

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

UNIT CODE 088-060-30

REPORT AND ANNUAL
FINANCIAL STATEMENTS

APRIL 30, 2022

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 (the "City") as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Fairview Heights, Illinois and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Fairview Heights, Illinois' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Fairview Heights, Illinois' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Fairview Heights, Illinois' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, pension information, and post-retirement benefits on pages 49 to 82 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairview Heights, Illinois' basic financial statements. The accompanying combining and individual non-major fund financial statements and combining general fund accounts are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 non-major 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the City of Fairview Heights, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Fairview Heights, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fairview Heights, Illinois' internal control over financial reporting and compliance.



SCHEFFEL BOYLE
Belleville, Illinois

December 14, 2022

FINANCIAL SECTION

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2022

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 17,210,383	
Certificates of Deposit	1,360,029	
Prepaid Insurance	471,559	
Receivables	6,604,852	
Restricted Cash and Cash Equivalents	7,204,636	
Total Current Assets		<u>\$ 32,851,459</u>

NONCURRENT ASSETS:

Capital Assets, Net	80,902,030	
Total Noncurrent Assets		<u>80,902,030</u>
Total Assets		<u>113,753,489</u>

DEFERRED OUTFLOWS OF RESOURCES

DEFERRED OUTFLOWS OF RESOURCES

Related to Pensions and OPEB	9,088,859	
Total Deferred Outflows of Resources		<u>9,088,859</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	1,395,111	
Accrued Payroll	373,029	
Accrued Interest Payable	252,813	
Due to Fiduciary Fund	262,535	
Bonds Payable, Current	503,669	
Total Current Liabilities		<u>2,787,157</u>

NONCURRENT LIABILITIES:

Compensated Absences, Noncurrent	602,477	
Other Postemployment Benefit Obligation	6,077,816	
Bonds Payable, Noncurrent	15,950,089	
Net Pension Liability	14,836,356	
Total Noncurrent Liabilities		<u>37,466,738</u>
Total Liabilities		<u>40,253,895</u>

DEFERRED INFLOWS OF RESOURCES

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue - Property Tax	1,094,792	
Related to Pensions and OPEB	11,724,035	
Total Deferred Inflows of Resources		<u>12,818,827</u>

NET POSITION

Net Investment in Capital Assets	64,448,272	
Restricted Net Position	14,651,144	
Unrestricted Net Position	(9,329,790)	
Total Net Position		<u>\$ 69,769,626</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2022

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	\$ 2,712,900	\$ 274,583	\$ -	\$ -	\$ (2,438,317)
Municipal Complex	613,847	70,102	-	-	(543,745)
Public Safety					
Police	9,570,250	444,883	1,307,030	-	(7,818,337)
Emergency Services and Disaster Agency	38,780	-	-	-	(38,780)
Street and Public Works					
Motor Fuel Tax	-	-	1,188,627	-	1,188,627
Engineering/Streets	2,341,686	900	-	-	(2,340,786)
Public Works Maintenance	1,207,159	-	-	-	(1,207,159)
Land Use and Development	667,367	179,399	-	-	(487,968)
Sales Tax Rebates	978,252	-	-	-	(978,252)
Tax Increment Financing	207,881	-	-	-	(207,881)
Culture and Recreation					
Parks	1,180,580	125,776	-	-	(1,054,804)
Library	561,248	34,277	636	-	(526,335)
Tourism	121,023	-	-	-	(121,023)
Recreation	1,568,304	1,177,695	45,000	-	(345,609)
Interest on Long-Term Debt	744,080	-	-	-	(744,080)
Total Governmental Activities	<u>\$ 22,513,357</u>	<u>\$ 2,307,615</u>	<u>\$ 2,541,293</u>	<u>\$ -</u>	<u>(17,664,449)</u>
GENERAL REVENUES:					
Taxes					
Sales Tax					8,555,357
Home Rule Tax					7,228,608
Food and Beverage Tax					2,341,748
Hotel and Motel Tax					899,790
State Income Tax					2,678,105
Use Tax					1,654,524
Property Tax					1,121,761
Franchise Tax					1,671,293
Business District Tax					61,884
Video Game Tax					285,800
Investment Earnings					54,348
Miscellaneous					35,353
Total General Revenues					<u>26,588,571</u>
Change in Net Position					8,924,122
Net Position, Beginning of Year					<u>60,845,504</u>
Net Position, End of Year					<u>\$ 69,769,626</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2022

<u>ASSETS</u>	<u>GENERAL</u>	<u>HOME RULE</u>	<u>RECREATION CENTER</u>	<u>TAX REBATES</u>	<u>TIF #1 BUNKUM ROAD</u>	<u>TIF #2 SHOPPES OF ST. CLAIR</u>	<u>TIF #3 LINCOLN TRAIL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and Cash Equivalents	\$ 8,426,125	\$ 3,032,031	\$ 49,536	\$ 12,758	\$ -	\$ -	\$ -	\$ 5,689,933	\$ 17,210,383
Certificates of Deposit	-	-	-	-	-	-	-	1,360,029	1,360,029
Prepaid Insurance	471,559	-	-	-	-	-	-	-	471,559
Receivables	2,994,669	1,509,781	-	536,944	317,726	340,265	420,390	485,077	6,604,852
Due from Other Funds	129,083	110,200	-	-	-	-	-	-	239,283
Restricted Cash and Cash Equivalents	179,722	139,873	-	-	2,557,492	2,062,408	2,145,327	119,814	7,204,636
Total Assets	<u>\$ 12,201,158</u>	<u>\$ 4,791,885</u>	<u>\$ 49,536</u>	<u>\$ 549,702</u>	<u>\$ 2,875,218</u>	<u>\$ 2,402,673</u>	<u>\$ 2,565,717</u>	<u>\$ 7,654,853</u>	<u>\$ 33,090,742</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>									
LIABILITIES:									
Accounts Payable	\$ 398,225	\$ 40,968	\$ 109,326	\$ 749,253	\$ -	\$ -	\$ 65,841	\$ 31,498	\$ 1,395,111
Accrued Payroll	340,146	-	19,607	-	-	-	-	13,276	373,029
Due to Other Funds	372,735	-	-	-	-	-	-	129,082	501,817
Total Liabilities	<u>1,111,106</u>	<u>40,968</u>	<u>128,933</u>	<u>749,253</u>	<u>-</u>	<u>-</u>	<u>65,841</u>	<u>173,856</u>	<u>2,269,957</u>
DEFERRED INFLOWS OF RESOURCES:									
Unavailable Revenue - Property Taxes	16,564	-	-	-	317,726	340,265	388,544	31,693	1,094,792
Total Deferred Inflows of Resources	<u>16,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,726</u>	<u>340,265</u>	<u>388,544</u>	<u>31,693</u>	<u>1,094,792</u>
FUND BALANCES:									
Nonspendable	471,559	-	-	-	-	-	-	-	471,559
Restricted for:									
Rebate and Financing									
Agreements	179,722	139,873	-	-	-	-	-	-	319,595
Infrastructure	-	-	-	-	-	-	-	2,425,633	2,425,633
Special Revenue Funds	-	4,611,044	-	-	2,557,492	2,062,408	2,111,332	92,081	11,434,357
Assigned	-	-	-	-	-	-	-	5,033,753	5,033,753
Unassigned:									
General Funds	10,422,207	-	-	-	-	-	-	-	10,422,207
Special Revenue Funds	-	-	(79,397)	(199,551)	-	-	-	(102,163)	(381,111)
Total Fund Balances	<u>11,073,488</u>	<u>4,750,917</u>	<u>(79,397)</u>	<u>(199,551)</u>	<u>2,557,492</u>	<u>2,062,408</u>	<u>2,111,332</u>	<u>7,449,304</u>	<u>29,725,993</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,201,158</u>	<u>\$ 4,791,885</u>	<u>\$ 49,536</u>	<u>\$ 549,702</u>	<u>\$ 2,875,218</u>	<u>\$ 2,402,673</u>	<u>\$ 2,565,717</u>	<u>\$ 7,654,853</u>	<u>\$ 33,090,742</u>

