

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

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

**April 30, 2014**

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

TABLE OF CONTENTS  
April 30, 2014

**FINANCIAL SECTION**

Independent Auditors' Report .....	1-2
Management Discussion and Analysis .....	3-19
Basic Financial Statements	
Statement of Net Position .....	20
Statement of Activities .....	21
Balance Sheet - Governmental Funds .....	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	25
Statement of Fiduciary Net Position – Fiduciary Funds .....	26
Statement of Changes in Fiduciary Net Position – Fiduciary Fund – Police Pension Trust Fund.....	27
Notes to Financial Statements .....	28-59

**REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedule (Budgetary Basis) – General Fund .....	60-72
Budgetary Comparison Schedule (Budgetary Basis) – Home Rule Fund .....	73-74
Budgetary Comparison Schedule (Budgetary Basis) – State Motor Fuel Tax Fund .....	75
Budgetary Comparison Schedule (Budgetary Basis) – Hotel and Motel Tax Fund .....	76
Budgetary Comparison Schedule (Budgetary Basis) – Food and Beverage Tax Fund .....	77
Budgetary Comparison Schedule (Budgetary Basis) – Tax Rebates Fund .....	78
Budgetary Comparison Schedule (Budgetary Basis) – TIF #2 Shoppes of St. Clair.....	79
Schedule of Funding Progress .....	80

**ADDITIONAL ANALYSIS**

Combining Balance Sheet - Non-Major Governmental Funds .....	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds .....	82
Combining Balance Sheet - All General Accounts .....	83
Statement of Revenues, Expenditures, and Changes in Fund Balances - All General Fund Accounts .....	84-85

**STATISTICAL SECTION**

General Governmental Revenues by Source .....	86
Intergovernmental Tax Revenues by Source .....	87
General Governmental Expenditures by Function .....	88
Rate Setting Equalized Assessed Valuation (EAV) .....	89
Ratio of Net General Debt to Assessed Value and Net Bonded Debt Per Capita .....	90
Property Tax Rates per \$100 of Assessed Valuation .....	91
Miscellaneous Statistics .....	92

**FINANCIAL SECTION**



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND  
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview Heights, Illinois as of and for the year ended April 30, 2014, 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, 2014, 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, 60-79 and 80 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.



SCHEFFEL BOYLE  
Belleville, Illinois

October 14, 2014

City of Fairview Heights  
FY 2014 Audit – Management’s Discussion & Analysis

MAYOR  
Gail Mitchell

CITY CLERK  
Mark Kupsky

CITY TREASURER  
Michele Isaacson

ALDERMAN

WARD I  
Dennis Baricevic  
Josh Frawley

WARD II  
Justin Gough  
Roger Lowry

WARD III  
Pat Baeske  
Scott Greenwald

WARD IV  
Linda Arnold  
Carol Warner

WARD V  
Bonnie Crossley  
Denise Williams

APPOINTED DIRECTORS

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

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

City of Fairview Heights  
FY 2014 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, 2014 with selected comparative information.

---

**FINANCIAL HIGHLIGHTS**

---

- The “Statement of Activities” reports a change in net position of \$3.7 million, which represents a gain from operations. This result equates to an increase in net position of 5.6%, bringing the City’s net position total to \$70.2 million.
- During Fiscal Year 2014 (FY 2014) the Fund Balances for the City of Fairview Heights increased 20.7% to a total of \$16.4 million. This was accomplished in large part by a 3.2% decrease in overall spending. 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.
- Total expenditures decreased in the General Fund by 5.8%. As a result, the General Fund’s total unassigned portion of the fund balance in the General Fund equals \$3.8 million. This equates to 27.6% of operating expenses, which exceeds the City’s goal of 25%.
- Sales tax receipts account for 63.1% of all governmental revenues. Total receipts decreased approximately \$600,000 during the fiscal year, to a total of \$14.3 million. When factoring in the locally administered “Food & Beverage Tax”, consumer-based taxes account for 72.1% of all governmental revenues.
- The City retired \$1,130,000 in General Obligation Bonds during the year, with a balance due at fiscal year-end of \$4.87 million. The City’s bonded debt per capita has decreased to \$288, and is a strength of the City. Detailed information can on all debts be found within Note 5 of the “Notes to the Financial Statements”.
- The funded ratio on both of the City’s pension plans increased during the year. The Police Pension increased 9.1% from a ratio of 55.5% to 60.6%. The IMRF increased 8.7% from a ratio of 72.4% to 78.7%. Detail on both plans 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.
- For the first time in the City’s history, the Government Finance Officers Association (GFOA) awarded their “Distinguished Budget Presentation Award” to the City for the FY 2014 budget. The award “reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting”.
- Standard & Poor’s rating agency upgraded the City’s long-term credit rating from “AA-” to “AA” during the fiscal year. Among the factors cited were budgetary flexibility, strong liquidity, and strong City management with good financial practices and policies.

City of Fairview Heights  
FY 2014 Audit – Management’s Discussion & Analysis

---

**USING THIS ANNUAL REPORT**

---

This annual report consists of a series of financial statements.

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

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

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

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

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

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

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

City of Fairview Heights  
FY 2014 Audit – Management’s Discussion & Analysis

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

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

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

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

City of Fairview Heights  
 FY 2014 Audit – Management’s Discussion & Analysis

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The majority of the City of Fairview Heights' \$79.6 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.

<b>City of Fairview Heights Net Position</b>				
<b>(in millions of dollars)</b>				
	<b>FY 2013</b>	<b>FY 2014</b>	<b>% Change</b>	
<b>Assets</b>				
Cash and Investments	\$ 9.36	\$ 11.43	22.1%	
Receivables	5.26	5.32	1.1%	
Restricted Assets: Cash and Investments	1.48	1.76	18.9%	
Fixed Assets, net of depreciation	61.18	61.11	-0.1%	
Miscellaneous	0.06	0.01	-83.3%	
<b>Total Assets</b>	<b>77.34</b>	<b>79.63</b>	<b>3.0%</b>	
<b>Liabilities</b>				
Bonds Payable, current	1.13	1.17	3.5%	
Other Current Liabilities	3.18	1.94	-39.0%	
Bonds Payable, non-current	4.87	3.71	-23.8%	
Other Non-current Liabilities	1.56	1.82	16.7%	
<b>Total Liabilities</b>	<b>10.74</b>	<b>8.62</b>	<b>-19.7%</b>	
Deferred Inflows of Resources	-	0.78	100.0%	
<b>Net Position</b>				
Net investment in capital assets	55.09	56.20	2.0%	
Restricted net position	2.37	3.37	42.2%	
Unrestricted net position	9.14	10.66	16.6%	
<b>Total Net Position</b>	<b>66.60</b>	<b>70.23</b>	<b>5.5%</b>	

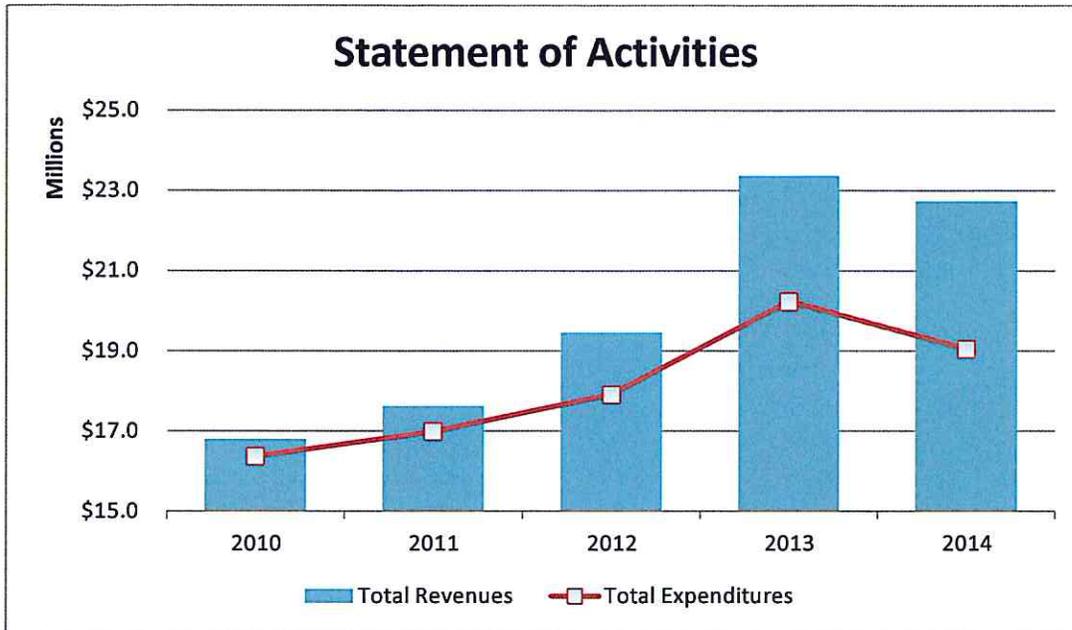
City of Fairview Heights  
 FY 2014 Audit – Management’s Discussion & Analysis

The following table provides a comparison between the activities for FY 2014 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.

<b>Change in the City of Fairview Heights Activities</b> (in millions of dollars)					
	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Revenues</b>					
Program Revenues					
Charges for Services	\$ 0.95	\$ 0.99	\$ 1.20	\$ 1.42	\$ 1.30
Operating Grants and Contributions	0.12	0.13	0.24	0.48	0.66
Capital Grants and Contributions	-	0.26	-	-	-
General Revenues					
Taxes, General Purposes	15.63	16.06	17.95	21.13	20.58
Investment Earnings	0.01	0.01	0.01	0.02	0.03
Miscellaneous	0.08	0.16	0.04	0.32	0.16
<b>Total Revenues</b>	<b>16.79</b>	<b>17.61</b>	<b>19.44</b>	<b>23.37</b>	<b>22.73</b>
<b>Expenditures</b>					
General Government	4.20	4.62	4.62	3.85	3.49
Public Safety	5.53	5.62	6.00	7.63	7.32
Streets and Public Works	4.66	4.82	5.48	6.70	5.92
Culture and Recreation	1.59	1.58	1.53	1.81	2.11
Interest on long-term Debt	0.38	0.34	0.27	0.23	0.19
<b>Total Expenditures</b>	<b>16.36</b>	<b>16.98</b>	<b>17.90</b>	<b>20.22</b>	<b>19.03</b>
<b>Change in Net Position</b>	<b>\$ 0.43</b>	<b>\$ 0.63</b>	<b>\$ 1.54</b>	<b>\$ 3.15</b>	<b>\$ 3.70</b>

As seen in the statement of activities, operating revenues have exceeded operating expenses in each of the past five years. The \$3.7 million gain in operations was achieved despite a decrease in total revenues, driven by a \$600,000 reduction in the City’s primary revenue source (sales tax). Over the five year period shown, the 35.4% rate of growth for revenues (\$16.79 million to \$22.73 million) is outpacing the 16.3% growth rate of expenditures (\$16.36 million to \$19.03 million). This has been accomplished by tax rate increases that went into effect during FY 2012, and despite a more aggressive capital spending plan.

City of Fairview Heights  
FY 2014 Audit – Management’s Discussion & Analysis



### Budget Highlights

The City adheres to a fund accounting system, where an emphasis is placed on accountability rather than profitability. Individual funds are established to account for revenues and expenditures that are either a) restricted due to state and/or local law, or b) at the discretion of the local governing body for tracking purposes. In total, the City has 15 funds which account for various governmental activities and special revenues. City budgets are prepared on a cash basis and can be amended during the fiscal year for various reasons.

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

City of Fairview Heights  
 FY 2014 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
<b>General Fund</b>	Main operating fund of the City that includes a majority of the general operating expenses.
<b>Motor Fuel Tax Fund</b>	Accounts for motor fuel tax disbursements received from the State of Illinois. Used for street maintenance and repair.
<b>Food &amp; Beverage Tax Fund</b>	A fund established by ordinance to account for the receipts and usage of food & beverage tax funds.
<b>Hotel &amp; Motel Tax Fund</b>	A fund established to account for the receipts and usage of hotel/motel tax funds.
<b>Home Rule Tax Fund</b>	Fund established by ordinance to account for home rule sales tax receipts. Functions as the City’s “Capital Improvements” Fund.
<b>Tax Rebate Fund</b>	A fund dedicated to the accounting of development agreements which included tax rebate financing.
<b>TIF #2 – Shoppes @ St. Clair</b>	A special revenue fund dedicated towards the accounting of the “Shoppes @ St. Clair Tax Incremental Financing District”.

As the following table shows, all funds except the Food & Beverage Tax Fund realized an increase in fund balance during FY 2014. On a cash basis, this resulted in a total change over \$1.9 million. 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 \$2.0 million of the budgeted \$5.0 million was utilized during FY 2014. The decrease in the Food & Beverage Tax fund was planned within the budget, as budgeted expenditures exceeded budgeted revenues by \$327,950. As the bond supported by this revenue source nears maturity, the City has elected to divert a higher percentage of this revenue towards general fund operations.

City of Fairview Heights  
 FY 2014 Audit – Management’s Discussion & Analysis

<b>Budget vs. Actual Summary</b>				
<b>Major Funds Only - Cash Basis</b>				
<b>Fiscal Year End 2014</b>				
<b>Revenues</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
General Fund	\$ 17,967,886	\$ 17,998,886	\$ 16,581,202	\$ 1,417,684
Home Rule Tax Fund	3,597,579	3,600,079	3,157,640	442,439
Motor Fuel Tax Fund	477,950	477,950	510,929	(32,979)
Hotel / Motel Tax Fund	636,100	636,100	612,594	23,506
Food & Beverage Tax Fund	703,700	703,700	808,802	(105,102)
Tax Rebates Fund	900,000	900,300	1,289,242	(388,942)
TIF #2 - Shoppes @ St. Clair	352,400	352,400	343,212	9,188
<b>Total</b>	<b>24,635,615</b>	<b>24,669,415</b>	<b>23,303,621</b>	<b>1,365,794</b>
<b>Expenditures</b>				
General Fund	17,864,027	17,879,127	15,939,596	1,939,531
Home Rule Tax Fund	4,569,628	5,026,228	2,038,341	2,987,887
Motor Fuel Tax Fund	481,500	481,500	382,216	99,284
Hotel / Motel Tax Fund	502,751	509,851	439,994	69,857
Food & Beverage Tax Fund	1,031,650	1,031,650	1,030,518	1,132
Tax Rebates Fund	900,000	900,000	1,198,759	(298,759)
TIF #2 - Shoppes @ St. Clair	321,600	351,600	343,067	8,533
<b>Total</b>	<b>\$ 25,671,156</b>	<b>\$ 26,179,956</b>	<b>\$ 21,372,491</b>	<b>\$ 4,807,465</b>
<b>Net Change in Fund Balance *</b>				
General Fund			\$ 641,606	
Home Rule Tax Fund			1,119,299	
Motor Fuel Tax Fund			128,713	
Hotel / Motel Tax Fund			172,600	
Food & Beverage Tax Fund			(221,716)	
Tax Rebates Fund			90,483	
TIF #2 - Shoppes @ St. Clair			145	
<b>Total Change in Fund Balance</b>			<b>\$ 1,931,130</b>	

\* Does not include unrecorded assets & liabilities.

