000	74,000	55,362	18,638
Emergency services and disaster agency				
Equipment and rolling stock	<u>204,000</u>	<u>204,000</u>	-	<u>204,000</u>
Total emergency services and disaster agency	204,000	204,000	-	204,000
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,055,528</u>	<u>3,844,528</u>	<u>1,474,969</u>	<u>2,369,559</u>
Net change in fund balance	<u>\$ (97,814)</u>	<u>\$ 113,186</u>	2,158,894	<u>\$ 2,045,708</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			(63,853)	
Effect of unrecorded liabilities			(6,300)	
Beginning fund balance			<u>2,348,610</u>	
Ending fund balance			<u>\$ 4,437,351</u>	

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
State Motor Fuel Tax Fund
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Motor fuel tax allotment	\$ 425,242	\$ 475,242	\$ 423,036	\$ (52,206)
Interest	1,200	1,200	944	(256)
Miscellaneous	<u>-</u>	<u>74,400</u>	<u>147,581</u>	<u>73,181</u>
Total revenue	426,442	550,842	571,561	20,719
Expenditures				
Electric utility	104,000	104,000	102,621	1,379
Technical and outside services	24,000	24,000	8,704	15,296
Maintenance to equipment	8,500	8,500	4,446	4,054
Supplies	<u>345,000</u>	<u>345,000</u>	<u>249,661</u>	<u>95,339</u>
Total expenditures	<u>481,500</u>	<u>481,500</u>	<u>365,432</u>	<u>116,068</u>
Net change in fund balance	<u>\$ (55,058)</u>	<u>\$ 69,342</u>	206,129	<u>\$ 136,787</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			(10,541)	
Effect of unrecorded liabilities			(7,694)	
Beginning fund balance			<u>644,633</u>	
Ending fund balance			<u>\$ 832,527</u>	

See independent auditors' 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, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Hotel and motel tax revenue	\$ 550,000	\$ 570,000	\$ 655,522	\$ 85,522
Interest	<u>1,100</u>	<u>1,100</u>	<u>502</u>	<u>(598)</u>
Total revenues	551,100	571,100	656,024	84,924
Expenditures				
Executive department				
Advertising and public notices	4,150	4,150	525	3,625
Public relations	<u>500</u>	<u>500</u>	<u>451</u>	<u>49</u>
Total executive department	4,650	4,650	976	3,674
Mayor's department				
Membership dues	45,000	45,000	45,000	-
Public relations	87,800	87,800	87,800	-
Technical and outside services	-	18,500	18,315	185
Other debt service	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total mayor's department	182,800	201,300	151,115	50,185
Finance department				
Audit fees	1,150	1,150	1,150	-
Debt service - principle	240,000	240,000	240,000	-
Debt service - interest	<u>60,500</u>	<u>60,500</u>	<u>60,499</u>	<u>1</u>
Total finance department	301,650	301,650	301,649	1
Police department				
Overtime	<u>15,600</u>	<u>15,600</u>	<u>-</u>	<u>15,600</u>
Total police department	\$ 15,600	\$ 15,600	\$ -	\$ 15,600

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
Hotel and Motel Tax Fund
(Continued)
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Debt service	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>504,700</u>	<u>523,200</u>	<u>453,740</u>	<u>69,460</u>
Net change in fund balance	<u>\$ 46,400</u>	<u>\$ 47,900</u>	202,284	<u>\$ 154,384</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			1,784	
Effect of unrecorded liabilities			-	
Beginning fund balance			<u>588,153</u>	
Ending fund balance			<u>\$ 792,221</u>	

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
Food and Beverage Tax Fund
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Food and beverage tax	\$ 1,050,000	\$ 1,050,000	\$ 1,102,146	\$ 52,146
Interest	3,692	3,692	1,691	(2,001)
Miscellaneous items	<u>-</u>	<u>-</u>	<u>35</u>	<u>35</u>
Total revenue	1,053,692	1,053,692	1,103,872	50,180
Expenditures				
Audit fees	1,150	1,150	1,150	-
Debt - principle	845,000	845,000	845,000	-
Debt - interest	<u>173,210</u>	<u>173,210</u>	<u>173,203</u>	<u>7</u>
Total expenditures	<u>1,019,360</u>	<u>1,019,360</u>	<u>1,019,353</u>	<u>7</u>
Net change in fund balance	<u>\$ 34,332</u>	<u>\$ 34,332</u>	84,519	<u>\$ 50,187</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			(70,627)	
Effect of unrecorded liabilities			-	
Beginning fund balance			<u>2,174,935</u>	
Ending fund balance			<u>\$ 2,188,827</u>	