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, 2022

Total Fund Balance - Total Governmental Funds	\$ 29,725,993
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$134,463,142 net of accumulated depreciation of \$53,561,112 are not financial resources, and therefore, are not reported in the funds.	80,902,030
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, 2022, were:	
Compensated Absences	\$ (602,477)
Accrued Interest on Bonds Payable	(252,813)
Other Post Employment Benefit Obligation	(6,077,816)
Net Pension Liability	(14,836,356)
Bonds Payable	(16,453,759)
	<u>(38,223,221)</u>
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds, as follows:	
Deferred Outflows of Resources (Related to Pensions and OPEB)	9,088,859
Deferred Inflows of Resources (Related to Pensions and OPEB)	<u>(11,724,035)</u>
Net Position of Governmental Activities	<u>\$ 69,769,626</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2022

	GENERAL	HOME RULE	RECREATION CENTER	TAX REBATES	TIF #1 BUNKUM ROAD	TIF #2 SHOPPES OF ST. CLAIR	TIF #3 LINCOLN TRAIL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:									
Sales Taxes	\$ 8,043,167	\$ -	\$ -	\$ 512,190	\$ -	\$ -	\$ -	\$ -	\$ 8,555,357
Food and Beverage Taxes	600,000	-	-	-	-	-	-	1,741,748	2,341,748
Home Rule Taxes	4,298,505	2,517,356	-	412,747	-	-	-	-	7,228,608
Income Taxes	2,678,105	-	-	-	-	-	-	-	2,678,105
Property Taxes	39,405	-	-	-	314,340	335,012	404,525	28,479	1,121,761
Use Taxes	1,444,181	-	-	-	-	-	-	210,343	1,654,524
Hotel and Motel Taxes	-	-	-	-	-	-	-	899,790	899,790
Utility/Franchise Taxes	1,671,293	-	-	-	-	-	-	-	1,671,293
Video Game Taxes	285,800	-	-	-	-	-	-	-	285,800
Motor Fuel Taxes	-	-	-	-	-	-	-	1,188,627	1,188,627
Business District Taxes	-	-	-	61,884	-	-	-	-	61,884
Licenses and Permits	289,483	-	-	-	-	-	-	-	289,483
Grant	1,302,959	-	-	-	-	-	-	-	1,302,959
Fines and Fees	309,386	-	1,177,695	-	-	-	-	158,354	1,645,435
Rental	70,102	-	-	-	-	-	-	-	70,102
Donations	4,071	-	45,000	-	-	-	-	636	49,707
Interest Income	7,108	11,457	-	1,187	6,810	5,387	6,923	15,476	54,348
OPEB Insurance Contributions	-	-	-	-	-	-	-	163,756	163,756
Miscellaneous	166,202	-	-	-	-	-	-	12,138	178,340
Total Revenues	21,209,767	2,528,813	1,222,695	988,008	321,150	340,399	411,448	4,419,347	31,441,627
EXPENDITURES:									
Current									
General Government									
Mayor's Department	406,666	-	-	-	-	-	-	-	406,666
Clerk's Department	662,647	-	-	-	-	-	-	41,566	704,213
Finance Department	387,375	-	-	-	-	-	-	-	387,375
Administration Department	1,387,058	-	-	-	-	-	-	13,451	1,400,509
Municipal Complex	582,598	-	-	-	-	-	-	-	582,598
Public Safety									
Police	9,158,555	-	-	-	-	-	-	56,672	9,215,227
Emergency Services and Disaster Agency	32,724	-	-	-	-	-	-	-	32,724
Streets and Public Works									
Engineering/Streets	993,135	100,833	-	-	-	-	-	-	1,093,968
Public Works	650,332	-	-	-	-	-	-	593,081	1,243,413
Maintenance	-	-	-	-	-	-	-	-	-
Land Use and Development	746,805	11,700	-	-	-	-	-	-	758,505
Sales Tax Rebates	-	-	-	978,252	-	-	-	-	978,252
Tax Increment Financing	-	-	-	-	2,367	2,367	201,248	1,899	207,881
Culture and Recreation									
Parks	1,320,073	-	-	-	-	-	-	-	1,320,073
Library	98,686	-	-	-	-	-	-	469,333	568,019
Tourism	-	-	-	-	-	-	-	44,980	44,980
Recreation Center	-	-	1,142,020	-	-	-	-	-	1,142,020
Debt Service									
Principal	-	-	-	-	-	-	-	460,000	460,000
Interest	-	-	-	-	-	-	-	620,550	620,550
Capital Outlay	16,919	77,283	-	-	-	-	-	28,250	122,452
Total Expenditures	16,443,573	189,816	1,142,020	978,252	2,367	2,367	201,248	2,329,782	21,289,425
Excess (Deficiency) of									
Revenues Over Expenditures	4,766,194	2,338,997	80,675	9,756	318,783	338,032	210,200	2,089,565	10,152,202
OTHER FINANCING SOURCES (USES):									
Transfers Out	(2,493,922)	-	-	-	-	-	-	-	(2,493,922)
Transfers In	1,951,998	-	-	-	31,434	33,501	40,402	436,587	2,493,922
Total Other Financing Sources (Uses)	(541,924)	-	-	-	31,434	33,501	40,402	436,587	-
Net Change in Fund Balances	4,224,270	2,338,997	80,675	9,756	350,217	371,533	250,602	2,526,152	10,152,202
Fund Balances, Beginning of Year	6,849,218	2,411,920	(160,072)	(209,307)	2,207,275	1,690,875	1,860,730	4,923,152	19,573,791
Fund Balances (Deficit), End of Year	\$ 11,073,488	\$ 4,750,917	\$ (79,397)	\$ (199,551)	\$ 2,557,492	\$ 2,062,408	\$ 2,111,332	\$ 7,449,304	\$ 29,725,993

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 10,152,202

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 expense of \$2,575,352 exceeded capital outlay of \$122,452 in the current period. (2,452,900)

Bond premiums received are reported as other financing sources in the governmental funds but are reported as a liability and amortized over the life of the bonds on the statement of net position. 28,668

Payment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 460,000

Some income/expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the following:

Decrease in Compensated Absences	\$	54,808	
Pension Income (Expense)		1,159,480	
Loss on the Disposition of Fixed Assets		(4,148)	
Increase in Accrued Interest		(123,530)	
Increase in Other Postemployment Benefit		(350,458)	
		736,152	

Change in Net Position of Governmental Activities \$ 8,924,122

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
APRIL 30, 2022

<u>ASSETS</u>	<u>PENSION TRUST FUND</u>
Pooled Cash and Cash Equivalents	\$ 2,957,223
Total Cash	<u>2,957,223</u>
Interest and Dividends Receivable	<u>50,763</u>
Other Receivables	<u>262,535</u>
Investments, at Fair Value	
Common Stock	5,122,069
Mutual Funds	16,144,842
Government Securities/Fixed Income	<u>9,946,298</u>
Total Investments	<u>31,213,209</u>
Total Assets	<u>\$ 34,483,730</u>
<u>NET POSITION</u>	
Held in Trust for Pension Benefits	<u>\$ 34,483,730</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, 2022

	<u>PENSION TRUST FUND</u>
ADDITIONS:	
Contributions	
Employer	\$ 1,963,898
Plan Members	<u>399,581</u>
Total Contributions	<u>2,363,479</u>
Miscellaneous Income	<u>10,975</u>
Investment Income (Loss)	
Net (Depreciation) in Fair Value of Investments	(4,124,176)
Interest	210,221
Dividends	<u>1,387,971</u>
	(2,525,984)
Less: Investment Expense	<u>121,641</u>
Total Investment (Loss)	<u>(2,647,625)</u>
Total Additions (Loss)	<u>(273,171)</u>
DEDUCTIONS:	
Retirement Benefits	1,954,400
Disability	373,150
Refund of contribution	136,354
Administrative Expenses	<u>43,775</u>
Total Deductions	<u>2,507,679</u>
Change in Net Position	(2,780,850)
Beginning of Year	<u>37,264,580</u>
End of Year	<u>\$ 34,483,730</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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