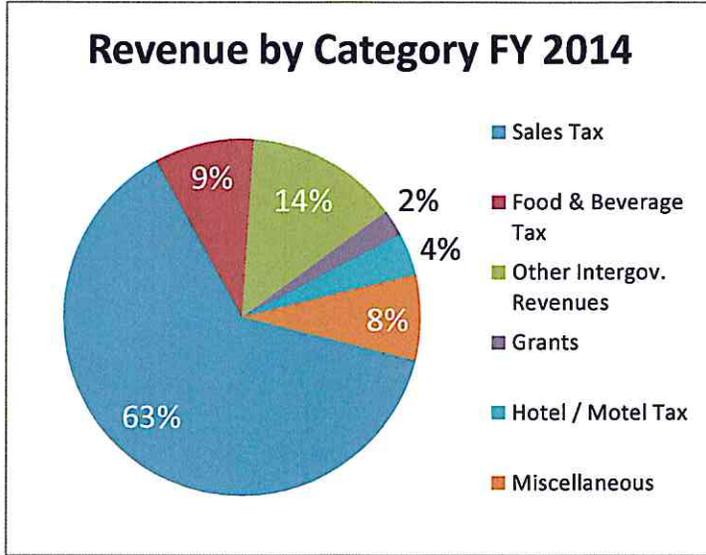
The total of all non-major funds (not shown in the above table) realized a net change in fund balance of \$390,534. This figure can be found in the “Statement of Revenues, Expenditures, and Changes in Fund Balances” statement under the column header “Other Governmental Funds”.

**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.

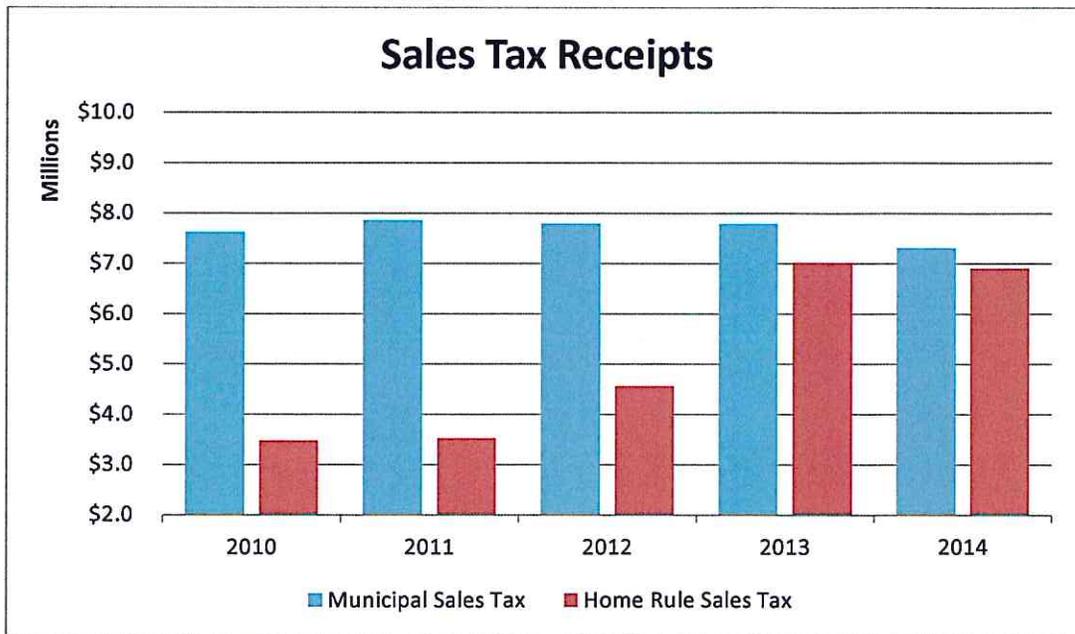
City of Fairview Heights  
 FY 2014 Audit – Management’s Discussion & Analysis

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



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

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



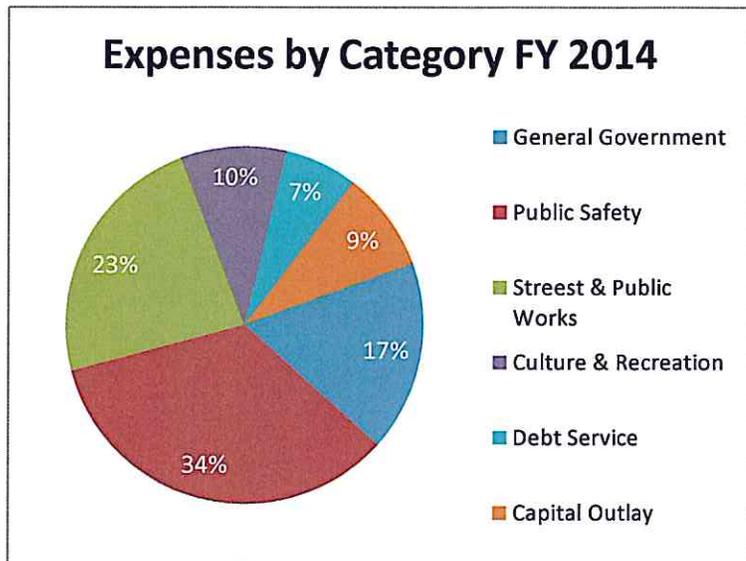
City of Fairview Heights  
FY 2014 Audit – Management’s Discussion & Analysis

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 2014 was \$91,637 and is not included in the chart.

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

**Governmental Activities – Expenditures**

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

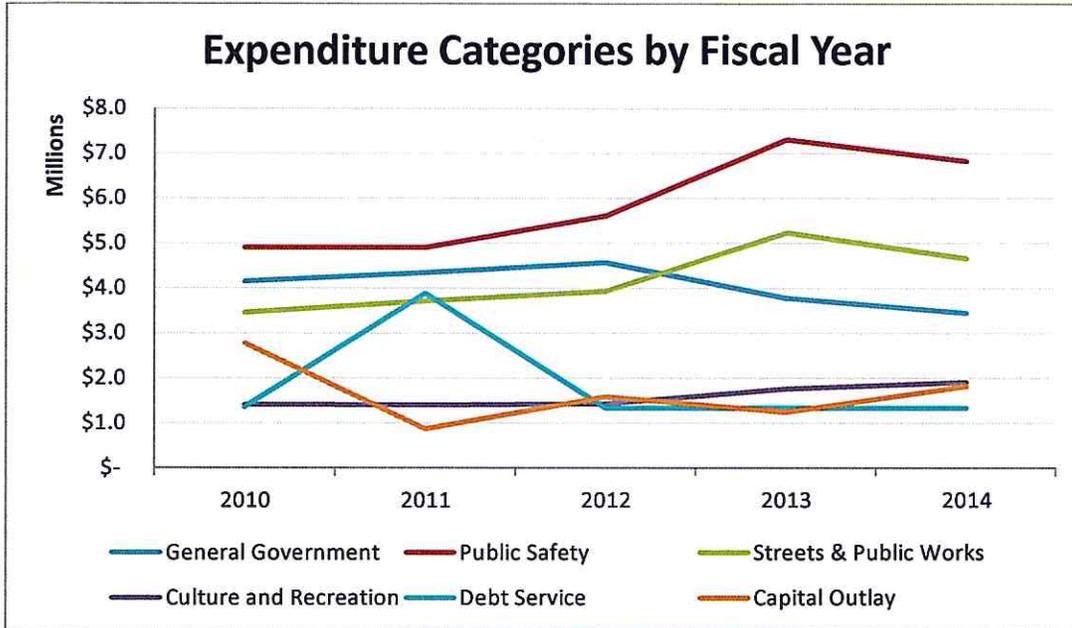


The aforementioned changes to the chart of accounts are evident within any year-to-year analysis of expenditures. For example, items which were previously reported within the “General Government” category (i.e. sales tax rebates and library) are now displayed within another category. Similarly, with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

Tables found within the “Statistical Analysis” section of the audit provide a year-to-year comparison for the past ten fiscal years, and displays the City’s efforts to maintain responsible increases in expenditures. From 2009-2014, total general government expenditures have only increased 9.1% (less than 2% annually).

City of Fairview Heights  
 FY 2014 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 \$16.36 million, an increase of 20.7%. 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 \$1.1 million of the total change in fund balance among the major funds. Additionally, the General Fund and TIF #3 funds experienced strong growth in fund balances.

City of Fairview Heights Statement of Governmental Fund Balances			
	FY 2013	FY 2014	Percent Change
<b>Reserved Funds</b>			
Rebate and Financing Agreements	\$ 1,380,456	\$ 2,089,836	51.4%
Sewer Improvements	159,050	210,619	32.4%
Infrastructure	832,527	1,073,747	29.0%
<b>Unreserved Funds</b>			
Unassigned - General Funds	3,171,909	3,793,979	19.6%
Assigned - Special Revenue	8,008,910	9,191,853	14.8%
<b>Totals</b>	<b>\$ 13,552,852</b>	<b>\$ 16,360,034</b>	<b>20.7%</b>

City of Fairview Heights  
 FY 2014 Audit – Management’s Discussion & Analysis

The City Council adopted a “Fiscal and Budgetary Guidelines Policy” during FY 2012 that has a stated goal to have a 25% (three month) unassigned fund balance for operating expenditures within the General Fund. Cash reserves and contingencies are necessary in order to maintain current levels of service during challenging economic times or other unforeseen events. In the case of Fairview Heights it is especially important due to the City’s lack of a diversified revenue portfolio, and its reliance on sales tax generated from the retail environment. As of the end of the fiscal year the ratio (based on total assets) is 27.6%. On a cash basis, the ratio is 10.9%.

---

**CAPITAL ASSET AND DEBT ADMINISTRATION**

---

**Capital Assets**

At the end of FY 2014, 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”.

<b>City of Fairview Heights Capital Assets (net of depreciation, in millions of dollars)</b>				
	FY 2013	FY 2014	% Change	
Land	\$ 9.27	\$ 9.27	0.00%	
Construction in Progress	0.73	1.61	120.55%	
Buildings	8.04	7.75	-3.61%	
Other Improvements	0.82	0.74	-9.76%	
Machinery and Equipment	2.20	2.40	9.09%	
Infrastructure	40.11	39.34	-1.92%	
<b>Totals</b>	<b>\$ 61.17</b>	<b>\$ 61.11</b>	<b>-0.10%</b>	

**Debt Administration**

As a home rule unit of municipal government, the City of Fairview Heights is not subject to a general obligation legal debt limit. However, if it were, based on the statutory limit 8.625% of the City’s assessed valuation the City’s limit would be approximately \$32.9 million.

Currently, the City has \$4.9 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 2014 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.

<b>City of Fairview Heights Liabilities</b> (in millions of dollars)			
	FY 2013	FY 2014	% Change
General Obligation Bonds	\$ 6.00	\$ 4.90	-18.3%
OPEB and Pension Obligations	1.50	1.80	20.0%
Compensated Absences	0.50	0.50	0.0%
<b>Totals</b>	<b>\$ 8.00</b>	<b>\$ 7.20</b>	<b>-10.0%</b>

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 both funds increased in FY 2014 due to strong investment earnings and the continuation on the part of the City to meet the actuarial required contribution. 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
<b>IMRF</b>	FY 2014	78.66%	\$ 527,600
	FY 2013	72.36%	520,073
	FY 2012	71.37%	436,524
	FY 2011	74.40%	374,249
	FY 2010	80.36%	333,970
<b>POLICE PENSION</b>	FY 2014	60.55%	\$ 1,300,000
	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

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.

City of Fairview Heights  
FY 2014 Audit – Management’s Discussion & Analysis

---

**CURRENT EVENTS AND NEXT YEAR’S BUDGET**

---

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

During these times of stagnant retail growth, the City has been able to maintain the same level of services to the residents and stakeholders of Fairview Heights by using cash reserves, deferring some capital expenditures, maintaining relatively flat operating expenses, and implementing tax rate increases. The Fiscal Year 2014-2015 budget (FY 2015) was adopted at a total of \$29.0 million. The primary operating fund – The General Fund – was adopted as a balanced budget.

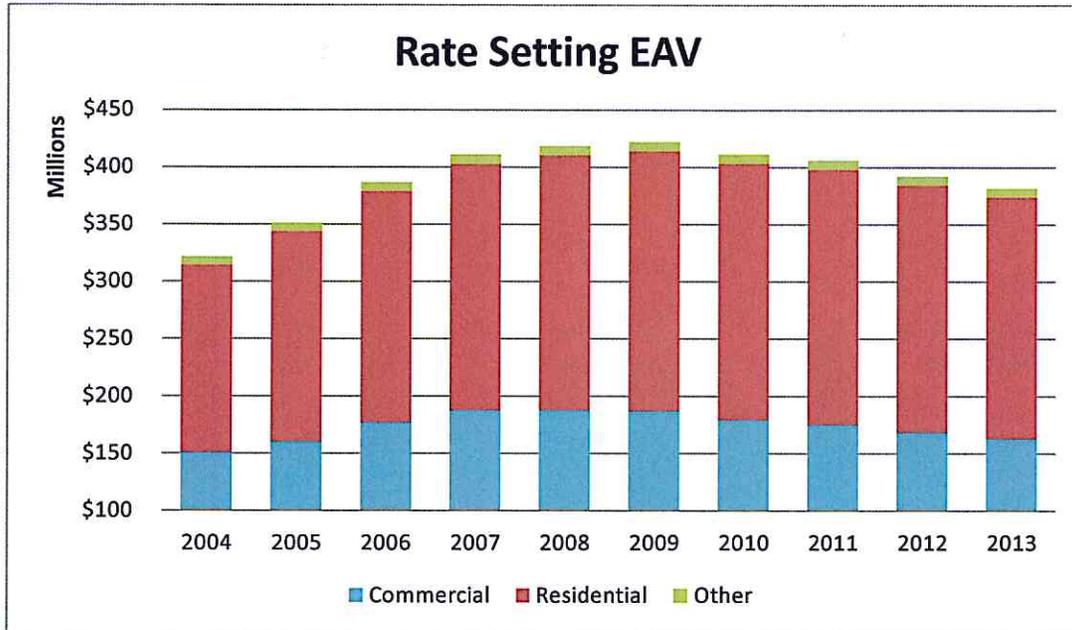
The City’s budget has been recognized by the Government Finance Officers Association (GFOA) as a recipient of the “Distinguished Budget Award”. This represents a major milestone for the City, as it was the first award of its kind. The accomplishment represents the efforts of elected officials and staff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

The City’s Capital Improvements Plan (CIP) for both the audited fiscal year and next budget year includes a continued focus on streets and storm water projects. . 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 \$5.6 million in capital expenditures, highlighted by work on Old Caseyville Road and the Lincoln Trail TIF Streetscape. The five year total of the CIP equals \$28.2 million in planned capital investments.