See independent auditors' 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, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Sales tax	\$ 540,307	\$ 540,307	\$ 507,280	\$ (33,027)
Home rule sales tax	254,883	254,883	489,472	234,589
Business district sales tax	<u>91,586</u>	<u>91,586</u>	<u>100,616</u>	<u>9,030</u>
Total revenue	886,776	886,776	1,097,368	210,592
Expenditures				
Sales tax rebate	<u>910,745</u>	<u>910,745</u>	<u>1,068,006</u>	<u>(157,261)</u>
Total expenditures	<u>910,745</u>	<u>910,745</u>	<u>1,068,006</u>	<u>(157,261)</u>
Net change in fund balance	<u>\$ (23,969)</u>	<u>\$ (23,969)</u>	29,362	<u>\$ 53,331</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			113,197	
Effect of unrecorded liabilities			(99,796)	
Beginning fund balance			<u>33,580</u>	
Ending fund balance			<u>\$ 76,343</u>	

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CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Budgetary Comparison Schedule (Budgetary Basis)
TIF #2 Shoppes of St. Clair
For the Year Ended April 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
TIF revenue	\$ 318,000	\$ 318,000	\$ 321,633	\$ 3,633
Inter-fund transfer	34,980	34,980	32,163	(2,817)
Interest	<u>-</u>	<u>-</u>	<u>229</u>	<u>229</u>
Total revenue	352,980	352,980	354,025	1,045
Expenditures				
Audit fees	1,600	1,600	-	1,600
TIF expenditures	<u>381,600</u>	<u>381,600</u>	<u>353,796</u>	<u>27,804</u>
Total expenditures	<u>383,200</u>	<u>383,200</u>	<u>353,796</u>	<u>29,404</u>
Net change in fund balance	<u>\$ (30,220)</u>	<u>\$ (30,220)</u>	229	<u>\$ 30,449</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			(9,757)	
Effect of unrecorded liabilities			9,757	
Beginning fund balance			<u>-</u>	
Ending fund balance			<u>\$ 229</u>	

See independent auditors' report and notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Schedule of Funding Progress
April 30, 2013**

Illinois Municipal Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ 8,660,764	\$ 11,968,236	\$ 3,307,472	72.36 %	\$ 4,016,472	82.35 %
12/31/2011	8,411,793	11,786,160	3,374,367	71.37	3,822,733	88.27
12/31/2010	8,914,464	11,982,387	3,067,923	74.40	3,749,626	81.82
12/31/2009	9,225,939	11,480,492	2,254,553	80.36	3,812,448	59.14
12/31/2008	9,714,218	11,761,583	2,047,365	82.59	3,632,481	56.36

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$9,052,380. On a market basis, the funded ratio would be 75.64 percent.

**Police Pension Fund
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability Entry Age Normal Cost (b)	Unfunded (Overfunded) Actuarial Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll ((b-a)/c)
4/30/2012	\$ 18,380,597	\$ 33,124,112	\$ 14,743,515	55.49 %	\$ 2,885,055	511.03 %
4/30/2011	17,471,176	27,095,966	9,624,790	64.48	2,858,956	336.65
4/30/2010	16,052,886	26,854,412	10,801,526	59.78	2,754,211	392.18
4/30/2009	14,260,036	25,439,620	11,179,584	56.05	2,606,658	428.89
4/30/2008	16,360,384	23,282,790	6,922,406	69.84	2,578,209	268.50

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age Normal Cost (b)	Unfunded (Overfunded) Actuarial Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2013	\$ -	\$ 4,835,478	\$ 4,835,478	0 %	\$ 6,214,383	77.80 %
4/30/2012	-	4,264,540	4,264,540	0	5,743,597	74.30
4/30/2011	-	4,013,650	4,013,650	0	5,549,369	72.30
4/30/2010	-	3,773,878	3,773,878	0	5,361,709	70.40

See independent auditors' report and notes to financial statements.