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

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

B. Financial Reporting Entity

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

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

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

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

C. Government-Wide and Fund Financial Statements

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

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

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

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

D. Measurement Focus, Basis of Accounting, and Basis of Presentation

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

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

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

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

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

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

The City reports the following major governmental funds:

General Fund

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

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

<u>FUND</u>	<u>BRIEF DESCRIPTION</u>
Home Rule Fund	A fund established by City ordinance to account for home rule tax revenues and expenditures as legally restricted for City use.
Recreation Center Fund	A fund established by City ordinance to account for the construction and operating of the Recreation Center.
Tax Rebate Fund	A fund established by the City to account for activities related to all tax rebate financing agreements.
TIF #1 Bunkum Road	A fund established by the City to account for activities related to Bunkum Road's tax increment financing district.
TIF #2 Shoppes of St. Clair	A fund established by the City to account for activities related to the Shoppes of St. Clair's tax increment financing district.
TIF #3 Lincoln Trail	A fund established by the City to account for activities related to Lincoln Trail's tax increment financing district.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

Other Fund Types

The City also reports the following fund types:

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

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

E. Cash and Cash Equivalents and Investments

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

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

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

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

F. Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

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

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
Building	20 Years
Improvements	20 Years
Equipment, Furniture, and Fixtures	5 Years
Water System	40 Years
Sewer, Sidewalks, Streets, and Roads	40 Years

G. Deferred Outflows of Resources

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

H. Compensated Absences

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

I. Long-Term Obligations

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

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

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
APRIL 30, 2022

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

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, and Illinois Emergency Management Agency.
3. Streets and Public Works - Permit and developer fees; commercial vehicle and gasoline excise tax shared by the state and operating grants from Illinois Department of Revenue.
4. Culture and Recreation - Rental income, recreation fees, and operating grants including state per capita tax.

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

L. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

1. Interfund Loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

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 and prepaids) or are required to be maintained intact.

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

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

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

Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

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

N. Use of Estimates

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

O. Deferred Inflows of Resources

The Statement of Net Position and Balance Sheet - Governmental funds report 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, so it will not be recognized as an inflow of resources (revenue) until that time.

P. New Accounting Pronouncements

GASB Statement No. 87, *Leases*, will be effective for the City for the fiscal year ended April 30, 2023. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation. GASB 87 established a single approach to accounting for and reporting leases by state and local governments. The City has not determined the impact of the new accounting pronouncement.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 2. CASH, CERTIFICATES OF DEPOSIT, AND INVESTMENTS

As of April 30, 2022, the City had the following cash and investments:

Statement of Net Position	
Cash and Cash Equivalents	\$ 17,210,383
Restricted Cash	7,204,636
Certificates of Deposits	<u>1,360,029</u>
	<u>25,775,048</u>
Fiduciary Fund	
Cash	2,957,223
Investments	<u>31,213,209</u>
	<u>34,170,432</u>
	<u>\$ 59,945,480</u>

As of April 30, 2022, cash and investments consisted of the following:

<u>INVESTMENTS</u>	<u>COST</u>
Cash on Hand	\$ 396
Deposits with Financial Institutions	28,731,875
Government Securities	7,072,038
Corporate Securities	2,874,260
Mutual Funds	16,144,842
Stocks	<u>5,122,069</u>
Total	<u>\$ 59,945,480</u>

As of April 30, 2022, the Library Fund, a blended component unit of the City, had the following certificates of deposit:

<u>INVESTMENTS</u>	<u>MATURITY</u>	<u>COST</u>
First Mid Bank & Trust - Certificate of Deposit	7/9/2022	\$ 113,502
First Mid Bank & Trust - Certificate of Deposit	11/1/2022	31,312
First Mid Bank & Trust - Certificate of Deposit	8/7/2022	116,843
First Mid Bank & Trust - Certificate of Deposit	3/25/2024	<u>113,886</u>
		<u>\$ 375,543</u>

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

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

At April 30, 2022, the book balance of the City's cash and investments was \$25,775,048 and the bank balance was \$25,708,635. Of the bank balance, \$3,551,393 was covered by federal depository insurance and \$21,990,853 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 \$166,389 was uncollateralized.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

INVESTMENT TYPE	REMAINING MATURITY				TOTAL
	12 MONTHS OR LESS	13 TO 24 MONTHS	25 TO 60 MONTHS	MORE THAN 60 MONTHS	
Policemen's Pension					
U.S. Treasury Notes	\$ 720,533	\$ 680,149	\$ 1,097,100	\$ 4,052,176	\$ 6,549,958
Federal Agency Securities	-	-	-	522,080	522,080
Corporate Securities	125,934	594,006	1,290,760	863,560	2,874,260
Mutual Funds	16,144,842	-	-	-	16,144,842
Stocks	5,122,069	-	-	-	5,122,069
Total	<u>\$ 22,113,378</u>	<u>\$ 1,274,155</u>	<u>\$ 2,387,860</u>	<u>\$ 5,437,816</u>	<u>\$ 31,213,209</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by a nationally recognized statistical ratings organization. Presented below is the rating as of April 30, 2022, for each investment type.

INVESTMENT TYPE	RATINGS AS OF YEAR END					
	EXEMPT					
	FROM					
	TOTALS	DISCLOSURE	AAA	AA	A	BBB
U.S. Treasury Notes	\$ 6,549,958	\$ 6,549,958	\$ -	\$ -	\$ -	\$ -
Federal Agency Securities	522,080	522,080	-	-	-	-
Corporate Securities	2,874,260	-	-	203,127	897,391	1,773,742
Mutual Funds	16,144,842	16,144,842	-	-	-	-
Stocks	5,122,069	5,122,069	-	-	-	-
Total	<u>\$ 31,213,209</u>	<u>\$ 28,338,949</u>	<u>\$ -</u>	<u>\$ 203,127</u>	<u>\$ 897,391</u>	<u>\$ 1,773,742</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

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

Investment Policies

City Policy

Generally, the City's investing activities are managed under the custody of the Finance Director. Investing is performed in accordance with investment policies adopted by the City (1) direct obligations of the United States government, its agencies, or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, or obligations to the payment of which the full faith and credit of the State is pledged; (2) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, savings and loan associations, and credit unions, located in the City when secured by appropriate collateral; (3) with certain limitations; negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations; (4) public treasurers' investment pool administered by the Illinois State Treasurer; and (5) 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 has earned Fitch's highest rating (AAAmf). 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
APRIL 30, 2022

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

Asset allocation guidelines for the plan are as follows:

	<u>MINIMUM</u>	<u>MAXIMUM</u>
Equities	20 %	65 %
Fixed Income (Greater than One Year)	30	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	\$ 5,122,069	\$ 3,292,707
U.S. Treasury Notes	6,549,958	6,823,497
Federal Agencies	522,080	548,104
Corporate Bonds	2,874,260	3,060,664
Mutual Funds	16,144,842	15,086,291
	<u>\$ 31,213,209</u>	<u>\$ 28,811,263</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, 2022.

NOTE 3. FAIR VALUE MEASUREMENT

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

The following table presents the fair value hierarchy for the balances of the investments of the City's Pension Trust Fund measured at fair value on a recurring basis as of April 30, 2022:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVELING NOT REQUIRED</u>	<u>TOTAL</u>
Investments by Fair Value Level:				
U.S. Treasury Notes	\$ 6,549,958	\$ -	\$ -	\$ 6,549,958
Federal Agency Securities	-	522,080	-	522,080
Corporate Securities	-	2,874,260	-	2,874,260
Mutual Funds	16,144,842	-	-	16,144,842
Stocks	5,122,069	-	-	5,122,069
Total	<u>\$ 27,816,869</u>	<u>\$ 3,396,340</u>	<u>\$ -</u>	<u>\$ 31,213,209</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 3. FAIR VALUE MEASUREMENT (CONT'D)

Level 1 Fair Value Measurements

The fair value for investments in this category is based on quoted prices in active markets for identical assets, including U.S. Treasury Notes, Mutual Funds, and Common Stocks.

Level 2 Fair Value Measurements

The fair value for investments in this category is determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. Investments in this category include Federal Agency Securities, and Corporate Securities.