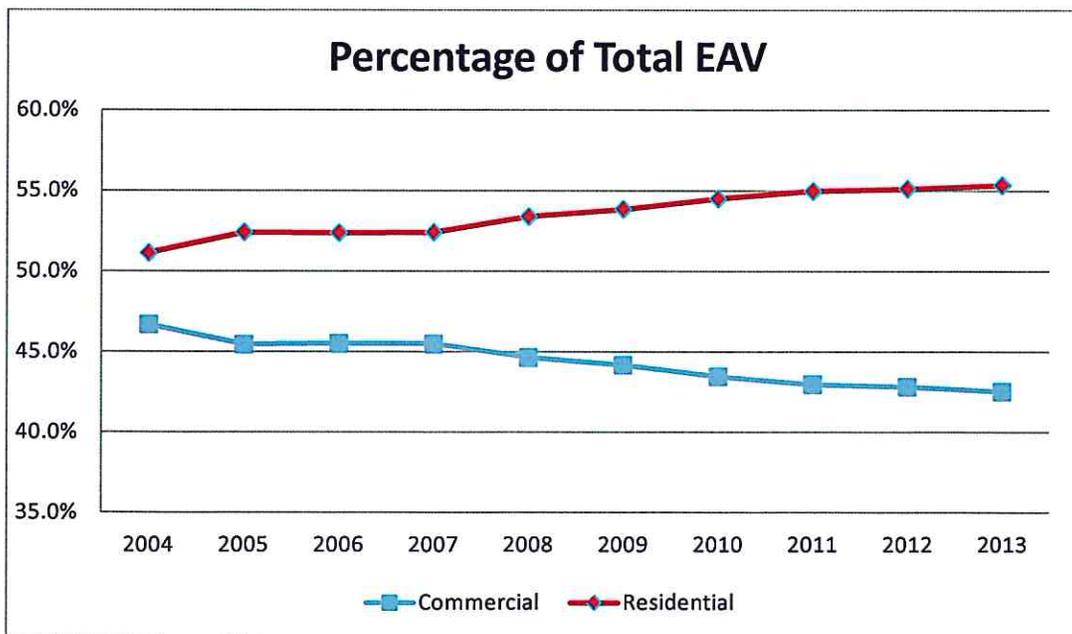
Steps have been taken in recent years by the City Council towards adopting an increased professional approach in local government management by adding key staff members to present and implement a strategic management approach. The first City Administrator was hired in 2006 to manage the day-to-day activity 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.

As of June 2014, the City’s rate setting Equalized Assessed Value (EAV) decreased 2.6% to a total of \$381.8 million. This reflects the tax year 2013 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 2.4%. 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 2014 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 approximately 5% to 13%. While it is difficult to state the exact cause of the growing variance, there are a number of variables in the matter and is an area the City should monitor closely and manage accordingly.



City of Fairview Heights  
FY 2014 Audit – Management’s Discussion & Analysis

---

**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](http://www.cofh.org).

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Statement of Net Position  
April 30, 2014**

**ASSETS**

	<u>Governmental Activities</u>	
Current assets		
Cash and cash equivalents	\$ 11,112,790	
Certificates of deposit	317,776	
Due from fiduciary fund	8,421	
Receivables	5,316,057	
Restricted cash and cash equivalents	<u>1,764,984</u>	
Total current assets		\$ 18,520,028
Noncurrent assets		
Capital assets, net	<u>61,111,629</u>	
Total noncurrent assets		<u>61,111,629</u>
Total assets		<u>79,631,657</u>

**LIABILITIES**

Current liabilities		
Accounts payable	1,012,995	
Accrued payroll	369,520	
Accrued interest payable	54,477	
Compensated absences, current	481,904	
Capital lease payable, current	17,524	
Bonds payable, current	<u>1,165,000</u>	
Total current liabilities		3,101,420
Noncurrent liabilities		
Compensated absences, non-current	25,541	
Capital lease payable, non-current	24,654	
Other postemployment benefit and pension obligation	1,644,996	
IMRF pension obligation	122,516	
Bonds payable, non-current	<u>3,705,000</u>	
Total noncurrent liabilities		<u>5,522,707</u>
Total liabilities		<u>8,624,127</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources		
Unavailable revenue - property tax	<u>777,479</u>	
Total deferred inflows of resources		<u>777,479</u>

**NET POSITION**

Net investment in capital assets	56,199,451	
Restricted net position	3,374,202	
Unrestricted net position	<u>10,656,398</u>	
Total net position		<u>\$ 70,230,051</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Statement of Activities  
April 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government					
Executive department	\$ 2,876,804	\$ 87,039	\$ -	\$ -	\$ (2,789,765)
Municipal complex	609,202	211,322	-	-	(397,880)
Public safety					
Police	7,267,669	660,806	311,054	-	(6,295,809)
Emergency services and disaster agency	53,294	-	3,676	-	(49,618)
Street and public works					
Engineering/streets	2,898,709	-	187,845	-	(2,710,864)
Public works maintenance	693,996	-	-	-	(693,996)
Land use and development	2,330,858	244,553	101,260	-	(1,985,045)
Culture and recreation					
Parks	1,258,346	73,147	-	-	(1,185,199)
Library	640,747	23,656	55,545	-	(561,546)
Tourism	215,227	-	-	-	(215,227)
Interest on long-term debt	187,643	-	-	-	(187,643)
<b>Total governmental activities</b>	<b>\$ 19,032,495</b>	<b>\$ 1,300,523</b>	<b>\$ 659,380</b>	<b>\$ -</b>	<b>(17,072,592)</b>
General revenues					
Taxes					
Sales tax					7,309,328
Home rule tax					6,902,674
Food and beverage tax					2,059,603
Hotel and motel tax					872,788
State income tax					1,630,540
Use tax					299,556
Property tax					758,955
Franchise tax					189,785
Motor fuel tax					421,618
Business district tax					91,637
Video game tax					41,740
Investment earnings					31,526
Miscellaneous					156,469
Total general revenues and transfers					<u>20,766,219</u>
Change in net position					3,693,627
Net position, beginning of year (restated)					<u>66,536,424</u>
Net position, end of year					<u>\$ 70,230,051</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Balance Sheet  
Governmental Funds  
April 30, 2014

	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
<b>ASSETS</b>									
Cash and cash equivalents	\$ 2,356,667	\$ 5,200,177	\$ 985,687	\$ 851,269	\$ 1,089,461	\$ 126,030	\$ -	\$ 503,499	\$ 11,112,790
Certificates of deposit	-	-	-	-	-	-	-	317,776	317,776
Receivables	2,293,652	1,429,874	104,663	131,231	189,469	420,051	307,319	439,798	5,316,057
Due from other funds	805,887	-	-	-	685,000	435,853	-	-	1,926,740
Due from fiduciary fund	8,421	-	-	-	-	-	-	-	8,421
Restricted cash	101,954	99,357	-	-	-	2,627	374	1,560,672	1,764,984
<b>Total assets</b>	<b>\$ 5,566,581</b>	<b>\$ 6,729,408</b>	<b>\$ 1,090,350</b>	<b>\$ 982,500</b>	<b>\$ 1,963,930</b>	<b>\$ 984,561</b>	<b>\$ 307,693</b>	<b>\$ 2,821,745</b>	<b>\$ 20,446,768</b>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

<b>LIABILITIES</b>									
Accounts payable	\$ 162,992	\$ 370,063	\$ 16,603	\$ -	\$ -	\$ 435,853	\$ -	\$ 27,484	\$ 1,012,995
Accrued payroll	356,441	-	-	-	-	-	-	13,079	369,520
Due to other funds	1,120,853	731,184	-	-	74,703	-	-	-	1,926,740
<b>Total liabilities</b>	<b>1,640,286</b>	<b>1,101,247</b>	<b>16,603</b>	<b>-</b>	<b>74,703</b>	<b>435,853</b>	<b>-</b>	<b>40,563</b>	<b>3,309,265</b>
<b>Deferred inflows of resources</b>									
Unavailable revenue - property taxes	30,362	-	-	-	-	-	307,319	439,798	777,479
<b>Total deferred inflows of resources</b>	<b>30,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307,319</b>	<b>439,798</b>	<b>777,479</b>
<b>Fund balances</b>									
Restricted for:									
Rebate and financing agreements	101,954	99,357	-	-	-	548,708	374	1,339,443	2,089,836
Sewer improvements	-	-	-	-	-	-	-	210,619	210,619
Infrastructure	-	-	1,073,747	-	-	-	-	-	1,073,747
Assigned:									
Special revenue funds	-	5,528,804	-	982,500	1,889,227	-	-	791,322	9,191,853
Unassigned:									
General funds	3,793,979	-	-	-	-	-	-	-	3,793,979
<b>Total fund balances</b>	<b>3,895,933</b>	<b>5,628,161</b>	<b>1,073,747</b>	<b>982,500</b>	<b>1,889,227</b>	<b>548,708</b>	<b>374</b>	<b>2,341,384</b>	<b>16,360,034</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,566,581</b>	<b>\$ 6,729,408</b>	<b>\$ 1,090,350</b>	<b>\$ 982,500</b>	<b>\$ 1,963,930</b>	<b>\$ 984,561</b>	<b>\$ 307,693</b>	<b>\$ 2,821,745</b>	<b>\$ 20,446,768</b>

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, 2014**

Total fund balance - total governmental funds		\$ 16,360,034
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets of \$99,687,496 net of accumulated depreciation of \$38,575,867 are not financial resources and, therefore, are not reported in the funds.		61,111,629
Certain liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at April 30, 2014, were:		
Compensated absences	(507,445)	
Accrued interest on bonds payable	(54,477)	
Capital lease payable	(42,178)	
Other post employment benefit and pension obligation	(1,644,996)	
IMRF pension obligation	(122,516)	
General obligation bonds payable	(4,870,000)	(7,241,612)
Net position of governmental activities		\$ 70,230,051

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, 2014

	General	Home Rule	Slate Motor Fuel Tax	Hotel and Motel Tax	Food and Beverage	Tax Rebates	TIF #2 Shoppes of St. Clair	Other Governmental Funds	Total Funds
<b>Revenues</b>									
Sales taxes	\$6,505,514	\$ -	\$ -	\$ -	\$ -	\$ 803,814	\$ -	\$ -	\$ 7,309,328
Food and beverage taxes	1,341,407	-	-	-	718,196	-	-	-	2,059,603
Home rule taxes	3,102,546	3,038,597	-	-	-	761,531	-	-	6,902,674
Income taxes	1,630,540	-	-	-	-	-	-	-	1,630,540
Property taxes	41,130	-	-	-	-	-	311,879	405,946	758,955
Use taxes	299,556	-	-	-	-	-	-	-	299,556
Hotel and motel taxes	243,929	-	-	628,859	-	-	-	-	872,788
Utility/franchise taxes	189,785	-	-	-	-	-	-	-	189,785
Video game taxes	41,740	-	-	-	-	-	-	-	41,740
Motor fuel taxes	-	-	421,618	-	-	-	-	-	421,618
Business district taxes	-	-	-	-	-	91,637	-	-	91,637
Licenses and permits	324,557	-	-	-	-	-	-	-	324,557
Grant	308,939	37,500	150,345	-	-	-	-	49,001	545,785
Fines and fees	482,375	-	-	-	-	-	-	183,021	665,396
Rental	211,322	-	-	-	-	-	-	-	211,322
Donations	7,051	-	-	-	-	-	-	106,544	113,595
Interest income	5,389	11,870	2,101	2,003	3,304	903	145	5,811	31,526
Miscellaneous	195,917	-	16,146	-	-	-	-	2,210	214,273
<b>Total revenues</b>	<b>14,931,697</b>	<b>3,087,967</b>	<b>590,210</b>	<b>630,862</b>	<b>721,500</b>	<b>1,657,885</b>	<b>312,024</b>	<b>752,533</b>	<b>22,684,678</b>
<b>Expenditures</b>									
<b>Current</b>									
<b>General government</b>									
Mayor's department	305,488	-	-	-	-	-	-	-	305,488
Clerk's department	1,383,317	-	-	-	-	-	-	-	1,383,317
Finance department	328,357	-	-	-	1,468	-	-	-	329,825
Administration department	848,525	40,986	-	-	-	-	-	-	889,511
Municipal complex	468,714	50,847	-	-	-	-	-	-	519,561
<b>Public Safety</b>									
Police	6,686,031	29,325	-	-	-	-	-	76,363	6,791,719
Emergency services and disaster agency	19,654	-	-	-	-	-	-	-	19,654
<b>Streets and public works</b>									
Engineering/streets	1,271,671	19,614	348,990	-	-	-	-	-	1,640,275
Public works maintenance	678,587	-	-	-	-	-	-	-	678,587
Land use and development	605,302	8,241	-	-	-	-	-	-	613,543
Sales tax rebates	-	-	-	-	-	1,185,520	-	-	1,185,520
Tax increment financing	-	-	-	-	-	-	343,067	188,728	531,795
<b>Culture and recreation</b>									
Parks	1,093,492	75,858	-	-	-	-	-	-	1,169,350
Library	50,484	-	-	-	-	-	-	539,168	589,652
Tourism	-	-	-	139,295	-	-	-	-	139,295
<b>Debt service</b>									
Principal	-	-	-	245,000	885,000	-	-	-	1,130,000
Interest	-	-	-	55,699	144,050	-	-	-	199,749
Capital outlay	-	1,720,786	-	-	-	-	-	88,369	1,809,155
<b>Total expenditures</b>	<b>13,739,622</b>	<b>1,945,657</b>	<b>348,990</b>	<b>439,994</b>	<b>1,030,518</b>	<b>1,185,520</b>	<b>343,067</b>	<b>892,628</b>	<b>19,925,996</b>
Excess (deficiency) of revenues over expenditures	1,192,075	1,142,310	241,220	190,868	(309,018)	472,365	(31,043)	(140,095)	2,758,682
<b>Other financing sources (uses)</b>									
Sale of capital assets	-	48,500	-	-	-	-	-	-	48,500
Transfers out	(1,971,235)	-	-	(589)	-	-	-	-	(1,971,824)
Transfers in	1,400,589	-	-	-	9,418	-	31,188	530,629	1,971,824
<b>Total other financing sources (uses)</b>	<b>(570,646)</b>	<b>48,500</b>	<b>-</b>	<b>(589)</b>	<b>9,418</b>	<b>-</b>	<b>31,188</b>	<b>530,629</b>	<b>48,500</b>
<b>Net change in fund balances</b>	<b>621,429</b>	<b>1,190,810</b>	<b>241,220</b>	<b>190,279</b>	<b>(299,600)</b>	<b>472,365</b>	<b>145</b>	<b>390,534</b>	<b>2,807,182</b>
Fund balances, beginning of year (restated)	3,274,504	4,437,351	832,527	792,221	2,188,827	76,343	229	1,950,850	13,552,852
<b>Fund balances, end of year</b>	<b>\$3,895,933</b>	<b>\$5,628,161</b>	<b>\$1,073,747</b>	<b>\$982,500</b>	<b>\$1,889,227</b>	<b>\$ 548,708</b>	<b>\$ 374</b>	<b>\$ 2,341,384</b>	<b>\$16,360,034</b>