ADDITIONAL ANALYSIS

CITY OF FAIRVIEW HEIGHTS, ILLINIOS

**Combining Balance Sheet
Non-Major Governmental Funds
April 30, 2013**

ASSETS

	Police Escrow	Library	TIF #1 Bunkum Road	TIF #3 Lincoln Trail	Totals
Cash and cash equivalents	\$ 276,402	\$ 128,484	\$ -	\$ -	\$ 404,886
Certificates of deposit	-	310,660	-	-	310,660
Receivables	-	-	183,001	222,469	405,470
Due from other funds	-	-	3,574	-	3,574
Restricted cash	-	-	166,475	1,106,794	1,273,269
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 276,402</u>	<u>\$ 439,144</u>	<u>\$ 353,050</u>	<u>\$ 1,329,263</u>	<u>\$ 2,397,859</u>

LIABILITIES AND FUND BALANCE

Liabilities					
Accounts payable	\$ 495	\$ 8,735	\$ 6,319	\$ 13,355	\$ 28,904
Accrued payroll	-	12,635	-	-	12,635
Unearned revenue	-	-	183,001	222,469	405,470
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	495	21,370	189,320	235,824	447,009
Fund balance					
Restricted for:					
Rebate and financing agreements	-	-	4,680	1,093,439	1,098,119
Sewer improvements	-	-	159,050	-	159,050
Assigned					
Special revenue funds	<u>275,907</u>	<u>417,774</u>	<u>-</u>	<u>-</u>	<u>693,681</u>
Total fund balance	<u>275,907</u>	<u>417,774</u>	<u>163,730</u>	<u>1,093,439</u>	<u>1,950,850</u>
Total liabilities and fund balance	<u>\$ 276,402</u>	<u>\$ 439,144</u>	<u>\$ 353,050</u>	<u>\$ 1,329,263</u>	<u>\$ 2,397,859</u>

See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
April 30, 2013**

	Police Escrow	Library	TIF #1 Bunkum Road	TIF #3 Lincoln Trail	Totals
Revenues:					
Sales tax	\$ -	\$ 372,023	\$ -	\$ -	\$ 372,023
Grant	-	17,513	-	-	17,513
Fines and fees	161,620	26,103	-	-	187,723
Property taxes	-	-	183,960	237,282	421,242
Donations	-	12,868	-	-	12,868
Interest income	-	3,193	245	927	4,365
Miscellaneous	-	1,326	-	500	1,826
Total revenues	161,620	433,026	184,205	238,709	1,017,560
Expenditures:					
Public safety					
Police	284,953	-	-	-	284,953
Streets and public works					
Tax increment financing	-	-	153,582	196,565	350,147
Culture and recreation					
Library	-	517,629	-	-	517,629
Total expenditures	284,953	517,629	153,582	196,565	1,152,729
Excess (deficiency) of revenues over expenditures	(123,333)	(84,603)	30,623	42,144	(135,169)
Other financing sources:					
Transfer in	-	124,200	18,396	119,314	261,910
Transfer out	-	(11,709)	-	-	(11,709)
Total other financing sources	-	112,491	18,396	119,314	250,201
Net change in fund balance	(123,333)	27,888	49,019	161,458	115,032
Fund balance, beginning of year (restated)	399,240	389,886	114,711	931,981	1,835,818
Funds balance, end of year	\$ 275,907	\$ 417,774	\$ 163,730	\$ 1,093,439	\$ 1,950,850

See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINIOS

**Combining Balance Sheet
All General Fund Accounts
April 30, 2013**

ASSETS

	General	Parks Programs	Police Pension	Police Youth	Capital Reserve	Total General Fund
Cash and cash equivalents	\$ 1,379,072	\$ 32,736	\$ 47,800	\$ 4,635	\$ 424,680	\$ 1,888,923
Receivables	2,533,524	-	-	-	-	2,533,524
Due from other funds	865,270	-	-	-	-	865,270
Restricted cash	<u>102,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,595</u>
	<u>\$ 4,880,461</u>	<u>\$ 32,736</u>	<u>\$ 47,800</u>	<u>\$ 4,635</u>	<u>\$ 424,680</u>	<u>\$ 5,390,312</u>