Level 3 Fair Value Measurements

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

NOTE 4. PROPERTY TAXES RECEIVABLE

The City has not levied any property taxes in the current or prior years. The City receives from the townships, one-half of the township road tax produced by the property within the limits of the municipality. Within one year of receipt of the money, the amount must either be budgeted or returned. These governments levy taxes annually prior to December 31 of each year. Property taxes are attached as an enforceable lien on property as of January 1. Property taxes are mailed in the year following the assessment year. 2020 property taxes were payable in two installments: July 1, 2021, and September 1, 2021. 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 2020 and prior tax levies.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 5. CAPITAL ASSETS

Changes in Capital Assets

The following provides a summary of changes in capital assets:

	<u>BALANCE AT</u> <u>MAY 1, 2021</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE AT</u> <u>APRIL 30, 2022</u>
Governmental Activities				
Capital Assets Not Being				
Depreciated Land	\$ 10,050,948	\$ -	\$ -	\$ 10,050,948
Construction in Progress	<u>399,509</u>	<u>35,763</u>	<u>-</u>	<u>435,272</u>
Total Capital Assets Not				
Being Depreciated	<u>10,450,457</u>	<u>35,763</u>	<u>-</u>	<u>10,486,220</u>
Other Capital Assets				
Buildings	35,467,020	-	-	35,467,020
Other Improvements	4,153,109	-	-	4,153,109
Machinery and Equipment	10,541,047	45,169	(1,582,711)	9,003,505
Infrastructure	<u>75,311,768</u>	<u>41,520</u>	<u>-</u>	<u>75,353,288</u>
Total Other Capital Assets at				
Historical Costs	<u>125,472,944</u>	<u>86,689</u>	<u>(1,582,711)</u>	<u>123,976,922</u>
Sub-Total	<u>135,923,401</u>	<u>122,452</u>	<u>(1,582,711)</u>	<u>134,463,142</u>
Less Accumulated Depreciation for				
Buildings	9,520,542	869,294	-	10,389,836
Other Improvements	2,954,592	123,041	-	3,077,633
Machinery and Equipment	9,191,707	221,367	(1,578,563)	7,834,511
Infrastructure	<u>30,897,482</u>	<u>1,361,650</u>	<u>-</u>	<u>32,259,132</u>
Total Accumulated Depreciation	<u>52,564,323</u>	<u>2,575,352</u>	<u>(1,578,563)</u>	<u>53,561,112</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 83,359,078</u>	<u>\$ (2,452,900)</u>	<u>\$ (4,148)</u>	<u>\$ 80,902,030</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 5. CAPITAL ASSETS (CONT'D)

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

PRIMARY GOVERNMENT:

Governmental Activities

General Government

Executive \$ 24,962

Municipal Complex 89,337

Police Safety

Police 216,269

EDSA 4,875

Street and Public Works

Engineering/Streets 1,503,667

Public Works Maintenance 6,055

Culture and Recreation

Parks 106,360

Recreation Center 501,180

Library 46,604

Tourism 76,043

Total Depreciation for Governmental Activities \$ 2,575,352

NOTE 6. LONG-TERM DEBT

Long-Term Debt Supporting Governmental Activities

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

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2022:

DESCRIPTION AND PURPOSE	BALANCE MAY 1, 2021	ISSUED	RETIRED	BALANCE APRIL 30, 2022	DUE WITHIN ONE YEAR
Governmental Activities					
Compensated					
Absences	\$ 657,284	\$ 522,732	\$ 577,539	\$ 602,477	\$ -
Direct Placement General					
Obligation Bonds	16,295,000	-	460,000	15,835,000	475,000
Bond Premiums	647,427	-	28,668	618,759	28,668
Total	<u>\$ 17,599,711</u>	<u>\$ 522,732</u>	<u>\$ 1,066,207</u>	<u>\$ 17,056,236</u>	<u>\$ 503,668</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

The City has direct placement general obligation debt service requirements at April 30, 2022, on bond issues as follows:

1. A general obligation bond issue of \$9,470,000 dated November 9, 2017, provides for the serial retirement of the principal at varying rates annually over the life of the issue with final payment on December 1, 2043. Interest is payable on these bonds on June 1 and December 1 of each year at a rate ranging from 3.00 to 4.5 percent per annum. The proceeds from this issue were used to for the construction of the Recreation Center.
2. A general obligation bond issue of \$7,925,000 dated February 27, 2018, provides for the serial retirement of the principal at varying rates annually over the life of the issue with final payment on December 1, 2043. Interest is payable on these bonds on June 1 and December 1 of each year at a rate ranging from 3.00 to 4.5 percent per annum. The proceeds from this issue were used to for the construction of the Recreation Center.

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, 2022:

<u>PAYABLE</u> <u>DURING THE</u> <u>YEAR ENDED</u>	<u>DIRECT PLACEMENT GENERAL</u> <u>OBLIGATION BOND SERIES DTD 11/9/17</u>		
	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
April 30, 2023	\$ 582,425	\$ 250,000	\$ 332,425
April 30, 2024	579,925	255,000	324,925
April 30, 2025	582,275	265,000	317,275
April 30, 2026	581,675	275,000	306,675
April 30, 2027	585,675	290,000	295,675
April 30, 2028 - 2032	2,924,975	1,630,000	1,294,975
April 30, 2033 - 2037	2,936,200	2,005,000	931,200
April 30, 2038 - 2042	2,939,950	2,455,000	484,950
April 30, 2043 - 2044	1,179,150	1,120,000	59,150
	<u>\$ 12,892,250</u>	<u>\$ 8,545,000</u>	<u>\$ 4,347,250</u>

<u>PAYABLE</u> <u>DURING THE</u> <u>YEAR ENDED</u>	<u>DIRECT PLACEMENT GENERAL</u> <u>OBLIGATION BOND SERIES DTD 2/27/18</u>		
	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
April 30, 2023	\$ 499,326	\$ 225,000	\$ 274,326
April 30, 2024	497,576	230,000	267,576
April 30, 2025	500,676	240,000	260,676
April 30, 2026	498,476	245,000	253,476
April 30, 2027	496,126	250,000	246,126
April 30, 2028 - 2032	2,495,010	1,400,000	1,095,010
April 30, 2033 - 2037	2,489,286	1,690,000	799,286
April 30, 2038 - 2042	2,487,550	2,065,000	422,550
April 30, 2043 - 2044	997,726	945,000	52,726
	<u>\$ 10,961,752</u>	<u>\$ 7,290,000</u>	<u>\$ 3,671,752</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

<u>PAYABLE DURING THE YEAR ENDED</u>	<u>TOTAL</u>	<u>ALL BONDS</u>	
		<u>PRINCIPAL</u>	<u>INTEREST</u>
April 30, 2023	\$ 1,081,751	\$ 475,000	\$ 606,751
April 30, 2024	1,077,501	485,000	592,501
April 30, 2025	1,082,951	505,000	577,951
April 30, 2026	1,080,151	520,000	560,151
April 30, 2027	1,081,801	540,000	541,801
April 30, 2028 - 2032	5,419,985	3,030,000	2,389,985
April 30, 2033 - 2037	5,425,486	3,695,000	1,730,486
April 30, 2038 - 2042	5,427,500	4,520,000	907,500
April 30, 2043 - 2044	2,176,876	2,065,000	111,876
	<u>\$ 23,854,002</u>	<u>\$ 15,835,000</u>	<u>\$ 8,019,002</u>

NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

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

<u>DUE FROM</u>	<u>DUE TO</u>	<u>AMOUNT</u>
Governmental Activities/Major Governmental Funds	Governmental Activities/Major Governmental Funds	
General Fund	Home Rule Fund	\$ 110,200
TIF No. 5	General Fund	127,093
TIF No. 6	General Fund	1,025
Hotel/Motel	General Fund	964
		<u>\$ 239,282</u>

<u>DUE FROM</u>	<u>DUE TO</u>	<u>AMOUNT</u>
Governmental Activities/Major Governmental Funds	Fiduciary Funds	
General Fund/Police Pension Fund	Police Pension Fund	\$ 262,535

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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

DUE FROM	DUE TO	AMOUNT
Governmental Activities/Major Governmental Funds	Fiduciary Funds	
General Fund/Police Pension Fund	Police Pension Fund	\$ 262,535

The following is a summary of transfers during the year ended April 30, 2022:

TRANSFER FROM	TRANSFER TO	AMOUNT
General Fund	Library	\$ 433,738
General Fund	Police Pension	1,951,998
General Fund	TIF No. 1 Bunkum Road	31,434
General Fund	TIF No. 2 Shoppes of St. Clair	33,501
General Fund	TIF No. 3 Lincoln Trail	40,402
General Fund	TIF No. 4 FH West	2,658
General Fund	TIF No. 5 Ludwig	191
		<u>\$ 2,493,922</u>

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

The General Fund transfer to the Police Pension Fund was used to transfer revenue to the Police Pension Fund to cover the City's retirement contribution.