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, 2014**

Net change in fund balances - total governmental funds		\$ 2,807,182
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 \$1,866,070 exceeded capital assets of \$1,809,155 in the current period.	\$	(56,915)
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 \$255,489 net of related accumulated depreciation of \$248,433.		(7,056)
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.		44,853
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Payment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds.		1,130,000
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net decrease in compensated absences of \$40,531, the net decrease in accrued interest of \$12,106, the net increase in IMRF pension obligation of \$2,439, and the net increase in other postemployment benefit and pension obligation of \$274,635.	<u>(224,437)</u>	<u>886,445</u>
Change in net position of governmental activities		<u>\$ 3,693,627</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Statement of Fiduciary Net Position - Fiduciary Funds  
April 30, 2014

<b>ASSETS</b>	<u>Pension Trust Fund</u>
Pooled cash and cash equivalents	<u>\$ 1,116,557</u>
Total cash	1,116,557
Interest and dividends receivable	49,894
Investments, at fair value	
Common stock	10,836,761
Mutual funds	2,204,535
Government securities/fixed income	<u>8,593,329</u>
Total investments	<u>21,634,625</u>
Total assets	<u>22,801,076</u>
<b>LIABILITIES</b>	
Accounts payable	33,873
Due to General fund	<u>8,421</u>
Total liabilities	<u>42,294</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u>\$ 22,758,782</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, 2014**

	Pension Trust Fund
Additions	
Contributions	
Employer	\$ 1,300,000
Plan members	<u>316,803</u>
Total contributions	1,616,803
Investment income	
Net appreciation in fair value of investments	1,168,369
Realized gain on sale of investments	990,732
Interest	114,098
Dividends	<u>158,943</u>
	2,432,142
Less: investment expense	<u>101,745</u>
Total investment income	2,330,397
Other income	<u>50</u>
Total additions	3,947,250
Deductions	
Retirement benefits	1,246,764
Disability	216,730
Refund of contribution	67,585
Administrative expenses	<u>64,240</u>
Total deductions	<u>1,595,319</u>
Change in net position	2,351,931
Beginning of year	<u>20,406,851</u>
End of year	<u>\$ 22,758,782</u>

See accompanying notes to financial statements.

# CITY OF FAIRVIEW HEIGHTS, ILLINOIS

## Notes to Financial Statements

April 30, 2014

### 1. Summary of significant accounting policies

#### A. General statement

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

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

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

#### B. Financial reporting entity

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

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

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

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

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

1. Summary of significant accounting policies (continued)

C. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

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

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

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

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

The City reports the following major governmental funds:

**General fund**

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

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

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

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

1. Summary of significant accounting policies (continued)

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

Other fund types

The City also reports the following fund types:

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

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

E. Budgetary control

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

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

1. Prior to April 1 the Budget Director submits to the City Council, a proposed operating budget for the fiscal year commencing the following May 1. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by sources. Expenditures are budgeted by 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.

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

1. Summary of significant accounting policies (continued)

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

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

The City amended its budget during the year.

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

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

1. Summary of significant accounting policies (continued)

cost of \$15,000 or more as purchase or construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

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

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

H. Compensated absences

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

I. Long-term obligations

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

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

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:

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

1. Summary of significant accounting policies (continued)

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

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

K. Program revenues

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

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

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

L. Internal and interfund balances and activities

In the process of aggregating the financial information for the government-wide statement of net 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:

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

1. Summary of significant accounting policies (continued)

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

Government - wide financial statements

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

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

M. Fund equity

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

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

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

**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.

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

1. Summary of significant accounting policies (continued)

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

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

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

N. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

O. Deferred inflows of resources

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

2. Cash, certificates of deposit, and investments

As of April 30, 2014, the City had the following certificates of deposit:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
Community First Bank - Certificate of Deposit	10/21/2015	\$ 51,000
Community First Bank - Certificate of Deposit	10/25/2015	55,952
Community First Bank - Certificate of Deposit	7/9/2014	5,015
Community First Bank - Certificate of Deposit	7/9/2016	103,382
Centrue Bank - Certificate of Deposit	8/19/2015	<u>102,427</u>
Total		<u>\$ 317,776</u>

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

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

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

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

At April 30, 2014, the book balance of the City's cash and investments was \$13,107,071 and the bank balance was \$13,327,353. Of the bank balance, \$670,828 was covered by federal depository insurance and \$12,656,525 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	\$ 696	\$ 696
Pooled cash and cash equivalents	12,789,295	13,009,577
Certificates of deposit	<u>317,776</u>	<u>317,776</u>
	13,107,071	13,327,353
External investment pool:		
The Illinois Funds - Money Market Fund	<u>87,783</u>	<u>87,783</u>
	<u>\$ 13,195,550</u>	<u>\$ 13,415,832</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.

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

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

Investment policies

**City policy**

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

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

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

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

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:

<u>Description</u>	<u>Value</u>	<u>Cost</u>
Domestic common stocks	\$ 10,836,761	\$ 8,161,727
U.S. Treasury notes	4,190,807	4,235,312
FHLMC	632,771	638,139
FNMA	388,593	393,753
Corporate bonds	3,079,301	3,097,034
Municipal bonds	301,857	298,893
Mutual funds	<u>2,204,535</u>	<u>1,988,644</u>
	<u>\$ 21,634,625</u>	<u>\$ 18,813,502</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, 2014.

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. 2012 property taxes were payable in two installments; July 17, 2013 and September 4, 2013. 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 2012 and prior tax levies.

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

4. Capital assets

**Changes in capital assets**

The following provides a summary of changes in capital assets:

	Balance at May 1, 2013	Additions	Retirements	Balance at April 30, 2014
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,270,628	\$ -	\$ -	\$ 9,270,628
Construction in progress	<u>726,511</u>	<u>879,116</u>	<u>-</u>	<u>1,605,627</u>
Total capital assets not being depreciated	9,997,139	879,116	-	10,876,255
Other capital assets				
Buildings	13,568,217	36,727	-	13,604,944
Other improvements	2,882,552	-	-	2,882,552
Machinery and equipment	10,056,619	641,599	(255,489)	10,442,729
Infrastructure	<u>61,629,303</u>	<u>251,713</u>	<u>-</u>	<u>61,881,016</u>
Total other capital assets at historical costs	88,136,691	930,039	(255,489)	88,811,241
Less accumulated depreciation for				
Buildings	5,525,294	324,842	-	5,850,136
Other improvements	2,059,653	81,847	-	2,141,500
Machinery and equipment	7,854,291	436,329	(248,433)	8,042,187
Infrastructure	<u>21,518,992</u>	<u>1,023,052</u>	<u>-</u>	<u>22,542,044</u>
Total accumulated depreciation	<u>36,958,230</u>	<u>1,866,070</u>	<u>(248,433)</u>	<u>38,575,867</u>
Governmental activities capital assets, net	<u>\$ 61,175,600</u>	<u>\$ (56,915)</u>	<u>\$ (7,056)</u>	<u>\$ 61,111,629</u>

For the year ended April 30, 2014, the City received donated streets of \$-0- .

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

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

4. Capital assets (continued)

Primary government		
Governmental activities		
General government		
Executive	\$	11,077
Municipal complex		78,471
Police safety		
Police		253,016
EDSA		33,640
Street and public works		
Engineering/streets		1,258,434
Public works maintenance		15,409
Land use and development		-
Culture and recreation		
Parks		88,996
Library		51,095
Tourism		<u>75,932</u>
 Total depreciation for governmental activities	\$	<u><u>1,866,070</u></u>

5. Long-term debt

**Long-term debt supporting governmental activities**

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

**Changes in long-term debt**

The following is a summary of changes in long-term debt for the year ended April 30, 2014:

Description and Purpose	Balance May 1, 2013	Issued	Retired	Balance April 30, 2014	Due Within One Year
Governmental activities					
Compensated					
absences	\$ 547,976	\$ 595,936	\$ 636,467	\$ 507,445	\$ 481,904
General obligation					
bonds	6,000,000	-	1,130,000	4,870,000	1,165,000
Total	<u>\$ 6,547,976</u>	<u>\$ 595,936</u>	<u>\$ 1,766,467</u>	<u>\$ 5,377,445</u>	<u>\$ 1,646,904</u>

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

**5. Long-term debt (continued)**

The City has general obligation debt service requirements at April 30, 2014, 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.

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, 2014:

Payable During the Year Ended	General Obligation Bond Series DTD 9/15/05		
	Total	Principal	Interest
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>\$ 3,214,043</u>	<u>\$ 2,955,000</u>	<u>\$ 259,043</u>

Payable During the Year Ended	General Obligation Bond Series DTD 1/1/11		
	Total	Principal	Interest
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>\$ 2,138,801</u>	<u>\$ 1,915,000</u>	<u>\$ 223,801</u>

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

5. Long-term debt (continued)

Payable During the Year Ended	Total All Bonds		
	Total	Principal	Interest
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>\$ 5,352,844</u>	<u>\$ 4,870,000</u>	<u>\$ 482,844</u>

6. Interfund receivables, payables and transfers

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

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

Due from	Due to	Amount
Governmental activities/major governmental funds	Governmental activities/major governmental funds	
General fund	Food and beverage fund	\$ 685,000
General fund	Sales tax rebate fund	435,853
Food and beverage fund	General fund	74,703
Home rule fund	General fund	731,184
		<u>\$ 1,926,740</u>
Fiduciary Funds	Governmental activities/major governmental funds	
Police pension fund	General fund/Police pension fund	<u>\$ 8,421</u>

The following is a summary of transfers during the year ended April 30, 2014:

Transfer from	Transfer to	Amount
Hotel and motel fund	General fund	\$ 589
General fund	General fund/Capital reserve fund	100,000
General fund	General fund/Police pension fund	1,300,000
General fund	Food & beverage fund	9,418
General fund	TIF #1 Bunkum Road	18,473
General fund	TIF #2 Shoppes of St. Clair	31,188
General fund	TIF #3 Lincoln Trail	22,121
General fund	Library	490,035
		<u>\$ 1,971,824</u>

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

6. Interfund receivables, payables and transfers (continued)

The hotel and motel fund transfer was used to transfer additional hotel and motel tax revenue owed to the general fund.

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

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

The general fund transfer to the food and beverage fund was used to correct income tax revenue that was posted to the wrong account.

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

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

The general fund transfer to the library fund was used to transfer additional revenue to the library 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 \$585,502. 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, 2014, the amount of cash restricted for current and future payments under this agreement was \$106,085. 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.

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

7. Sales tax rebates (continued)

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 \$26,573 in 2014. 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, 2014, the amount of cash restricted for current and future payment under this agreement was \$2,627. The balance owed is not presented in the accompanying financial statements because they are considered to be commitments and will not be a liability unless certain events occur in the future.

Pursuant to Ordinance Number 1259-2005 authorizing a pledge of limited incremental sales tax revenues and the creation of business district tax with the developer (Shoppes of St. Clair Square, LLC), the City is responsible to pay the developer 100 percent of all sales tax revenue within the development. The City is entitled to receive annually for a maximum of 20 years of which the increase in the aggregate amount of sales and similar taxes paid to the City arising from sales within the redevelopment project area over and above the amount of such taxes paid to the City during the calendar year preceding the agreement, minus any amounts paid under the TIF revenue. The business district tax the City imposed is 1/2 percent sales tax on all retailers and servicemen operating within the Business District Area. The City agrees to reimburse the developer for verified reimbursable redevelopment project costs in an amount not to exceed \$5,000,000 plus insurance costs. The developer shall delineate the portion that shall be TIF notes, business district tax notes, 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 \$525,015 in 2014. 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, 2014, the amount of cash restricted for current and future payment under this agreement was \$95,226. The balance owed is not presented in the accompanying financial statements because they are considered to be commitments and will not be a liability unless certain events occur in the future.

8. Tax increment financing districts

Pursuant to Ordinances 1168-03, 1169-03, 1170-03 and 1186-04 and as subsequently amended the City approved the Redevelopment Plan of Tax Increment Financing District #1 authorizing reimbursement of development costs under the "TIF Act" with the developer (Freeburg Commercial Ventures L.L.C.). The agreement calls for the City to pay the developer TIF revenues which represent the amount attributable to the increase in the current equalized assessed valuation. The TIF note cannot exceed a maximum of \$1,000,000 of approved development costs and will extend for 23 years from issuance. The City made payments under this agreement of \$149,503 in 2014. 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, 2014, the amount of cash restricted for current and future payments under this agreement was \$12,133.