LIABILITIES AND FUND BALANCE

Liabilities						
Accounts payable	\$ 423,071	\$ 2,162	\$ -	\$ -	\$ -	\$ 425,233
Accrued payroll	322,165	164	-	-	-	322,329
Unearned revenue	29,921	-	-	-	-	29,921
Due to other funds	<u>1,338,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,338,325</u>
 Total liabilities	 2,113,482	 2,326	 -	 -	 -	 2,115,808
Fund balance						
Restricted for:						
Rebate and financing agreements	102,595	-	-	-	-	102,595
Sewer improvements Infrastructure	-	-	-	-	-	-
Unassigned						
General funds	<u>2,664,384</u>	<u>30,410</u>	<u>47,800</u>	<u>4,635</u>	<u>424,680</u>	<u>3,171,909</u>
 Total fund balance	 <u>2,766,979</u>	 <u>30,410</u>	 <u>47,800</u>	 <u>4,635</u>	 <u>424,680</u>	 <u>3,274,504</u>
 Total liabilities and fund balance	 <u>\$ 4,880,461</u>	 <u>\$ 32,736</u>	 <u>\$ 47,800</u>	 <u>\$ 4,635</u>	 <u>\$ 424,680</u>	 <u>\$ 5,390,312</u>

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, 2013

	General	Parks Program	Police Pension	Police Youth	Capital Reserve	Total General Fund
Revenues						
Sales taxes	\$ 5,828,916	\$ -	\$ 1,035,000	\$ -	\$ -	\$ 6,863,916
Food and beverage taxes	1,022,778	-	-	-	-	1,022,778
Home rule taxes	3,124,067	-	-	-	-	3,124,067
Income taxes	1,830,339	-	-	-	-	1,830,339
Property taxes	42,501	-	-	-	-	42,501
Use taxes	274,040	-	-	-	-	274,040
Hotel and motel taxes	229,857	-	-	-	-	229,857
Utility/franchise taxes	199,180	-	-	-	-	199,180
Licenses and permits	314,014	-	-	-	-	314,014
Grant	215,414	-	-	-	-	215,414
Fines and fees	571,302	54,944	-	-	-	626,246
Rental	218,910	-	-	-	-	218,910
Donations	-	300	-	5,394	-	5,694
Interest income	10,258	-	-	-	-	10,258
Miscellaneous	320,181	2,807	-	-	-	322,988
Total revenues	14,201,757	58,051	1,035,000	5,394	-	15,300,202
Expenditures						
Current						
General government						
Mayor's department	403,851	-	-	-	-	403,851
Clerk's department	1,442,009	-	-	-	-	1,442,009
Finance department	327,910	-	-	-	-	327,910
Administration department	1,041,981	-	-	-	-	1,041,981
Municipal complex	498,849	-	-	-	-	498,849
Public Safety						
Police	5,616,637	-	1,332,200	3,383	-	6,952,220
Emergency services and disaster agency	22,850	-	-	-	-	22,850
Streets and public works						
Engineering/streets	1,288,361	-	-	-	-	1,288,361
Public works maintenance	824,767	-	-	-	-	824,767
Land use and development	676,705	-	-	-	-	676,705
Culture and recreation						
Parks	939,408	51,465	-	-	-	990,873
Library	70,013	-	-	-	-	70,013
Tourism	-	-	-	-	-	-
Capital outlay	38,550	-	-	-	-	38,550
Total expenditures	13,191,891	51,465	1,332,200	3,383	-	14,578,939
Excess (deficiency) of revenues over expenditures (carried forward)	\$ 1,009,866	\$ 6,586	\$ (297,200)	\$ 2,011	\$ -	\$ 721,263

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 All General Fund Accounts
 (Continued)
 For the Year Ended April 30, 2013

	<u>General</u>	<u>Parks Program</u>	<u>Police Pension</u>	<u>Police Youth</u>	<u>Capital Reserve</u>	<u>Total General Fund</u>
Excess (deficiency) of revenues over expenditures (brought forward)	\$ 1,009,866	\$ 6,586	\$ (297,200)	\$ 2,011	\$ -	\$ 721,263
Other financing sources (uses)						
Capital lease proceeds	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers out	(1,100,521)	-	-	-	-	(1,100,521)
Transfers in	<u>11,709</u>	<u>-</u>	<u>345,000</u>	<u>-</u>	<u>392,549</u>	<u>749,258</u>
Total other financing sources (uses)	<u>(1,088,812)</u>	<u>-</u>	<u>345,000</u>	<u>-</u>	<u>392,549</u>	<u>(351,263)</u>
Net change in fund balances	(78,946)	6,586	47,800	2,011	392,549	370,000
Fund balances, beginning of year (restated)	<u>2,845,925</u>	<u>23,824</u>	<u>-</u>	<u>2,624</u>	<u>32,131</u>	<u>2,904,504</u>
Fund balances, end of year	<u>\$ 2,766,979</u>	<u>\$ 30,410</u>	<u>\$ 47,800</u>	<u>\$ 4,635</u>	<u>\$ 424,680</u>	<u>\$ 3,274,504</u>