The General Fund transfers to TIF No. 1 Bunkum Road as required by Illinois TIF Section 11-74.4-3 was used to pay the developer the additional 10 percent add on for non-corporate taxes.

The General Fund transfer to TIF No. 2 Shoppes of St. Clair as required by Illinois TIF Section 11-74.4-3 was used to pay the developer the additional 10 percent add on for non-corporate taxes.

The General Fund transfer to TIF No. 3 Lincoln Trail as required by Illinois TIF Section 11-74.4-3 was used to reimburse TIF No. 3 Lincoln Trail the additional 10 percent contribution for the current year and all prior years.

The General Fund transfer to TIF No. 4 FH West as required by Illinois TIF Section 11-74.4-3 was used to reimburse TIF No. 4 FH West the additional 10 percent contribution for the current year and all prior years.

The General Fund transfer to TIF No. 5 Ludwig as required by Illinois TIF Section 11-74.4-3 was used to reimburse TIF No. 5 Ludwig the additional 10 percent contribution for the current year and all prior years.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 8. TAX ABATEMENTS

Pursuant to Ordinance Number 1037-2001, and as subsequently amended, approving the Lincoln Place Phase II Businesses District Plan, the City authorized a sales tax rebate program with the developer (The Koman Group). The agreement calls for the City to pay the developer 80 percent of the sales tax collected from stores located in the development. The City pursuant to Ordinance 1079-2002 provided for the issuance of a developer note in the amount of \$5,045,000 plus interest at 6.5 percent payable annually on April 28 for 20 years from the date of the note. The note was dated February 5, 2002, with the first installment to be paid April 2002. The City made a current payment of \$952,018 and a current year payment in the amount of \$408,388 is payable at April 30, 2022. 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, 2022, the amount of cash restricted for current and future payments under this agreement was \$188,429. The developer (The Koman Group) sold the notes listed here underlying the sales tax rebate agreements to the Southwestern Illinois Development Authority (SWIDA) during the April 30, 2003, year. SWIDA issued bonds supported by the payment of the notes. The only change relating to the City based on this sale was a change in the location for the payments. The City's payments and all subsequent payments will be made to UMB Bank, NA, as trustee for the bond holder. The balance owed is not presented in the accompanying financial statements because they are considered to be commitments and will not be a liability unless certain events occur in the future.

Pursuant to Ordinance Number 1620-2013 and later amended by Ordinance 1779-2017, the City authorized a sales tax rebate program with Fairview Heights 881 Fee, LLC, the developer of Fairview City Centre. The agreement calls for the City to pay the developer 25 percent of the sales tax collected from stores located in the development. Total rebate is not to exceed \$6,700,000 and expires December 31, 2038. The developer met the requirements of the agreement as of January 1, 2019. The City made a current payment of \$151,098, and a current year payment is payable in the amount of \$282,324 as of April 30, 2022. 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, 2022, the amount of cash restricted for current and future payments under this agreement was \$131,166.

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 \$49,459 in fiscal year 2022 and a current year payment in the amount of \$58,541 is payable as of April 30, 2022. 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
APRIL 30, 2022

NOTE 9. TAX INCREMENT FINANCING DISTRICTS

Pursuant to Ordinance 1259-2005 approving the redevelopment plan authorizing reimbursement of development costs under the "TIF Act" with the developer (Shoppes of St. Clair, LLC). The agreement calls for the City to pay the developer TIF revenues which represent the amount attributable to the increase in the current equalized assessed valuation. The TIF note in conjunction with the limited incremental sales tax note is for \$3,684,000 and will be for a term of 23 years from issuance. The City made payments under this agreement of \$-0- in fiscal year 2022. 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, 2022, the amount of cash restricted was \$2,062,408. 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 \$40,687, and no amount is payable as of April 30, 2022.

Pursuant to Ordinances 1379-07, 1380-07, and 1381-07 approving the Tax Increment Redevelopment Plan and Project for the Lincoln Trail Redevelopment Project Area authorizing reimbursement of development costs under the "TIF Act" with the developers. The agreement calls for the City to pay the developers TIF revenues which represent the amount attributable to the increase in the current equalized assessed valuation. The City signed an Intergovernmental Cooperation Agreement with some of the taxing districts located within the TIF area. The Taxing Districts desire to undertake capital improvements that qualify as redevelopment project costs and have said costs paid, in whole or in part, from funds from the TIF area. The City had a balance payable to Taxing Districts under this agreement of \$54,886. 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, 2022, the amount of cash restricted for current and future payments under this agreement was \$2,145,327.

The City has entered into a redevelopment plan with a local business as part of the Tax Increment Financing redevelopment agreements to rebate a total of \$75,000 to the local business. For the fiscal year ended April 30, 2022, the City rebated property taxes totaling \$25,000 under this agreement, with a remaining balance of \$-0-.

The City has entered into a redevelopment plan with a local business as part of the Tax Increment Financing redevelopment agreements to rebate a total of \$65,200 to the local business. For the fiscal year ended April 30, 2022, the City rebated property taxes totaling \$65,200 under this agreement, with a remaining balance of \$-0-.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 10. LEASE REVENUE

The City has a lease agreement with Crown Castle International Corp. for rental of a parcel of property on which an antenna and equipment base is stationed. The terms of the agreement are based on five year increments. After each five year period, the next term will be automatically renewed for five years unless canceled by either party. Rent under this agreement will be paid monthly at a rate of \$1,114 per month and increase at each renewal date as set forth in the contract.

The City has a lease agreement with AT&T Mobility for rental of a parcel of property on which communications equipment will be stationed. The terms of this agreement are based on five year increments. After each five year period, the next term will be automatically renewed for five years unless canceled by either party. Rent under this agreement will be paid in monthly increments of \$829 and increase at each renewal date as set forth in the contract.

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

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

The City has a lease agreement with the Fairview Heights Area Food Pantry, Inc. to lease an area in the north wing basement of the community room of the municipal building. This lease is renewed year to year and rent under this agreement is \$1 due and payable on the first day of each year.

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

5/1/22 - 4/30/23	\$ 71,381
5/1/23 - 4/30/24	55,181
5/1/24 - 4/30/25	56,177
5/1/25 - 4/30/26	57,172
5/1/26 - 4/30/27	57,172

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

NOTE 11. OPERATING LEASES

The City has entered into a number of operating leases which contain cancellation provisions and are subject to annual appropriations. For the year ended April 30, 2022, rentals approximated \$71,381 for such leases. These leases primarily support governmental activities.

Minimum rentals on leases for future years are as follows:

5/1/22 - 4/30/23	\$ 20,680
5/1/23 - 4/30/24	8,652
5/1/24 - 4/30/25	1,920

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 12. RESTRICTED CASH

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 \$7,204,636 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.

NOTE 13. RETIREMENT PLANS

A. Illinois Municipal Retirement Fund Defined Benefit Pension Plan

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

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

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

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 13. RETIREMENT PLANS (CONT'D)

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

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

Employees Covered by Benefit Terms - As of December 31, 2021, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries Currently Receiving Benefits	84
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	94
Active Plan Members	<u>71</u>
Total	<u>249</u>

Contributions - As set by statute, the City's Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2021 was 10.34 percent. For the calendar year December 31, 2021, the City contributed \$407,527 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension (Asset) - The City's net pension (asset) was measured as of December 31, 2021. The total pension (asset) used to calculate the net pension (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension (asset) at December 31, 2021:

The Actuarial Cost Method used was Entry Age Normal.