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

8. Tax increment financing districts (continued)

Pursuant to Ordinance 1259-2005 approving the redevelopment plan authorizing reimbursement of development costs under the "TIF Act" with the developer (Shoppes of St. Clair, LLC). The agreement calls for the City to pay the developer TIF revenues which represent the amount attributable to the increase in the current equalized assessed valuation. The TIF note in conjunction with the limited incremental sales tax note is for \$3,684,000 and will be for a term of 23 years from issuance. The City made payments under this agreement of \$343,067 in 2014. 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, 2014, the amount of cash restricted for current and future payments under this agreement was \$374. The City signed an Intergovernmental Cooperation Agreement with the other Taxing Districts located within the TIF area. In an effort to replace tax revenues lost by the Taxing Districts and facilitate the redevelopment of the TIF area and the Business District in accordance with the TIF plan, the proposed business district plan, the TIF Act and the Business District Act, the City hereby pledges and agrees to pay from the limited incremental sales tax revenues to the Taxing Districts an amount equal to 66.67 percent of the Business District tax revenues but not more than a maximum amount equal to 75 percent of the TIF revenues. The distribution percentage share for each Taxing District is based on their respective portion of the real estate tax rate at the time of the agreement to the total of all the Taxing Districts. The City made payments under this agreement of \$61,668 by April 30, 2014.

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 \$30,016. 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, 2014, the amount of cash restricted for current and future payments under this agreement was \$1,337,920.

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

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

9. Lease revenue (continued)

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.

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:

5/1/14 - 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
5/1/18 - 4/30/19	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, 2014, rentals approximated \$41,321 for such leases. These leases primarily support governmental activities.

Minimum rentals on leases for future years are as follows:

5/1/14 - 4/30/15	<u>\$ 31,665</u>
------------------	------------------

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.

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

11. Capital leases (continued)

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.

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

Minimum lease payments for future years are as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
5/1/14 - 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 \$1,554,365 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, 2014, an amount of \$210,619, 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](http://www.imrf.org).

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

13. Retirement plans (continued)

**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 2013 was 13.04 percent.

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

**Annual Pension Cost** - For fiscal year ending April 30, 2014, the City's actual contributions for pension cost for the Regular plan members were \$527,600.

**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>
4/30/2014	\$ 530,039	100 %	\$ 122,516
4/30/2013	522,857	100	120,077
4/30/2012	465,655	94	117,563

The following table shows the components of the City's annual pension cost for the year ended April 30, 2014, the actual amount contributed to the Plan, and changes in the City's net pension obligation to the Plan.

Annual required contribution	\$ 527,600
Interest on net pension obligation	9,006
Adjustment to annual required	<u>(6,567)</u>
Annual pension cost	530,039
Contributions made	<u>527,600</u>
Increase in net pension obligation	2,439
Net pension obligation, May 1, 2013	<u>120,077</u>
Net pension obligation, April 30, 2014	<u>\$ 122,516</u>

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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

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

13. Retirement plans (continued)

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, 2011 is being amortized as a level percentage of projected payroll on open 30 year basis.

**Funded status and funding progress** - As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 78.66 percent funded. The actuarial accrued liability for benefits was \$12,024,850 and the actuarial value of assets was \$9,458,771, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,566,079. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$3,993,436 and the ratio of UAAL to the covered payroll was 64 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, 2013, was \$3,109,033 out of a total payroll of \$7,656,813. At April 30, 2013, 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	23
Nonvested	19
	<hr/>
Total	<u>73</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

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

13. Retirement plans (continued)

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.

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, 2014:

	<u>Cost</u>	<u>Market</u>
Europacific Growth fund	<u>\$ 1,988,644</u>	<u>\$ 2,204,535</u>

**Related party transactions**

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



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

13. Retirement plans (continued)

**Trend Information**

Actuarial Valuation Date	Actual Contributions	Annual Required Contribution	Percentage of ARC Contribution	Net Pension Obligation
4/30/2014	\$ 1,300,000	\$ 1,296,452	100.31 %	\$ 244,714
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

The following table shows the components of the City's annual pension cost for the year ended April 30, 2014, the actual amount contributed to the Plan, and changes in the City's net pension obligation to the Plan.

Annual required contribution	\$ 1,296,452
Interest on net pension obligation	16,166
Adjustment to annual required contribution	<u>(16,613)</u>
Annual pension cost	1,296,005
Contributions made	<u>1,300,000</u>
Decrease in net pension obligation	(3,995)
Net pension obligation, May 1, 2013	<u>248,709</u>
Net pension obligation, April 30, 2014	<u>\$ 244,714</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 2011, 2012 and 2013 available assets were sufficient to fund 64.48 percent, 55.49 percent and 60.55 percent, respectively, of the unfunded actuarial accrued liability. Unfunded actuarial accrued liability represents, 336.65 percent, 511.03 percent and 401.04 percent of the annual payroll for the participating members covered by the police pension fund for 2011, 2012 and 2013, 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 2011, 2012 and 2013 the City's contribution to the police pension fund, all made in accordance with actuarially determined requirements, were 25.92 percent, 45.44 percent and 42.85 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.

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

13. Retirement plans (continued)

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.

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 2014 fiscal year, the annual pay-as-you-go cost is approximately \$182,499 (2.8 percent of payroll).

As of April 30, 2014, 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, 2014, 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 2014 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, 2014, the actual amount contributed to the plan, and changes in the City's net OPEB obligation to the plan:

	Police	Municipal	Total
Annual required contribution	\$ 410,329	\$ 64,207	\$ 474,536
Interest on OPEB obligation	52,375	3,706	56,081
Adjustment to annual required contribution	<u>(64,896)</u>	<u>(4,592)</u>	<u>(69,488)</u>
Annual OPEB cost (expense)	397,808	63,321	461,129
Contributions made	<u>(130,348)</u>	<u>(52,151)</u>	<u>(182,499)</u>
Increase in net OPEB obligation	267,460	11,170	278,630
Net OPEB obligation - May 1, 2013	<u>1,047,527</u>	<u>74,125</u>	<u>1,121,652</u>
 Net OPEB obligation - April 30, 2014	 <u>\$ 1,314,987</u>	 <u>\$ 85,295</u>	 <u>\$ 1,400,282</u>

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

14. Other postemployment benefit plan (continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended April 30, 2014 and the two preceding years are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
04/30/14	\$ 461,129	39.60 %	\$ 1,400,282
04/30/13	464,683	36.00	1,121,652
04/30/12	357,336	26.10	824,372

**Funded status and funding progress** - The funded status of the Plan based on the most recent actuarial valuation as of April 30, 2014 is as follows:

	<u>Police</u>	<u>Municipal</u>	<u>Total</u>
Actuarial accrued liability (AAL)	\$ 4,376,593	\$ 701,898	\$ 5,078,491
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,376,593</u>	<u>\$ 701,898</u>	<u>\$ 5,078,491</u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%	0.00%	0.00%
Covered payroll (active plan members)	\$ 3,780,530	\$ 2,651,356	\$ 6,431,886
UAAL as a percentage of covered payroll	115.80%	26.50%	79.00%

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, 2014, the entry age normal cost method was used.

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

14. Other postemployment benefit plan (continued)

The following simplifying assumptions were made:

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

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

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

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

*Health insurance premiums* - Health insurance premiums for employees for the year ended April 30, 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 (CONTINUED)**

15. Contingent liabilities (continued)

B. Federal and state grants

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

C. State motor fuel fund

This fund is under the direct supervision of state authorities and is subject to audit and review by them. Therefore, this report does not constitute final approval. Under current procedures, the allotments of the City are being received from the State of Illinois each month. These allotments, however, may be expended only for specific 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 \$126,357 for road and bridge improvements. The City is in the preliminary design and planning phases for various other capital improvements.

16. Deferred compensation plan

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

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

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

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

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

17. Over expenditures of budget

For the year ended April 30, 2014, 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	Election expenses	\$ 74
General fund	Mayor	Legal fees	71,876
General fund	Finance	Membership dues	200
General fund	Finance	IT software	14,070
General fund	Police	Boards & comm.	1,749
General fund	Police	IT hardware	6,118
General fund	Police	IT software	2,731
General fund	Police	Supplies	2,397
General fund	Administration	Legal fees	72,650
General fund	Administration	Equipment rental	747
General fund	Administration	Computers	1,709
General fund	Administration	Supplies	197
General fund	Engineering	Electric utility	5,150
General fund	Parks	Tech & out svcs	14,873
General fund	Municipal complex	Tech & out svcs	8,781
General fund	Municipal complex	Bldgs & structures	221
General fund	Land use	Tech & out svcs	3,425
Home rule fund	Parks	Survey eng. - cap.	4,682
Home rule fund	Municipal complex	Bldgs & structures	38,409
Motor fuel tax fund	Engineering	Tech & out svcs	1,916
Sales tax rebate	Land use	Sales tax rebate	298,759 *

\* 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.

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

19. Commitments

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

20. Subsequent events

The City entered into contracts totaling \$2,367,709 for various road improvements and professional services.

21. New pronouncements

For fiscal year 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65. As a result, prior period "bond issuance costs" of \$63,851 have been expensed in the prior period adjustment, as explained in note 22. Statement No. 65, Items Previously Reported as Assets and Liabilities reclassifies and recognizes certain items that were formerly reported as assets and liabilities as one of four financial statement elements:

- Deferred outflows of resources
- Outflows of resources
- Deferred inflows of resources
- Inflows of resources

Concepts Statement No. 4 requires that deferred outflows and deferred inflows be recognized only in those instances specifically identified in GASB pronouncements. Statement No. 65 provides that guidance.

22. Prior period adjustment

During the year ended April 30, 2014, the following affected the beginning net position of the City:

Changes were made to reflect the effect of implementing GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement requires that bond issue costs be shown as current-period outflows of resources (expenses).	\$ <u>63,851</u>
Prior period adjustment on the statement of revenues, expenses and changes in fund net position	\$ <u>63,851</u>

The net prior period adjustment is shown as a decrease in the beginning net position in the statement of revenues, expenses and changes in fund net position.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Permits				
Building permits	\$ 100,000	\$ 100,000	\$ 90,014	\$ (9,986)
Plumbing permits	1,500	1,500	673	(827)
Electric permits	4,500	4,500	4,925	425
Demo, satellite and grade	5,000	5,000	420	(4,580)
Sign permits	8,500	8,500	9,311	811
Building maintenance permits	38,000	38,000	54,900	16,900
Total permits	157,500	157,500	160,243	2,743
Income tax				
Income tax	1,530,000	1,530,000	1,650,972	120,972
Interest	8,400	8,900	5,390	(3,510)
Total income taxes	1,538,400	1,538,900	1,656,362	117,462
Miscellaneous revenue				
Liquor licenses	53,000	53,000	49,904	(3,096)
Miscellaneous	-	-	9,065	9,065
Total miscellaneous revenue	53,000	53,000	58,969	5,969
Other taxes				
Food and beverage tax	1,300,000	1,300,000	1,266,705	(33,295)
Hotel and motel collection tax	250,000	250,000	244,518	(5,482)
Video gaming tax	-	30,000	36,618	6,618
Total other taxes	1,550,000	1,580,000	1,547,841	(32,159)
Use taxes				
Sales tax	7,785,000	7,785,000	6,697,467	(1,087,533)
Home rule tax	3,810,136	3,810,136	3,235,353	(574,783)
Use tax	255,000	255,000	291,469	36,469
Road and bridge allotments	40,000	40,000	44,036	4,036
Total use taxes	\$ 11,890,136	\$ 11,890,136	\$ 10,268,325	\$ (1,621,811)

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Grants</b>				
Franchises	\$ 223,400	\$ 223,400	\$ 214,561	\$ (8,839)
Special grants	231,700	231,700	305,263	73,563
E.S.D.A. grant	3,500	3,500	3,676	176
Total grants	458,600	458,600	523,500	64,900
<b>Charges for service</b>				
City services	150	150	5,083	4,933
School resource officer duty	-	-	47,938	47,938
Police reports	4,000	4,000	5,102	1,102
Use of copy/fax equipment	250	250	353	103
Bulk trash pick-up	2,700	2,700	-	(2,700)
Total charges for services	7,100	7,100	58,476	51,376
<b>Police revenue</b>				
Police fines	365,000	125,000	121,892	(3,108)
Residential rental license fee	102,150	102,150	84,160	(17,990)
Police outside employment	100,000	100,000	103,691	3,691
Licenses - other than liquor	15,000	15,000	30,099	15,099
Towing fees	-	240,000	231,480	(8,520)
Fugitive failure to appear fee	25,000	25,000	17,249	(7,751)
Bail bond fee	25,000	25,000	23,220	(1,780)
Sex offender registration	-	-	1,100	1,100
Donations	2,200	2,200	7,052	4,852
Total police revenue	634,350	634,350	619,943	(14,407)
<b>Other financing sources</b>				
Zoning permits	500	500	150	(350)
Waste haulers' fee	1,500	1,500	1,600	100
Advertising revenue	5,000	5,000	-	(5,000)
Users' fees - parks	65,000	65,000	73,108	8,108
Rents, leases, sharecrop	195,000	195,000	212,185	17,185
Sales tax rebate application fee	5,000	5,000	500	(4,500)
Donations	1,500	1,500	-	(1,500)
Interfund transfer	1,405,300	1,405,800	1,400,000	(5,800)
Total other financing sources	1,678,800	1,679,300	1,687,543	8,243
<b>Total revenue</b>	<b>\$ 17,967,886</b>	<b>\$ 17,998,886</b>	<b>\$ 16,581,202</b>	<b>\$ (1,417,684)</b>