See accompanying notes to financial statements.

STATISTICAL SECTION

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

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

YEAR ENDING APRIL 30th	INTERGOV- ERNMENTAL	FOOD & BEVERAGE TAX	HOTEL / MOTEL TAX	CHARGES FOR SERVICES	LICENSE AND PERMITS	UTILITY / FRANCHISE TAXES	FINES AND FEES	INTEREST	GRANTS	MISC	TOTAL
2004	\$ 11,387,768	\$ 949,222	\$ 528,645	\$ 117,180	\$ 236,545	\$ 208,781	\$ 228,079	\$ 59,318	\$ 193,260	\$ 76,832	\$ 13,985,630
2005	11,922,244	952,966	581,351	119,822	240,056	270,509	229,262	76,534	492,751	90,228	14,975,723
2006	13,509,584	984,297	603,176	122,336	350,855	258,359	254,667	158,590	215,140	169,954	16,626,958
2007	13,948,711	992,855	608,594	134,331	236,645	214,862	152,986	267,694	374,462	212,866	17,144,006
2008	13,394,677	1,006,626	598,278	140,199	261,184	240,716	144,840	316,605	180,184	415,246	16,698,555
2009	13,844,027	1,031,616	584,653	144,880	283,538	241,809	130,041	109,615	129,024	244,346	16,743,549
2010	13,570,995	1,016,829	522,347	172,450	285,736	223,427	364,645	14,185	124,562	200,687	16,495,863
2011	14,386,511	1,029,885	560,135	194,606	280,462	219,919	392,934	13,418	130,090	280,663	17,488,623
2012	15,357,029	1,617,796	705,217	181,844	306,329	208,857	571,487	13,731	237,887	169,679	19,369,856
2013	18,201,256	2,054,297	887,163	218,910	314,014	199,180	813,969	20,982	460,548	430,574	23,600,893

COMMENTS

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

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

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

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

YEAR ENDING APRIL 30th	SALES TAX	HOME RULE SALES TAX	BUSINESS DISTRICT SALES TAX	ILLINOIS INCOME TAX	MOTOR FUEL TAX	PROPERTY TAX	USE TAX	TOTAL
2004	\$ 8,173,444	\$ 1,827,923	\$ -	\$ 906,918	\$ 435,820	\$ 43,663	\$ -	\$ 11,387,768
2005	8,040,062	2,342,548	-	1,047,582	447,258	44,794	-	11,922,244
2006	8,170,985	3,690,023	-	1,162,903	440,830	44,843	-	13,509,584
2007	8,157,598	3,848,970	-	1,252,802	436,217	59,681	193,443	13,948,711
2008	7,714,173	3,563,886	-	1,346,869	448,816	102,885	218,048	13,394,677
2009	7,551,644	3,455,522	85,575	1,483,993	439,732	589,770	237,791	13,844,027
2010	7,622,883	3,480,874	89,319	1,005,848	425,270	746,407	200,394	13,570,995
2011	7,852,568	3,526,108	91,486	1,441,099	426,300	804,895	244,055	14,386,511
2012	7,797,488	4,566,168	94,378	1,389,128	420,729	839,985	249,153	15,357,029
2013	7,789,375	7,016,697	98,758	1,830,339	406,671	785,376	274,040	18,201,256