The Asset Valuation Method used was Market Value of Assets.

The Inflation Rate was assumed to be 2.25 percent.

Salary Increases were expected to be 2.85 percent to 13.75 percent, including inflation.

The Investment Rate of Return was assumed to be 7.25 percent.

Projected Retirement Age was from the experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation pursuant to an experience study from years 2017 to 2019.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 13. RETIREMENT PLANS (CONT'D)

The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from Pub-2010, amount-weighted, below-median income, general, retiree, male (adjusted 106 percent) and female (adjusted 105 percent) tables, and future mortality improvements projected using scale MP-2020.

For **Disabled Retirees**, the IMRF-specified tables for Mortality was developed from Pub-2010, amount-weighted, below-median income, general, disabled retiree, male and female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

For **Active Members**, the IMRF-specified tables for Mortality was developed from Pub-2010, amount-weighted, below-median income, general, employee, male and female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

The **Long-Term Expected Rate of Return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASSET CLASS	PORTFOLIO TARGET PERCENTAGE	LONG-TERM EXPECTED REAL RATE OF RETURN
Domestic Equity	39 %	1.90 %
International Equity	15	3.15
Fixed Income	25	-0.60
Real Estate	10	3.30
Alternative Investments	10	1.70-5.50
Cash Equivalents	<u>1</u>	-0.90
Total	<u>100 %</u>	

Single Discount Rate - A single discount rate of 7.25 percent was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25 percent, the municipal bond rate is 1.84 percent, and the resulting single discount rate is 7.25 percent.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 13. RETIREMENT PLANS (CONT'D)

Changes in Net Pension (Asset) :

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY(ASSET) (A)-(B)
Balance at December 31, 2020	\$ 32,084,792	\$ 33,851,110	\$ (1,766,318)
Changes for the Year:			
Service Cost	359,507	-	359,507
Interest on the Total Pension Liability	2,271,122	-	2,271,122
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(609,806)	-	(609,806)
Changes of Assumptions	-	-	-
Contributions - Employer	-	407,527	(407,527)
Contributions - Employees	-	177,863	(177,863)
Net Investment Income	-	5,787,200	(5,787,200)
Benefit Payments, Including Refunds of Employee Contributions	(1,877,448)	(1,877,448)	-
Other (Net Transfer)	-	(915,359)	915,359
Net Changes	143,375	3,579,783	(3,436,408)
Balance at December 31, 2021	\$ 32,228,167	\$ 37,430,893	\$ (5,202,726)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the plan's net pension liability, calculated using a single discount rate of 7.25 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1 percent lower or 1 percent higher:

	1% DECREASE	CURRENT SINGLE DISCOUNT RATE	1% INCREASE
Net Pension Liability (Asset)	\$ (1,781,176)	\$ (5,202,726)	\$ (7,899,437)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Relate to Pensions - For the year ended December 31, 2021, the City recognized pension benefit of \$(817,756). At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 13. RETIREMENT PLANS (CONT'D)

DEFERRED AMOUNTS RELATED TO PENSIONS	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Deferred Amounts to Be Recognized in Pension Expense in Future Periods:		
Difference Between Expected and Actual Experience	\$ -	\$ 425,906
Changes of Assumption	-	84,924
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	738,638	5,311,806
Total Deferred Amounts to Be Recognized in Pension Expense in Future Periods	738,638	5,822,636
Pension Contributions Made Subsequent to the Measurement Date	105,758	-
Total Deferred Amounts Related to Pensions	<u>\$ 844,396</u>	<u>\$ 5,822,636</u>

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

YEAR ENDING DECEMBER 31,	NET DEFERRED INFLOWS OF RESOURCES
2022	\$ (1,212,569)
2023	(1,960,803)
2024	(1,122,267)
2025	(682,601)
2026	-
Thereafter	-
Total	<u>\$ (4,978,240)</u>

B. Police Officers' Pension

Plan Description:

Plan Administration

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

- Two members appointed by the City,
- Two active members of the Police Department elected by the Membership,
- and one retired member of the Police Department elected by the Membership.

At April 30, 2022, the Police Pension membership consisted of:

Active plan members	44
Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	9
Total	<u>87</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 13. RETIREMENT PLANS (CONT'D)

Benefits Provided - The Plan provides retirement, termination, disability, and death benefits.

Normal Retirement

Age: Tier I: Age 50 and 20 years of service.
Tier II: Age 55 with 10 years of service.
Benefit: 2.50 percent of Average Final Compensation Times Credited Service.

Early Retirement

Age: Tier I: Age 60 and 8 years of service.
Tier II: Age 50 with 10 years of service.
Benefit: Determined as for Normal Retirement; Benefit for members hired after January 1, 2011, is reduced 6.00 percent for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination)

Tier I: Less than 8 years: Refund of accumulated contributions without interest. 8 or more: Refund of contributions or accrued benefit payable at retirement age.
Tier II: Less than 10 years: Refund of accumulated contributions without interest. 10 or more: Refund of contributions or accrued benefit payable at retirement age.

Disability

Eligibility: Total and permanent as determined by the Board of Trustees.
Benefit: Benefit accrued to date of disability. Minimum benefit for Service Incurred is 65 percent of AFC. For Non-Service Incurred benefit is 50 percent of salary.

Pre-Retirement Death Benefits

Service Incurred: 100 percent of Salary.
Non-Vested: Refund of Required Contribution Account.

Cost-of-Living Adjustments

Tier I: Retirees - 3.00 percent per year upon attaining age 55. For retirements prior to age 55, 1/12 of 3.00 percent per month benefit commences prior to reaching age 55. Disabled Retirees annual increase of 3.00 percent of the original benefit amount upon attaining age 60. For disablements prior to age 60, 3.00 percent of original benefit per year benefit commenced prior to age 60.
Tier II: An annual increase equal to the lesser of 3.00 percent per year or 1/2 the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1 of the original pension after attaining age 60.

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

Investments

Investment Policy - The following was the Board's adopted asset allocation policy as of April 30, 2022:

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 13. RETIREMENT PLANS (CONT'D)

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>
Cash	8 %
US Short Term Investment Grade Bonds	9
US Investment Grade Bonds	21
US Large-Cap Value Stocks	17
US Large-Cap Growth Stocks	14
US Mid-Cap Core Stocks	8
US Small-Cap Core Stocks	7
International Equities	11
Emerging Markets	5
Total	<u>100 %</u>

Rate of Return - For the year ended April 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 31.65 percent.

The money-weighted rate of return expresses investment performance and net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Employer - The components of the net pension liability of the employer on April 30, 2022, were as follows:

Total Pension Liability	\$ 54,522,812
Plan Fiduciary Net Position	<u>(34,483,730)</u>
Employer's Net Pension Liability	<u>\$ 20,039,082</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>63.25%</u>
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Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of May 1, 2022, using the following actuarial assumptions:

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

Mortality Rate: PubS-2010 employee mortality, projected five years past the valuation date with Scale MP-2020. Inactive lives: PubS-2010 healthy retiree mortality, projected five years past the valuation date with Scale MP-2020. Beneficiaries: PubS-2010 survivor mortality, projected five years past the valuation date with Scale MP-2020. Disabled lives: PubS-2010 disabled mortality, projected five years past the valuation date with Scale MP-2020. Based on studies of public safety pension plans, we believe this assumption sufficiently accommodates expected future mortality improvements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 13. RETIREMENT PLANS (CONT'D)

The demographic assumptions used in the May 1, 2022, valuation was based on the results of an actuarial experience study performed by the State of Illinois Department of Insurance dated November 1, 2022.

The *Long-Term Expected Rate of Return on Pension Plan* investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of April 30, 2022, are summarized in the following table:

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN
Cash	0.55 %
US Short Term Investment Grade Bonds	0.95
US Investment Grade Bonds	1.35
US Large-Cap Value Stocks	5.85
US Large-Cap Growth Stocks	5.95
US Mid-Cap Core Stocks	6.15
US Small-Cap Core Stocks	5.35
International Equities	4.75
Emerging Markets	6.15

Discount Rate - The discount rate used to measure the total pension liability was 6.50 percent.