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
Executive department				
Semi-monthly salaries	\$ 199,300	\$ 204,100	\$ 198,300	\$ 5,800
Elected and appointed officials	9,600	9,600	9,600	-
Overtime compensation	200	200	-	200
Christmas bonus	600	600	600	-
Unemployment insurance	1,550	1,550	1,537	13
Social security	13,100	13,500	12,491	1,009
Medicare	3,100	3,300	3,052	248
Retirement funds	27,500	28,400	26,165	2,235
Health and life insurance	267,800	260,740	153,132	107,608
Legal fees	7,500	500	45	455
Travel and meeting expense	1,300	1,300	956	344
Bonds and notary fees	60	60	60	-
Membership dues	1,640	1,640	1,638	2
Advertising and public notice	13,000	13,000	10,736	2,264
Public relations	4,000	4,000	3,235	765
Equipment rental	3,300	1,825	1,818	7
Technical and outside services	3,700	5,700	5,671	29
Insurance liability	1,177,715	1,177,715	879,954	297,761
Insurance deductible	52,000	52,000	49,586	2,414
Postage	12,000	11,725	11,700	25
Office furniture and equipment	850	850	-	850
Petty cash	75	75	56	19
Subscriptions-books	200	210	206	4
Election expenses	-	-	74	(74)
Supplies	14,000	14,000	10,795	3,205
<b>Total executive department</b>	<b>\$ 1,814,090</b>	<b>\$ 1,806,590</b>	<b>\$ 1,381,407</b>	<b>\$ 425,183</b>

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Mayor's department				
Elected and appointed officials	\$ 117,600	\$ 119,000	\$ 118,830	\$ 170
Social security	7,300	7,600	7,291	309
Medicare	1,400	1,800	1,705	95
Retirement funds	10,000	10,000	7,760	2,240
Boards and committees	3,500	3,500	-	3,500
Elected official expense	900	900	-	900
Legal fees	175,000	175,000	246,876	(71,876)
Travel and meeting expense	23,000	23,000	9,047	13,953
Membership dues	630	630	505	125
Advertising and public notice	500	500	-	500
Public relations	1,400	1,400	884	516
Technical and outside services	3,910	3,910	889	3,021
Office furniture and equipment	700	700	296	404
Renovation or remodeling	1,500	1,500	-	1,500
IT hardware	1	1	-	1
Transfer to library fund	490,035	490,035	490,035	-
Total mayor's department	837,376	839,476	884,118	(44,642)
Finance department				
Semi-monthly salaries	180,400	183,300	183,265	35
Elected and appointed officials	9,624	9,624	9,612	12
Overtime compensation	100	100	-	100
Christmas bonus	450	450	450	-
Unemployment insurance	1,150	1,260	1,250	10
Social security	12,100	12,100	11,999	101
Medicare	2,840	2,840	2,806	34
Retirement funds	25,100	25,100	23,755	1,345
Health and life insurance	51,600	48,390	28,633	19,757
Educational expense	1,900	1,900	1,612	288
Legal fees	7,500	-	-	-
Audit fees	37,450	38,725	38,725	-
Travel and meeting expense	5,650	4,450	2,751	1,699
Membership dues	700	825	1,025	(200)
Technical and outside services	5,000	5,000	137	4,863
Office furniture and equipment	700	700	-	700
IT software	19,775	19,775	33,845	(14,070)
Supplies	5,000	5,000	3,546	1,454
Total finance department	\$ 367,039	\$ 359,539	\$ 343,411	\$ 16,128

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Police department				
Semi-monthly salaries	\$ 4,048,111	\$ 4,111,111	\$ 3,899,186	\$ 211,925
Overtime compensation	234,000	265,900	265,037	863
Shift premium	10,750	10,750	9,595	1,155
Holiday premium pay	63,000	-	-	-
Allowances	4,320	4,330	4,320	10
Christmas bonus	8,200	8,200	7,750	450
Unemployment insurance	23,500	23,500	21,801	1,699
Social security	49,800	49,905	49,905	-
Medicare	53,600	59,850	59,842	8
Retirement funds	1,418,000	1,418,000	1,402,487	15,513
Health and life insurance	998,000	942,495	687,849	254,646
Boards and committees	14,975	14,975	16,724	(1,749)
Educational expense	28,900	28,900	23,024	5,876
Legal Fees	20,000	-	-	-
Travel and meeting expense	9,000	9,000	8,911	89
Bonds and notary fees	1,800	1,840	1,839	1
Membership dues	1,820	1,820	1,785	35
Public relations	8,075	8,075	5,960	2,115
Buildings rental	5,001	5,001	5,000	1
Equipment rental	30,550	30,550	21,379	9,171
Technical and outside services	34,200	51,400	34,675	16,725
Uniform cleaning	4,000	4,000	3,696	304
Postage	6,800	6,800	5,816	984
Petty cash	300	300	120	180
Uniform purchase	20,950	20,950	18,092	2,858
Subscriptions-books	1,200	1,200	671	529
IT hardware	-	-	6,118	(6,118)
IT software	52,000	52,000	54,731	(2,731)
Maintenance to equipment	39,600	39,600	36,131	3,469
Supplies	29,900	29,900	32,297	(2,397)
Transfer to capital reserve	20,000	20,000	20,000	-
Transfer to police pension	1,300,000	1,300,000	1,300,000	-
Total police department	\$ 8,540,352	\$ 8,520,352	\$ 8,004,741	\$ 515,611

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

Budgetary Comparison Schedule (Budgetary Basis)  
 General Fund (Continued)  
 For the Year Ended April 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration				
Semi-monthly salaries	\$ 315,850	\$ 344,850	\$ 334,085	\$ 10,765
Overtime compensation	5,000	5,000	-	5,000
Allowances	8,700	5,200	4,230	970
Christmas bonus	750	750	450	300
Unemployment insurance	1,950	1,950	1,792	158
Social security	19,600	23,600	21,040	2,560
Medicare	4,600	5,600	4,921	679
Retirement funds	41,500	43,000	41,695	1,305
Health and life insurance	86,000	60,000	54,646	5,354
Educational expense	2,750	2,750	400	2,350
Legal fees	20,000	106,600	179,250	(72,650)
Travel and meeting expense	16,750	16,750	7,959	8,791
Bonds and notary fees	50	50	-	50
Membership dues	2,425	2,425	2,016	409
Safety program	1,350	1,350	-	1,350
Advertising and public notices	3,650	3,650	350	3,300
Public relations	4,000	4,000	415	3,585
Equipment rental	76,940	76,940	77,687	(747)
Telephone utility	104,000	104,000	99,780	4,220
Technical and outside services	82,000	76,000	24,679	51,321
Postage	1,500	1,500	40	1,460
Office furniture and equipment	1,000	1,000	79	921
Subscriptions-books	400	400	269	131
Computers	10,000	10,000	11,709	(1,709)
IT hardware	102,750	102,750	50,293	52,457
IT software	36,000	36,000	23,790	12,210
Maintenance to equipment	150	150	-	150
Supplies	1,000	1,000	1,197	(197)
Transfer to capital reserve	10,000	10,000	10,000	-
Total administration	\$ 960,665	\$ 1,047,265	\$ 952,772	\$ 94,493

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works - engineering				
Semi-monthly salaries	\$ 774,425	\$ 816,425	\$ 816,399	\$ 26
Overtime compensation	15,000	31,700	31,611	89
Christmas bonus	1,950	1,950	1,950	-
Unemployment insurance	5,100	5,550	5,531	19
Social security	47,850	53,850	52,181	1,669
Medicare	11,250	13,050	12,204	846
Retirement funds	101,900	105,100	103,064	2,036
Health and life insurance	224,100	195,100	181,002	14,098
Survey and engineer fees	1,000	1,000	-	1,000
Educational expense	4,000	4,000	-	4,000
Legal fees	20,000	-	-	-
Travel and meeting expense	1,500	1,500	1,340	160
Bonds and notary fees	200	200	166	34
Membership dues	880	880	528	352
Public relations	1,000	1,000	1,000	-
Equipment rental	30,500	30,500	26,150	4,350
Electric utility	45,900	5,200	10,350	(5,150)
Technical and outside services	61,000	61,000	26,277	34,723
Petty cash	100	100	37	63
Uniform purchase	6,000	6,000	4,645	1,355
Subscriptions-books	200	200	-	200
Minor equipment	2,500	2,500	2,454	46
Supplies	24,800	24,350	2,709	21,641
Transfer to capital reserve	15,000	15,000	15,000	-
Total public works - engineering	\$ 1,396,155	\$ 1,376,155	\$ 1,294,598	\$ 81,557

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works - maintenance				
Semi-monthly salaries	\$ 245,975	\$ 250,775	\$ 216,608	\$ 34,167
Overtime compensation	5,500	5,500	4,262	1,238
Christmas bonus	600	600	450	150
Unemployment insurance	1,650	1,650	1,136	514
Social security	15,350	15,850	13,801	2,049
Medicare	3,600	3,800	3,228	572
Retirement funds	32,400	37,000	30,475	6,525
Health and life insurance	69,100	59,000	50,484	8,516
Educational expense	1,800	1,800	1,188	612
Travel and meeting expense	750	750	500	250
Membership dues	180	180	156	24
Equipment rental	200	200	90	110
Technical and outside services	4,500	4,500	3,686	814
Uniform rental	3,000	3,000	2,177	823
Vehicle op costs	300,000	300,000	223,274	76,726
Uniform purchase	1,500	1,500	500	1,000
Subscriptions-books	500	500	-	500
Maintenance to equipment	2,500	2,500	2,184	316
Maintenance to rolling stock	59,500	59,500	20,553	38,947
Minor equipment	11,500	11,500	7,627	3,873
Supplies	106,600	106,600	94,422	12,178
Transfer to capital reserve	15,000	15,000	15,000	-
<b>Total public works - maintenance</b>	<b>\$ 881,705</b>	<b>\$ 881,705</b>	<b>\$ 691,801</b>	<b>\$ 189,904</b>

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks department				
Semi-monthly salaries	\$ 661,750	\$ 672,750	\$ 552,175	\$ 120,575
Overtime compensation	15,000	17,150	17,109	41
Shift premium	200	200	31	169
Christmas bonus	1,800	1,800	1,350	450
Unemployment insurance	7,400	7,700	5,141	2,559
Social security	42,100	43,200	34,847	8,353
Medicare	9,800	10,200	8,150	2,050
Retirement funds	80,800	82,300	74,648	7,652
Health and life insurance	258,000	244,325	237,126	7,199
Boards and committees	1,500	1,500	975	525
Educational expense	15,000	14,000	6,016	7,984
Legal fees	7,500	-	-	-
Travel and meeting expense	2,100	3,100	1,973	1,127
Membership dues	680	705	639	66
Safety program	1,500	1,500	985	515
Public relations	5,000	5,200	5,200	-
Equipment rental	500	500	45	455
Electric utility	16,000	16,000	11,940	4,060
Sewer utility	2,500	2,500	2,257	243
Water utility	11,000	11,000	5,476	5,524
Sanitation service	14,500	14,500	11,416	3,084
Technical and outside services	25,750	35,750	50,623	(14,873)
Office furniture and equipment	3,000	3,000	2,909	91
Uniform purchase	2,700	2,700	2,672	28
Minor equipment	250	250	-	250
Supplies	87,100	89,150	59,594	29,556
Postage	7,000	4,950	3,646	1,304
Transfer to capital reserve	15,000	15,000	15,000	-
<b>Total parks department</b>	<b>\$ 1,295,430</b>	<b>\$ 1,300,930</b>	<b>\$ 1,111,943</b>	<b>\$ 188,987</b>

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal complex				
Semi-monthly salaries	\$ 293,250	\$ 293,250	\$ 198,038	\$ 95,212
Overtime compensation	5,000	5,500	5,459	41
Shift premium	1,200	1,200	721	479
Christmas bonus	600	600	450	150
Unemployment insurance	2,420	2,420	1,862	558
Social security	27,050	27,050	12,697	14,353
Medicare	3,325	3,525	2,969	556
Retirement funds	27,400	29,400	25,870	3,530
Health and life insurance	103,200	94,125	35,851	58,274
Educational expense	3,500	3,500	1,559	1,941
Travel and meeting expense	500	500	-	500
Membership dues	150	150	-	150
Equipment rental	500	500	221	279
Electric utility	164,000	164,000	75,765	88,235
Sewer utility	12,000	12,000	7,687	4,313
Water utility	21,000	21,000	15,622	5,378
Gas utility	8,500	8,500	926	7,574
Technical and outside services	30,000	30,000	38,781	(8,781)
Office furniture and equipment	2,500	2,500	558	1,942
Renovation or remodeling	15,000	15,175	-	15,175
Uniform purchase	4,500	4,500	1,536	2,964
Maintenance to equipment	12,000	12,000	5,917	6,083
Miscellaneous	4,000	4,000	-	4,000
Supplies	41,000	41,000	28,026	12,974
Buildings and structures	-	-	221	(221)
Transfer to capital reserve	15,000	15,000	15,000	-
Total municipal complex	\$ 797,595	\$ 791,395	\$ 475,736	\$ 315,659

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Land use and development				
Semi-monthly salaries	\$ 401,668	\$ 406,668	\$ 358,048	\$ 48,620
Elected and appointed officials	51,072	51,072	46,628	4,444
Overtime compensation	3,000	3,000	2,518	482
Shift premium	100	100	19	81
Allowances	1,800	1,800	1,800	-
Christmas bonus	900	900	600	300
Unemployment insurance	4,750	4,750	3,437	1,313
Social security	28,600	29,000	25,155	3,845
Medicare	6,700	6,900	5,883	1,017
Retirement funds	58,200	59,000	50,771	8,229
Health and life insurance	137,300	128,325	95,702	32,623
Boards and committees	2,520	2,520	2,019	501
Educational expense	250	250	-	250
Legal fees	24,100	1,600	345	1,255
Travel and meeting expense	2,900	2,900	1,963	937
Membership dues	1,650	1,650	775	875
Advertising and public notice	500	500	270	230
Technical and outside services	37,050	40,550	43,975	(3,425)
Office furniture and equipment	750	750	55	695
Petty cash	60	60	-	60
Uniform purchase	1,500	1,500	1,148	352
Subscriptions-books	1,600	1,600	957	643
IT software	8,075	8,075	-	8,075
G.I.S. expenses	13,000	7,500	-	7,500
Maintenance to equipment	750	750	320	430
Supplies	8,525	10,525	7,014	3,511
Transfer to TIF #1	17,500	18,475	18,473	2
Transfer to TIF #2	32,000	32,000	31,188	812
Transfer to TIF #3	25,000	25,000	22,121	2,879
Transfer to capital reserve	10,000	10,000	10,000	-
<b>Total land use and development</b>	<b>\$ 881,820</b>	<b>\$ 857,720</b>	<b>\$ 731,184</b>	<b>\$ 126,536</b>