COMMENTS

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

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

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

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

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

YEAR ENDING APRIL 30th	GENERAL GOVERNMENT	PUBLIC SAFETY	STREETS AND PUBLIC WORKS	CULTURE AND RECREATION	CAPITAL OUTLAY	DEBT SERVICE		TOTAL
2004	\$ 4,146,636	\$ 3,771,069	\$ 3,401,790	\$ 1,587,673	\$ 2,388,027	\$ 435,124	\$	\$ 15,730,319
2005	4,269,562	3,719,217	3,611,498	1,131,695	1,169,898	552,069		14,453,939
2006	4,769,276	4,023,177	3,352,923	1,278,676	1,547,598	564,729		15,536,379
2007	3,556,374	4,532,480	3,486,282	1,295,822	1,172,905	1,404,996		15,448,859
2008	3,513,595	4,579,787	3,227,171	1,415,926	2,115,778	1,345,949		16,198,206
2009	3,654,681	4,907,906	3,519,936	1,453,212	3,380,214	1,348,791		18,264,740
2010	4,146,085	4,895,151	3,452,803	1,405,291	2,772,679	1,344,463		18,016,472
2011	4,331,457	4,885,479	3,701,210	1,387,936	859,485	3,873,092		19,038,659
2012	4,557,716	5,601,118	3,922,061	1,417,454	1,574,582	1,329,076		18,402,007
2013	3,761,161	7,297,211	5,220,407	1,753,665	1,234,051	1,318,702		20,585,197

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

RATE SETTING EQUALIZED ASSESSED VALUATION (EAV)
FOR THE LAST TEN TAX CYCLES

<u>TAX YEAR</u>	<u>FARM</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>MINERAL</u>	<u>STATE RR</u>	<u>TOTAL</u>	<u>% CHANGE</u>
2003	\$ 6,312,786	\$ 156,076,227	\$ 140,174,400	\$ 698,631	\$ 1,818	-	\$ 303,263,862	9.1%
2004	6,457,199	164,182,537	149,930,009	737,505	1,818	1,406	321,310,474	6.0%
2005	6,941,999	183,873,204	159,450,273	794,984	1,818	1,495	351,063,773	9.3%
2006	7,479,412	202,450,121	175,997,514	868,048	1,818	1,686	386,798,599	10.2%
2007	8,001,295	215,220,857	186,797,543	912,518	1,818	2,020	410,936,051	6.2%
2008	7,860,205	223,278,350	186,742,668	632,619	1,870	2,709	418,518,421	1.8%
2009	7,986,593	227,193,105	186,397,654	653,815	1,870	3,111	422,236,148	0.9%
2010	7,916,904	224,047,514	178,657,696	658,411	1,870	3,814	411,286,209	-2.6%
2011	7,907,208	223,100,049	174,403,732	663,335	951	4,874	406,080,149	-1.3%
2012	7,627,614	215,960,073	167,826,555	654,852	951	4,813	392,074,858	-3.4%
							<i>Ten Year Avg</i>	3.6%

SOURCE: St. Clair County Clerk's Office, Tax Computation Report

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

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

<u>YEAR ENDING APRIL 30th</u>	<u>POPULATION</u>	<u>ASSESSED VALUATION</u>	<u>GENERAL BONDED DEBT</u>	<u>RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUATION</u>	<u>BONDED DEBT PER CAPITA</u>
2004	16,851	\$ 303,263,862	\$ 13,902,500	0.046	\$ 825
2005	16,851	321,310,474	13,285,000	0.041	788.38
2006	16,851	351,063,773	12,710,823	0.036	754.31
2007	16,851	386,798,599	11,750,000	0.030	697.29
2008	16,851	410,936,051	10,880,000	0.026	645.66
2009	16,851	418,518,421	10,050,538	0.024	596.44
2010	16,851	422,236,148	9,025,000	0.021	535.58
2011	17,078	411,286,209	8,187,971	0.020	479.45
2012	17,078	406,080,149	7,225,115	0.018	423.07
2013	17,078	392,074,858	6,092,528	0.016	356.75