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

For purpose of this valuation, the expected rate of return on pension plan investments is 6.50 percent; the municipal bond rate is 3.98 percent (based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index); and the resulting single discount rate is 6.50 percent.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 13. RETIREMENT PLANS (CONT'D)

Changes in Net Pension Liability:

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY
Balances at April 30, 2021	\$ 52,249,303	\$ 37,264,579	\$ 14,984,724
Changes For a Year:			
Service Cost	962,839	-	962,839
Interest	3,379,723	-	3,379,723
Differences Between Expected and Actual			
Experience	420,323	-	420,323
Changes of Assumptions	(56,582)	-	(56,582)
Changes of Benefit Terms	-	-	-
Contributions - Employer	-	1,963,898	(1,963,898)
Contributions - Employee	-	399,581	(399,581)
Contributions - Buy Back	-	-	-
Net Investment Income	-	(2,667,759)	2,667,759
Benefit Payments, Including Refunds of			
Employee Contributions	(2,432,794)	(2,432,794)	-
Administrative Expenses	-	(43,775)	43,775
Net Changes	2,273,509	(2,780,849)	5,054,358
Balances at April 30, 2022	<u>\$ 54,522,812</u>	<u>\$ 34,483,730</u>	<u>\$ 20,039,082</u>

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

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Employer's Net Pension Liability	<u>\$ 28,030,832</u>	<u>\$ 20,039,082</u>	<u>\$ 13,545,715</u>

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

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - For the year ended April 30, 2022, the employer will recognize pension expense of \$2,001,446. On April 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 13. RETIREMENT PLANS (CONT'D)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Difference Between Expected and Actual Experience	\$ 1,304,545	\$ 296,205
Changes of Assumptions	839,094	173,082
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,115,020	4,363,900
Total	<u>\$ 7,258,659</u>	<u>\$ 4,833,187</u>

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

YEAR ENDED APRIL 30,	
2023	\$ 653,266
2024	539,599
2025	51,605
2026	1,136,317
2027	(7,278)
Thereafter	51,963
	<u>\$ 2,425,472</u>

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS

Plan Description - In addition to providing the pension benefits described, the City provides post-employment health care insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The activity of the plan is reported in the City's Employee Health Benefits Fund.

Benefits Provided - The City provides post-employment health care insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the IMRF. All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is removed from this plan and has the option of participating in a supplemental plan that is not subsidized by the City.

At April 30, 2022, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Inactive	
Participants Entitled to but Not Yet Receiving Benefits	12
Disabled Participants	5
Active Participants	<u>97</u>
Total	<u>114</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

Contributions - The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute approximately \$886 per month for single coverage or \$2,570 for family coverage of the actuarially determined premium to the plan if the retiree is non-medicare eligible. The City contributes the remainder to cover the cost of providing the benefits to the retirees via the self-insured plan (pay as you go). Since the City is self-insured, this amount fluctuates on an annual basis. For the fiscal year ended April 30, 2022, retirees contributed \$76,143, active employees contributed \$248,070, and the City contributed \$2,054,016.

Net OPEB Liability - The components of the net OPEB liability of the plan at April 30, 2022, calculated in accordance with GASB Statement No. 75 were as follows:

Total OPEB Liability	\$ 6,077,816
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u>\$ 6,077,816</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
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See the schedule of post-retirement benefits liability and related ratios in the required supplementary information for additional information related to the funded status of the plan.

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of April 30, 2022, using the following actuarial assumptions:

Salary Increases	3.50 percent
Investment Rate of Return	3.42 percent
20-year AA Municipal Bond Rate	2.12 percent
Mortality	RP-2014 Healthy Employee Table with MP 2020 projection
Healthcare Inflation	7.0 percent, grading down until 4.5 percent is reached

Changes in Net OPEB Liability - Changes in net OPEB liability calculated under GASB Statement No. 75 are as follows:

	TOTAL OPEB LIABILITY	PLAN FIDUCIARY NET POSITION	NET OPEB LIABILITY (ASSET)
Balance, May 1, 2021	<u>\$6,461,729</u>	<u>\$ -</u>	<u>\$6,461,729</u>
Changes for the Year:			
Service Cost	462,729		462,729
Interest Cost	134,335		134,335
Differences Between Expected and Actual	-		-
Assumption Changes	(730,613)		(730,613)
Contributions - Employer		250,364	(250,364)
Benefit Payments	(250,364)	(250,364)	-
Net Changes	<u>(383,913)</u>	<u>-</u>	<u>(383,913)</u>
Balance, April 30, 2022	<u>\$6,077,816</u>	<u>\$ -</u>	<u>\$6,077,816</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

Discount Rate - The discount rate used to measure the total OPEB liability was 2.12 percent. Since the plan is unfunded, this is based on a current 20 Year Yield to Maturity of AA rated bonds.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the plan, calculated using the discount rate of 2.12 percent, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	DISCOUNT RATE	NET OPEB LIABILITY (ASSET)
1% Decrease	2.42%	\$ 6,634,113
Current Discount Rate	3.42%	6,077,816
1% Increase	3.42%	5,566,137

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the plan, as well as, what the plan's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher:

	DISCOUNT RATE	NET OPEB LIABILITY (ASSET)
1% Decrease	6.00%	\$ 5,351,884
Current Discount Rate	7.00%	6,077,816
1% Increase	8.00%	6,942,235

Annual OPEB Costs and Net OPEB Obligation - The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last four fiscal years were as follows:

FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
4/30/22	\$ 600,822	41.67 %	\$ 6,077,816
4/30/21	613,323	38.15	6,461,729
4/30/20	551,228	37.32	5,892,449
4/30/19	486,673	39.33	5,156,391
4/30/18	440,239	50.40	2,377,107
4/30/17	443,965	46.20	2,158,547

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

The Net OPEB Obligation (NOPEBO) as of April 30, 2022, was calculated as follows:

Annual Required Contribution	\$ 250,364
Interest on Net OPEB Obligation	134,335
Adjustment to Annual Required Contribution	<u>(518,248)</u>
Annual OPEB Cost	(133,549)
Contributions Made	<u>250,364</u>
Increase (Decrease) in Net OPEB Obligation	(383,913)
Net OPEB Obligation, Beginning of Year	<u>6,461,729</u>
Net OPEB Obligation, End of Year	<u><u>\$ 6,077,816</u></u>

The above table is derived from an actuarial study performed on a bi-annual basis.

Funded Status and Funding Progress: The funded status of the plan as of April 30, 2022, was as follows:

Actuarial Accrued Liability (AAL)	\$ 6,077,816
Actuarial Value of Plan Assets	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 6,077,816
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Members)	\$ 7,397,767
UAAL as a Percentage of Covered Payroll	82.16%

Actuarial Methods - Actuarial valuations of an ongoing plan involve 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 ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year 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. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the April 30, 2022, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included 2.12 percent investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 7.0 percent reduced each year to arrive at an ultimate healthcare cost trend rate of 4.5 percent. Both rates include an inflation assumption. The actuarial value of assets was \$-0-. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

Deferred Outflows and Deferred Inflows of Resources Related to OPEB - On April 30, 2022, the employer reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

	<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>DEFERRED INFLOWS OF RESOURCES</u>
Differences Between Expected	\$ -	\$ 400,701
Actual Assumption Changes	<u>985,804</u>	<u>667,511</u>
Total	<u>\$ 985,804</u>	<u>\$ 1,068,212</u>

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

<u>YEAR ENDED APRIL 30,</u>	
2023	\$ 3,758
2024	3,758
2025	3,758
2026	3,758
2027	3,758
Thereafter	<u>(101,198)</u>
Total	<u>\$ (82,408)</u>

NOTE 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 covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the City, if disposed of unfavorably.