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Library department				
Semi-monthly salaries	\$ 23,500	\$ 23,500	\$ 19,495	\$ 4,005
Shift premium	-	200	196	4
Unemployment insurance	385	4,185	4,179	6
Social security	1,475	1,475	1,221	254
Medicare	350	350	286	64
Retirement funds	-	2,800	2,312	488
Electric utility	24,000	23,100	16,602	6,498
Sewer utility	500	500	466	34
Water utility	4,000	4,300	4,256	44
Supplies	5,500	5,500	(22)	5,522
Total library department	59,710	65,910	48,991	16,919
Emergency services and disaster agency				
Salaries	-	-	-	-
Elected and appointed officials	8,000	8,000	5,652	2,348
Educational expenses	250	250	-	250
Travel and meeting expense	500	500	260	240
Membership dues	65	65	65	-
Public relations	250	250	-	250
Telephone utility	950	950	685	265
Technical and outside services	15,200	15,200	12,000	3,200
Postage	150	150	-	150
Subscriptions-books	25	25	-	25
Maintenance to equipment	6,000	6,000	842	5,158
Supplies	700	700	(610)	1,310
Total emergency services and disaster agency	32,090	32,090	18,894	13,196
Total expenditures	\$ 17,864,027	\$ 17,879,127	\$ 15,939,596	\$ 1,939,531

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
General Fund (Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Total expenditures (brought forward)	<u>\$ 17,864,027</u>	<u>\$ 17,879,127</u>	<u>\$ 15,939,596</u>	<u>\$ 1,939,531</u>
Net change in fund balance	<u>\$ 103,859</u>	<u>\$ 119,759</u>	641,606	<u>\$ 521,847</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			(171,850)	
Effect of unrecorded liabilities			151,673	
Beginning fund balance			<u>3,274,504</u>	
Ending fund balance			<u>\$ 3,895,933</u>	

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
Home Rule Fund  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Home rule tax revenues	\$ 3,114,865	\$ 3,114,865	\$ 3,108,270	\$ (6,595)
Interest	6,500	9,000	11,870	2,870
Special grants	471,214	471,214	37,500	(433,714)
Sale of surplus property	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total revenue	3,597,579	3,600,079	3,157,640	(442,439)
<b>Expenditures</b>				
<b>Police department</b>				
Equipment and rolling stock	220,000	310,000	102,611	207,389
Buildings and structures	60,000	60,000	-	60,000
Streets and alleys	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total police department	305,000	395,000	102,611	292,389
<b>Administration</b>				
Equipment and rolling stock	30,000	30,000	14,067	15,933
Building and structures	15,000	15,000	2,534	12,466
Other capital improvements	<u>30,600</u>	<u>30,600</u>	<u>30,554</u>	<u>46</u>
Total administration	75,600	75,600	47,155	28,445
<b>Public works - engineering</b>				
Easements	190,000	190,000	1,829	188,171
Equipment and rolling stock	292,000	292,000	220,230	71,770
Survey/engineering - capital	412,500	367,500	189,500	178,000
Buildings and structures	40,000	40,000	36,727	3,273
Streets and alleys	930,000	930,000	435,969	494,031
Storm drainage	755,000	755,000	3,219	751,781
Other capital improvements	200,000	200,000	10,901	189,099
Other debt service	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Total public works - engineering	\$ 2,904,500	\$ 2,859,500	\$ 898,375	\$ 1,961,125

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
Home Rule Fund  
(Continued)  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks department				
Equipment and rolling stock	\$ 22,000	\$ 22,000	\$ 19,595	\$ 2,405
Survey/engineering - capital	40,100	40,100	44,782	(4,682)
Buildings and structures	928,428	1,098,428	531,658	566,770
Other capital improvements	40,000	20,000	373	19,627
Total parks department	<u>1,030,528</u>	<u>1,180,528</u>	<u>596,408</u>	<u>584,120</u>
Municipal complex department				
Equipment and rolling stock	56,500	56,500	16,297	40,203
Buildings and structures	127,500	127,500	165,909	(38,409)
Total municipal complex department	<u>184,000</u>	<u>184,000</u>	<u>182,206</u>	<u>1,794</u>
Land use and development				
Demolition service	-	45,000	-	45,000
Equipment and rolling stock	20,000	20,000	18,338	1,662
Other capital improvements	50,000	50,000	10,248	39,752
Total land use and development	<u>70,000</u>	<u>115,000</u>	<u>28,586</u>	<u>86,414</u>
Emergency services and disaster agency				
Equipment and rolling stock	-	216,600	183,000	33,600
Total emergency services and disaster agency	<u>-</u>	<u>216,600</u>	<u>183,000</u>	<u>33,600</u>
Total expenditures	<u>4,569,628</u>	<u>5,026,228</u>	<u>2,038,341</u>	<u>2,987,887</u>
Net change in fund balance	<u>\$ (972,049)</u>	<u>\$ (1,426,149)</u>	1,119,299	<u>\$ 2,545,448</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			(69,673)	
Effect of unrecorded liabilities			141,184	
Beginning fund balance			<u>4,437,351</u>	
Ending fund balance			<u>\$ 5,628,161</u>	

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
State Motor Fuel Tax Fund  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Motor fuel tax allotment	\$ 403,750	\$ 403,750	\$ 435,650	\$ 31,900
Interest	1,200	1,200	2,100	900
Miscellaneous	<u>73,000</u>	<u>73,000</u>	<u>73,179</u>	<u>179</u>
Total revenue	477,950	477,950	510,929	32,979
Expenditures				
Electric utility	149,900	149,900	116,704	33,196
Technical and outside services	14,000	14,000	15,916	(1,916)
Maintenance to equipment	8,500	8,500	6,922	1,578
Supplies	<u>309,100</u>	<u>309,100</u>	<u>242,674</u>	<u>66,426</u>
Total expenditures	<u>481,500</u>	<u>481,500</u>	<u>382,216</u>	<u>99,284</u>
Net change in fund balance	<u>\$ (3,550)</u>	<u>\$ (3,550)</u>	128,713	<u>\$ 132,263</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			75,294	
Effect of unrecorded liabilities			37,213	
Beginning fund balance			<u>832,527</u>	
Ending fund balance			<u>\$ 1,073,747</u>	

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Hotel and motel tax revenue	\$ 635,000	\$ 635,000	\$ 610,591	\$ (24,409)
Interest	<u>1,100</u>	<u>1,100</u>	<u>2,003</u>	<u>903</u>
Total revenues	636,100	636,100	612,594	(23,506)
Expenditures				
Executive department				
Public relations	<u>5,000</u>	<u>5,000</u>	<u>1,866</u>	<u>3,134</u>
Total executive department	5,000	5,000	1,866	3,134
Mayor's department				
Membership dues	1	1	-	1
Public relations	122,800	129,900	118,065	11,835
Other debt service	<u>50,000</u>	<u>50,000</u>	-	<u>50,000</u>
Total mayor's department	172,801	179,901	118,065	61,836
Finance department				
Audit fees	1,150	1,150	1,150	-
Technical and outside services	1,000	1,000	-	1,000
Debt service - principle	245,000	245,000	245,000	-
Debt service - interest	<u>55,800</u>	<u>55,800</u>	<u>55,699</u>	<u>101</u>
Total finance department	302,950	302,950	301,849	1,101
Police department				
Overtime	<u>22,000</u>	<u>22,000</u>	<u>18,214</u>	<u>3,786</u>
Total police department	<u>22,000</u>	<u>22,000</u>	<u>18,214</u>	<u>3,786</u>
Total expenditures	<u>502,751</u>	<u>509,851</u>	<u>439,994</u>	<u>69,857</u>
Net change in fund balance	<u>\$ 133,349</u>	<u>\$ 126,249</u>	172,600	<u>\$ 46,351</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			17,679	
Beginning fund balance			<u>792,221</u>	
Ending fund balance			<u>\$ 982,500</u>	

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue</b>				
Food and beverage tax	\$ 700,000	\$ 700,000	\$ 805,498	\$ 105,498
Interest	<u>3,700</u>	<u>3,700</u>	<u>3,304</u>	<u>(396)</u>
<b>Total revenue</b>	<b>703,700</b>	<b>703,700</b>	<b>808,802</b>	<b>105,102</b>
<b>Expenditures</b>				
Audit fees	1,150	1,150	1,150	-
Technical and outside services	1,000	1,000	318	682
Debt - principle	885,000	885,000	885,000	-
Debt - interest	<u>144,500</u>	<u>144,500</u>	<u>144,050</u>	<u>450</u>
<b>Total expenditures</b>	<b><u>1,031,650</u></b>	<b><u>1,031,650</u></b>	<b><u>1,030,518</u></b>	<b><u>1,132</u></b>
<b>Net change in fund balance</b>	<b><u>\$ (327,950)</u></b>	<b><u>\$ (327,950)</u></b>	<b>(221,716)</b>	<b><u>\$ 106,234</u></b>
<b>Reconciliation of budgetary basis to government fund statement of changes in fund balance</b>				
Effect of unrecorded assets			(3,181)	
Effect of unrecorded liabilities			(74,703)	
Beginning fund balance			<u>2,188,827</u>	
Ending fund balance			<u>\$ 1,889,227</u>	

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue</b>				
Sales tax	\$ 445,000	\$ 445,000	\$ 632,197	\$ 187,197
Home rule sales tax	360,000	360,000	563,644	203,644
Business district sales tax	95,000	95,000	92,498	(2,502)
Interest	-	300	903	603
	<u>900,000</u>	<u>900,300</u>	<u>1,289,242</u>	<u>388,942</u>
<b>Expenditures</b>				
Sales tax rebate	<u>900,000</u>	<u>900,000</u>	<u>1,198,759</u>	<u>(298,759)</u>
	<u>900,000</u>	<u>900,000</u>	<u>1,198,759</u>	<u>(298,759)</u>
	<u>\$ -</u>	<u>\$ 300</u>	90,483	<u>\$ 90,183</u>
<b>Reconciliation of budgetary basis to government fund statement of changes in fund balance</b>				
Effect of unrecorded assets			368,643	
Effect of unrecorded liabilities			13,239	
Beginning fund balance			<u>76,343</u>	
Ending fund balance			<u>\$ 548,708</u>	

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Budgetary Comparison Schedule (Budgetary Basis)  
TIF #2 Shoppes of St. Clair  
For the Year Ended April 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
TIF revenue	\$ 320,000	\$ 320,000	\$ 311,879	\$ (8,121)
Inter-fund transfer	32,000	32,000	31,188	(812)
Interest	<u>400</u>	<u>400</u>	<u>145</u>	<u>(255)</u>
Total revenue	352,400	352,400	343,212	(9,188)
Expenditures				
Audit fees	1,600	1,600	-	1,600
TIF expenditures	<u>320,000</u>	<u>350,000</u>	<u>343,067</u>	<u>6,933</u>
Total expenditures	<u>321,600</u>	<u>351,600</u>	<u>343,067</u>	<u>8,533</u>
Net change in fund balance	<u>\$ 30,800</u>	<u>\$ 800</u>	145	<u>\$ (655)</u>
Reconciliation of budgetary basis to government fund statement of changes in fund balance				
Effect of unrecorded assets			(4,552)	
Effect of unrecorded liabilities			4,552	
Beginning fund balance			<u>229</u>	
Ending fund balance			<u>\$ 374</u>	

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

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS**

**Schedule of Funding Progress  
April 30, 2014**

**Illinois Municipal Retirement Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ 9,458,771	\$ 12,024,850	\$ 2,566,079	78.66 %	\$ 3,993,436	64.26 %
12/31/2012	8,660,764	11,968,236	3,307,472	72.36	4,016,472	82.35
12/31/2011	8,411,793	11,786,160	3,374,367	71.37	3,822,733	88.27
12/31/2010	8,914,464	11,982,387	3,067,923	74.40	3,749,626	81.82
12/31/2009	9,225,939	11,480,492	2,254,553	80.36	3,812,448	59.14
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, 2013 is \$11,678,460. On a market basis, the funded ratio would be 97.12 percent.

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

**Police Pension Fund  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age Normal Cost (b)	Unfunded (Overfunded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
4/30/2013	\$ 19,133,918	\$ 31,602,419	\$ 12,468,501	60.55 %	\$ 3,109,033	401.04 %
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 Accrued Liability (AAL) Entry Age Normal Cost (b)	Unfunded (Overfunded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2014	\$ -	\$ 5,078,491	\$ 5,078,491	0 %	\$ 6,431,886	78.96 %
4/30/2013	-	4,835,478	4,835,478	0	6,214,383	77.80
4/30/2012	-	4,264,540	4,264,540	0	5,743,597	74.30
4/30/2011	-	4,013,650	4,013,650	0	5,549,369	72.30
4/30/2010	-	3,773,878	3,773,878	0	5,361,709	70.40

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

## ADDITIONAL ANALYSIS

**CITY OF FAIRVIEW HEIGHTS, ILLINIOS**

**Combining Balance Sheet  
Non-Major Governmental Funds  
April 30, 2014**

**ASSETS**

	Police Escrow	Library	TIF #1 Bunkum Road	TIF #3 Lincoln Trail	Totals
Cash and cash equivalents	\$ 349,936	\$ 153,563	\$ -	\$ -	\$ 503,499
Certificates of deposit	-	317,776	-	-	317,776
Receivables	-	-	194,177	245,621	439,798
Restricted cash	-	-	222,752	1,337,920	1,560,672
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 349,936</u>	<u>\$ 471,339</u>	<u>\$ 416,929</u>	<u>\$ 1,583,541</u>	<u>\$ 2,821,745</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE**

Liabilities					
Accounts payable	\$ 10,627	\$ 6,247	\$ 10,110	\$ 500	\$ 27,484
Accrued payroll	-	13,079	-	-	13,079
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	10,627	19,326	10,110	500	40,563
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	194,177	245,621	439,798
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	-	-	194,177	245,621	439,798
Fund balance					
Restricted for:					
Rebate and financing agreements	-	-	2,023	1,337,420	1,339,443
Sewer improvements	-	-	210,619	-	210,619
Assigned					
Special revenue funds	339,309	452,013	-	-	791,322
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>339,309</u>	<u>452,013</u>	<u>212,642</u>	<u>1,337,420</u>	<u>2,341,384</u>
Total liabilities, deferred inflows of resources and fund balance					
	<u>\$ 349,936</u>	<u>\$ 471,339</u>	<u>\$ 416,929</u>	<u>\$ 1,583,541</u>	<u>\$ 2,821,745</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, 2014**

	Police Escrow	Library	TIF #1 Bunkum Road	TIF #3 Lincoln Trail	Totals
Revenues:					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -
Grant	-	49,001	-	-	49,001
Fines and fees	159,365	23,656	-	-	183,021
Property taxes	-	-	184,735	221,211	405,946
Donations	-	6,544	-	100,000	106,544
Interest income	-	1,961	597	3,253	5,811
Miscellaneous	-	2,210	-	-	2,210
<b>Total revenues</b>	<b>159,365</b>	<b>83,372</b>	<b>185,332</b>	<b>324,464</b>	<b>752,533</b>
Expenditures:					
Public safety					
Police	76,363	-	-	-	76,363
Streets and public works					
Tax increment financing	-	-	154,893	33,835	188,728
Culture and recreation					
Library	-	539,168	-	-	539,168
Capital outlay	19,600	-	-	68,769	88,369
<b>Total expenditures</b>	<b>95,963</b>	<b>539,168</b>	<b>154,893</b>	<b>102,604</b>	<b>892,628</b>
Excess (deficiency) of revenues over expenditures	63,402	(455,796)	30,439	221,860	(140,095)
Other financing sources:					
Transfer in	-	490,035	18,473	22,121	530,629
Transfer out	-	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>490,035</b>	<b>18,473</b>	<b>22,121</b>	<b>530,629</b>
Net change in fund balance	63,402	34,239	48,912	243,981	390,534
Fund balance, beginning of year	275,907	417,774	163,730	1,093,439	1,950,850
<b>Funds balance, end of year</b>	<b>\$ 339,309</b>	<b>\$ 452,013</b>	<b>\$ 212,642</b>	<b>\$ 1,337,420</b>	<b>\$ 2,341,384</b>

See notes to financial statements.