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

	Tax Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Direct City Rates										
City of Fairview Heights	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Library - City of Fairview Heights	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Overlapping Rates										
St. Clair County	1.0120	0.9909	0.9715	1.0090	0.9120	0.9161	0.9168	0.9158	0.9132	0.9123
French Village Fire	0.6360	0.6726	0.6691	0.6571	0.6504	0.6929	0.7137	0.7605	0.7735	1.5955
Fairview Caseyville TWP Fire	0.3029	0.3022	0.2931	0.2791	0.2777	0.2857	0.3728	0.3984	0.3972	0.4123
Northwest SCC Fire	0.3562	0.3558	0.3466	0.3659	0.4781	0.4784	0.4848	0.4945	0.4994	0.5187
Northwest SCC Bonds	0.1385	0.1195	0.1079	0.0927	0.0880	0.0839	0.0849	0.0884	0.0975	0.0990
East Side Fire	0.1815	0.1787	0.1749	0.1703	0.1648	0.1657	0.1754	0.1861	0.2028	0.2149
O'Fallon - SHI - Casey Fire	0.3000	0.3096	0.3829	0.4106	0.3785	0.3822	0.4013	0.4162	0.4491	0.4730
East Side Health	0.1723	0.1903	0.1627	0.1534	0.1498	0.1330	0.1297	0.1339	0.1168	0.1182
East St. Louis Park	0.3311	0.3550	0.4879	0.4711	0.4711	0.4713	0.4330	0.4599	0.4566	0.4765
Townships										
Caseyville Township	0.1378	0.1346	0.1271	0.1187	0.1102	0.1031	0.1065	0.1122	0.1110	0.1130
St. Clair Township	0.0561	0.0517	0.0478	0.0453	0.0426	0.0395	0.0420	0.0501	0.0592	0.0618
Canteen Township	0.5070	0.5159	0.4928	0.4798	0.4631	0.4604	0.4621	0.4596	0.4682	0.4814
Road & Bridge										
Caseyville Road	0.1492	0.1515	0.1370	0.1217	0.1096	0.1033	0.1017	0.1023	0.1019	0.1041
St. Clair Road	0.2611	0.2563	0.2500	0.2455	0.2406	0.2311	0.2352	0.2243	0.2211	0.2230
Canteen Road	0.3670	0.3670	0.3505	0.3383	0.3380	0.3413	0.3379	0.3358	0.3399	0.3498
Schools										
SWIC # 522	0.3408	0.3474	0.3483	0.3589	0.3689	0.3574	0.3608	0.3689	0.3786	0.3942
Grant Dist # 110	2.5984	3.0837	2.9768	3.0610	3.1244	3.2556	3.6380	3.9457	3.8348	3.5539
Belleville HS # 201	1.9528	1.9673	1.9768	2.0291	1.9658	1.9620	1.9753	1.9700	1.9712	1.9712
Wolf Branch # 113	3.8004	3.8912	3.7706	3.6397	3.6325	3.5070	3.5447	3.5748	3.6245	3.6809
O'Fallon Dist # 90	2.7919	2.8308	2.9568	2.9568	2.9568	2.9568	3.0518	3.0657	3.1203	3.1423
O'Fallon HS # 203	1.8920	1.9371	1.9819	1.9819	1.9427	1.8999	1.9187	1.9819	2.2036	2.2005
Pontiac Dist # 105	2.4487	2.4748	2.4909	2.3682	2.3884	2.3942	2.4239	2.3540	2.3588	2.3901
Central Dist # 104	3.2715	3.1388	3.1623	3.1600	3.1600	3.1600	3.1600	3.2578	3.2500	3.2500
Collinsville Unit #10	4.3867	4.4290	4.3884	4.3329	4.3319	4.2511	4.2674	4.2613	4.2684	4.3310
East St. Louis Unit #189	7.5488	7.5482	7.4150	7.5484	7.5410	7.5406	7.4908	7.5332	10.2752	10.8352
Signal Hill Dist # 181	4.7616	4.8942	4.7921	4.8376	4.7828	4.7917	4.8374	4.8778	5.1424	4.2633

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS
MISCELLANEOUS STATISTICS
APRIL 30, 2013**

Date of Incorporation	1969
Form of Government	Mayoral/Council
Number of Employees:	
Total	151
Full Time	109
Total Area	11.2 Square Miles
Number of Dwelling Units	7,876
Estimated Population	17,078
Postal Code	62208
Area Code	618

Police Protection:

Number of Policemen and Officers	43
Number of Police Vehicles	38
Community and Storm Notification System	

Culture and Recreation:

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

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

FACILITIES AND SERVICES NOT INCLUDED IN THE REPORTING ENTITY:

Fire Protection:

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

Ambulance:

 Abbott Lifeforce
 Medstar

Education:

Elementary	2
Middle School	2
Parochial	1

Utilities:

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

Recycling Center	1
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