**CITY OF FAIRVIEW HEIGHTS, ILLINIOS**

**Combining Balance Sheet  
All General Fund Accounts  
April 30, 2014**

**ASSETS**

	General	Parks Programs	Police Pension	Police Youth	Capital Reserve	Total General Fund
Cash and cash equivalents	\$ 1,717,694	\$ 33,908	\$ 73,273	\$ 5,879	\$ 525,913	\$ 2,356,667
Receivables	2,293,652	-	-	-	-	2,293,652
Due from other funds	805,887	-	-	-	-	805,887
Due from fiduciary fund	-	-	8,421	-	-	8,421
Restricted cash	<u>101,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,954</u>
<b>Total assets</b>	<b><u>\$ 4,919,187</u></b>	<b><u>\$ 33,908</u></b>	<b><u>\$ 81,694</u></b>	<b><u>\$ 5,879</u></b>	<b><u>\$ 525,913</u></b>	<b><u>\$ 5,566,581</u></b>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE**

<b>Liabilities</b>						
Accounts payable	\$ 159,739	\$ 3,202	\$ -	\$ 51	\$ -	\$ 162,992
Accrued payroll	354,902	1,539	-	-	-	356,441
Due to other funds	<u>1,120,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,120,853</u>
<b>Total liabilities</b>	<b>1,635,494</b>	<b>4,741</b>	<b>-</b>	<b>51</b>	<b>-</b>	<b>1,640,286</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - property taxes	<u>30,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,362</u>
<b>Total deferred inflows of resources</b>	<b>30,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,362</b>
<b>Fund balance</b>						
Restricted for:						
Rebate and financing agreements	101,954	-	-	-	-	101,954
Unassigned						
General funds	<u>3,151,377</u>	<u>29,167</u>	<u>81,694</u>	<u>5,828</u>	<u>525,913</u>	<u>3,793,979</u>
<b>Total fund balance</b>	<b><u>3,253,331</u></b>	<b><u>29,167</u></b>	<b><u>81,694</u></b>	<b><u>5,828</u></b>	<b><u>525,913</u></b>	<b><u>3,895,933</u></b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b><u>\$ 4,919,187</u></b>	<b><u>\$ 33,908</u></b>	<b><u>\$ 81,694</u></b>	<b><u>\$ 5,879</u></b>	<b><u>\$ 525,913</u></b>	<b><u>\$ 5,566,581</u></b>

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, 2014**

	General	Parks Program	Police Pension	Police Youth	Capital Reserve	Total General Fund
<b>Revenues</b>						
Sales taxes	\$ 6,505,514	\$ -	\$ -	\$ -	\$ -	\$ 6,505,514
Food and beverage taxes	1,341,407	-	-	-	-	1,341,407
Home rule taxes	3,102,546	-	-	-	-	3,102,546
Income taxes	1,630,540	-	-	-	-	1,630,540
Property taxes	41,130	-	-	-	-	41,130
Use taxes	299,556	-	-	-	-	299,556
Hotel and motel taxes	243,929	-	-	-	-	243,929
Utility/franchise taxes	189,785	-	-	-	-	189,785
Video game taxes	41,740	-	-	-	-	41,740
Licenses and permits	324,557	-	-	-	-	324,557
Grant	308,939	-	-	-	-	308,939
Fines and fees	430,209	52,166	-	-	-	482,375
Rental	211,322	-	-	-	-	211,322
Donations	-	-	-	7,051	-	7,051
Interest income	4,038	84	20	14	1,233	5,389
Miscellaneous	162,043	-	33,874	-	-	195,917
<b>Total revenues</b>	<b>14,837,255</b>	<b>52,250</b>	<b>33,894</b>	<b>7,065</b>	<b>1,233</b>	<b>14,931,697</b>
<b>Expenditures</b>						
<b>Current</b>						
<b>General government</b>						
Mayor's department	305,488	-	-	-	-	305,488
Clerk's department	1,383,317	-	-	-	-	1,383,317
Finance department	328,357	-	-	-	-	328,357
Administration department	848,525	-	-	-	-	848,525
Municipal complex	468,714	-	-	-	-	468,714
<b>Public Safety</b>						
Police	5,380,159	-	1,300,000	5,872	-	6,686,031
Emergency services and disaster agency	19,654	-	-	-	-	19,654
<b>Streets and public works</b>						
Engineering/streets	1,271,671	-	-	-	-	1,271,671
Public works maintenance	678,587	-	-	-	-	678,587
Land use and development	605,302	-	-	-	-	605,302
<b>Culture and recreation</b>						
Parks	1,039,999	53,493	-	-	-	1,093,492
Library	50,484	-	-	-	-	50,484
<b>Total expenditures</b>	<b>12,380,257</b>	<b>53,493</b>	<b>1,300,000</b>	<b>5,872</b>	<b>-</b>	<b>13,739,622</b>
<b>Excess (deficiency) of revenues over expenditures (carried forward)</b>	<b>\$ 2,456,998</b>	<b>\$ (1,243)</b>	<b>\$(1,266,106)</b>	<b>\$ 1,193</b>	<b>\$ 1,233</b>	<b>\$ 1,192,075</b>

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, 2014

	<u>General</u>	<u>Parks Program</u>	<u>Police Pension</u>	<u>Police Youth</u>	<u>Capital Reserve</u>	<u>Total General Fund</u>
Excess (deficiency) of revenues over expenditures (brought forward)	\$ 2,456,998	\$ (1,243)	\$(1,266,106)	\$ 1,193	\$ 1,233	\$ 1,192,075
Other financing sources (uses)						
Transfers out	(1,971,235)	-	-	-	-	(1,971,235)
Transfers in	<u>589</u>	<u>-</u>	<u>1,300,000</u>	<u>-</u>	<u>100,000</u>	<u>1,400,589</u>
Total other financing sources (uses)	<u>(1,970,646)</u>	<u>-</u>	<u>1,300,000</u>	<u>-</u>	<u>100,000</u>	<u>(570,646)</u>
Net change in fund balances	486,352	(1,243)	33,894	1,193	101,233	621,429
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 3,253,331</u>	<u>\$ 29,167</u>	<u>\$ 81,694</u>	<u>\$ 5,828</u>	<u>\$ 525,913</u>	<u>\$ 3,895,933</u>

See accompanying notes to financial statements.

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
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	158,580	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	16,696,555
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	200,667	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	237,867	169,679	19,369,866
2013	18,201,256	2,054,297	887,163	218,910	314,014	199,180	813,959	20,982	460,548	430,574	23,600,893
2014	17,456,048	2,059,603	872,788	211,322	324,557	189,785	665,396	31,526	545,785	327,868	22,684,678

COMMENTS

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

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

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

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

YEAR ENDING APRIL 30th	SALES TAX	HOME RULE SALES TAX	BUSINESS DISTRICT SALES TAX	ILLINOIS INCOME TAX	MOTOR FUEL TAX	PROPERTY TAX	USE TAX	VIDEO GAMING TAX	TOTAL
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	3,848,370	-	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	-	18,201,255
2014	7,309,328	6,902,674	91,637	1,630,540	421,618	759,955	299,556	41,740	17,456,048

**COMMENTS**

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

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

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

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS  
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
 FOR THE LAST TEN FISCAL YEARS  
 INCLUDES ALL GOVERNMENTAL FUND TYPES

YEAR ENDING APRIL 30th	GENERAL GOVERNMENT	PUBLIC SAFETY	STREETS AND PUBLIC WORKS	CULTURE AND RECREATION	CAPITAL OUTLAY	DEBT SERVICE	TOTAL
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
2014	3,427,702	6,811,373	4,649,720	1,898,297	1,809,155	1,329,749	19,925,996

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>
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%
2013	7,424,670	211,322,320	162,373,322	678,843	951	4,798	381,804,904	-2.6%

Ten Year Avg	2.4%
--------------	------

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>
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
2014	17,078	381,804,904	4,914,941	0.013	287.79

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

	Tax Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Direct City Rates</b>										
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
<b>Overlapping Rates</b>										
St. Clair County	0.9909	0.9715	1.0090	0.9120	0.9161	0.9168	0.9158	0.9132	0.9123	0.9080
French Village Fire	0.6726	0.6691	0.6571	0.6504	0.6929	0.7137	0.7605	0.7735	1.5955	1.4990
Fairview Caseyville TWP Fire	0.3022	0.2931	0.2791	0.2777	0.2857	0.3728	0.3984	0.3972	0.4123	0.4343
Northwest SCC Fire	0.3558	0.3466	0.3659	0.4781	0.4784	0.4848	0.4945	0.4994	0.5187	0.5226
Northwest SCC Bonds	0.1195	0.1079	0.0927	0.0880	0.0839	0.0849	0.0884	0.0975	0.0990	0.0994
East Side Fire	0.1787	0.1749	0.1703	0.1648	0.1657	0.1754	0.1861	0.2028	0.2149	0.2169
O'Fallon - SHI - Casey Fire	0.3096	0.3529	0.4106	0.3785	0.3822	0.4013	0.4162	0.4491	0.4730	0.4773
East Side Health	0.1903	0.1627	0.1534	0.1498	0.1330	0.1297	0.1339	0.1168	0.1182	0.1532
East St. Louis Park	0.3550	0.4879	0.4711	0.4711	0.4713	0.4330	0.4599	0.4566	0.4765	0.5829
<b>Townships</b>										
Caseyville Township	0.1346	0.1271	0.1187	0.1102	0.1031	0.1065	0.1122	0.1110	0.1130	0.1145
St. Clair Township	0.0517	0.0478	0.0453	0.0426	0.0395	0.0420	0.0501	0.0592	0.0618	0.0514
Canteen Township	0.5159	0.4928	0.4798	0.4631	0.4604	0.4621	0.4596	0.4682	0.4814	0.4965
<b>Road &amp; Bridge</b>										
Caseyville Road	0.1515	0.1370	0.1217	0.1096	0.1033	0.1017	0.1023	0.1019	0.1041	0.1074
St. Clair Road	0.2563	0.2500	0.2455	0.2406	0.2311	0.2352	0.2243	0.2211	0.2230	0.2475
Canteen Road	0.3670	0.3505	0.3383	0.3380	0.3413	0.3379	0.3358	0.3399	0.3498	0.3609
<b>Schools</b>										
SWIC # 522	0.3474	0.3483	0.3589	0.3689	0.3574	0.3608	0.3689	0.3786	0.3942	0.4106
Grant Dist # 110	3.0837	2.9768	3.0610	3.1244	3.2556	3.6380	3.9457	3.8348	3.5539	3.9134
Belleville HS # 201	1.9673	1.9768	2.0291	1.9658	1.9620	1.9753	1.9700	1.9712	1.9712	1.9712
Wolf Branch # 113	3.8912	3.7706	3.6397	3.6325	3.5070	3.5447	3.5748	3.6245	3.6809	3.6999
O'Fallon Dist # 90	2.8308	2.9568	2.9568	2.9568	2.9568	3.0518	3.0657	3.1203	3.1423	3.1423
O'Fallon HS # 203	1.9371	1.9819	1.9819	1.9427	1.8999	1.9187	1.9819	2.2036	2.2005	2.2005
Pontiac Dist # 105	2.4748	2.4909	2.3684	2.3942	2.3942	2.4239	2.3540	2.3588	2.3901	2.4190
Central Dist # 104	3.1388	3.1623	3.1600	3.1600	3.1600	3.1600	3.2578	3.2500	3.2500	3.2500
Collinsville Unit #10	4.4290	4.3884	4.3329	4.3319	4.2511	4.2674	4.2613	4.2684	4.3310	4.4840
East St. Louis Unit #189	7.5482	7.4150	7.5484	7.5410	7.5406	7.4908	7.5332	10.2752	10.8352	10.8353
Signal Hill Dist # 181	4.8942	4.7921	4.8376	4.7828	4.7917	4.8374	4.8778	5.1424	4.2633	4.2244

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

## STATISTICAL ANALYSIS

**CITY OF FAIRVIEW HEIGHTS, ILLINOIS  
MISCELLANEOUS STATISTICS  
APRIL 30, 2014**

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

<b>Police Protection:</b>	
Number of Policemen and Officers	43
Number of Police Vehicles	38
Community and Storm Notification System	

<b>Culture and Recreation:</b>	
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:**

<b>Fire Protection:</b>	
Number of Stations	3
626 Lincoln Highway	
10045 Bunkum Road	
2904 North 89 <sup>th</sup> Street	

<b>Ambulance:</b>	
Abbott Lifeforce	
Medstar	

<b>Education:</b>	
Elementary	2
Middle School	2
Parochial	1

<b>Utilities:</b>	
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
------------------	---