B. Federal and State Grants

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 15. CONTINGENT LIABILITIES (CONT'D)

C. State Motor Fuel Tax Fund

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

D. Capital Improvements

The City has entered into construction contracts for road and bridge improvements. The City is in the preliminary design and planning phases for various other capital improvements.

NOTE 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.

NOTE 17. RISK MANAGEMENT

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 18. COMMITMENTS

On August 23, 2011, the City entered into an Intergovernmental agreement with Caseyville Township to pay a portion of the costs incurred by the Township resulting from providing sanitary sewer services to Weinel Hills. The agreement calls for the City to pay the Township a maximum of \$85,000 per year, in two lump sums of \$42,500 for 20 years, once said sewer services have begun under the agreement. Sewer services have started and a total of \$62,023 was made in fiscal year 2022.

NOTE 19. SUBSEQUENT EVENTS

Management has evaluated the effect of subsequent events through the date of December 14, 2022. From this evaluation, the following events were identified that met the criteria to be classified as a subsequent event subsequent to disclosure.

As part of the American Rescue Plan Act (ARPA), the City of Fairview Heights is eligible to receive \$2,216,298 from the Coronavirus Local Fiscal Recovery (CLFR) Fund allotment for non-entitlement units of local government. The City of Fairview Heights has requested the funds, that will be paid in two annual installments, and is currently determining the best use of these funds as permitted. On September 2, 2021, the first installment of \$1,108,149 was received. On September 19, 2022, the second installment of \$1,109,294 was received.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
Permits				
Building Permits	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)
Plumbing Permits	750	750	606	(144)
Electric Permits	3,500	3,500	4,751	1,251
Demo, Satellite, and Grade	1,000	1,000	200	(800)
Sign Permits	5,000	5,000	2,210	(2,790)
Building Permits	-	-	59,871	59,871
Building Maintenance Permit	55,000	55,000	41,846	(13,154)
Total Permits	<u>140,250</u>	<u>140,250</u>	<u>109,484</u>	<u>(30,766)</u>
Income Tax				
Income Tax	1,900,054	1,900,054	2,435,125	535,071
Utility Tax	1,225,750	1,225,750	1,271,354	45,604
Telecommunications Tax	445,190	445,190	224,790	(220,400)
Interest	35,000	15,000	7,108	(7,892)
Total Income Taxes	<u>3,605,994</u>	<u>3,585,994</u>	<u>3,938,377</u>	<u>352,383</u>
Miscellaneous Revenue				
Liquor Licenses	60,000	60,000	66,263	6,263
Miscellaneous	-	-	27,362	27,362
Total Miscellaneous Revenue	<u>60,000</u>	<u>60,000</u>	<u>93,625</u>	<u>33,625</u>
Other Taxes				
Food and Beverage Tax	600,000	600,000	600,000	-
Hotel and Motel Collection Tax	-	-	-	-
Video Gaming Tax	175,000	175,000	282,799	107,799
Total Other Taxes	<u>775,000</u>	<u>775,000</u>	<u>882,799</u>	<u>107,799</u>
Use Taxes				
Sales Tax	7,000,000	7,000,000	7,753,427	753,427
Home Rule Tax	4,256,500	4,256,500	4,298,505	42,005
Use Tax	657,000	657,000	1,286,049	629,049
Road and Bridge Allotments	45,000	45,000	39,845	(5,155)
Total Use Taxes	<u>\$ 11,958,500</u>	<u>\$ 11,958,500</u>	<u>\$ 13,377,826</u>	<u>\$ 1,419,326</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	BASIS	
Grants				
Franchises	\$ 307,000	\$ 307,000	\$ 209,488	\$ (97,512)
Special Grants	50,000	50,000	1,302,959	1,252,959
Library Grant	-	-	-	-
E.S.D.A. Grant	8,000	8,000	-	(8,000)
Total Grants	365,000	365,000	1,512,447	1,147,447
Charges for Service				
School Resource Officer Duty	100,000	100,000	87,952	(12,048)
Police Reports	65,000	65,000	7,065	(57,935)
Use of Copy/Fax Equipment	250	250	743	493
Total Charges for Services	165,250	165,250	95,760	(69,490)
Police Revenue				
Police Fines	100,000	100,000	89,721	(10,279)
Residential Rental License Fee	100,000	100,000	85,585	(14,415)
Police Outside Employment	100,000	100,000	25,529	(74,471)
Licenses - Other Than Liquor	42,000	42,000	43,821	1,821
Towing Fees	150,000	150,000	74,225	(75,775)
Fugitive Failure to Appear Fee	8,000	8,000	1,806	(6,194)
Bail Bond Fee	15,000	15,000	5,600	(9,400)
Sex Offender Registration	3,200	3,200	2,600	(600)
Donations	-	-	4,071	4,071
Total Police Revenue	518,200	518,200	332,958	(185,242)
Other Sources				
Zoning Permits	-	-	4,990	4,990
Waste Haulers' Fee	-	-	900	900
Users' Fees - Parks	20,000	20,000	125,776	105,776
Rents, Leases, Sharecrop	85,000	85,000	70,102	(14,898)
Interfund Transfer	-	-	1,951,998	1,951,998
Total Other Sources	105,000	105,000	2,153,766	2,048,766
Total Revenue	\$ 17,693,194	\$ 17,673,194	\$ 22,497,042	\$ 4,823,848

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES:				
Executive Department				
Semi-Monthly Salaries	\$ 129,160	\$ 131,160	\$ 131,112	\$ 48
Elected and Appointed Officials	9,600	9,600	9,600	-
Christmas Bonus	400	400	404	(4)
Unemployment Insurance	500	500	109	391
Social Security	8,008	8,968	8,768	200
Medicare	1,973	2,053	2,051	2
Retirement Funds	13,355	13,955	12,468	1,487
Health and Life Insurance	19,000	22,300	22,170	130
OPEB Employer Contribution	2,260	2,260	1,454	806
Education	675	675	160	515
Legal Fees	200	200	-	200
Travel and Meeting Expense	500	500	391	109
Bonds and Notary Fees	50	50	30	20
Membership Dues	2,030	2,030	1,740	290
Advertising and Public Notice	5,000	3,250	1,346	1,904
Public Relations	-	-	-	-
Equipment Rental	1,275	1,275	506	769
Technical and Outside Services	1,500	2,420	2,299	121
Insurance Liability	580,000	580,000	429,320	150,680
Insurance Deductible	15,000	15,750	15,714	36
Postage	8,000	8,000	8,000	-
Office Furniture and Equipment	-	-	-	-
Petty Cash	75	75	25	50
Subscriptions - Books	100	100	-	100
Election Expenses	200	200	-	200
Supplies	12,000	12,000	5,307	6,693
Total Executive Department	<u>\$ 810,861</u>	<u>\$ 817,721</u>	<u>\$ 652,974</u>	<u>\$ 164,747</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Mayor's Department				
Elected and Appointed Officials	\$ 117,600	\$ 117,600	\$ 117,200	\$ 400
Social Security	7,300	7,300	7,266	34
Medicare	1,750	1,750	1,699	51
Elected Official Expense	850	850	-	850
Legal Fees	226,500	267,500	266,705	795
Travel and Meeting Expense	8,000	8,000	4,126	3,874
Membership Dues	500	500	-	500
Public Relations	1,550	1,550	225	1,325
Technical and Outside Services	250	1,650	1,561	89
Office Furniture and Equipment	750	750	-	750
Supplies	-	-	9	(9)
Transfer to Library Fund	<u>546,223</u>	<u>503,823</u>	<u>433,738</u>	<u>70,085</u>
Total Mayor's Department	<u>911,273</u>	<u>911,273</u>	<u>832,529</u>	<u>78,744</u>
Finance Department				
Semi-Monthly Salaries	213,598	221,398	221,367	31
Elected and Appointed Officials	12	12	12	-
Overtime Comp	-	-	-	-
Christmas Bonus	600	600	606	(6)
Unemployment Insurance	500	500	219	281
Social Security	13,536	13,836	13,596	240
Medicare	3,420	3,420	3,180	240
Retirement Funds	24,030	24,030	21,019	3,011
Health and Life Insurance	45,809	45,809	40,063	5,746
OPEB Employer Contribution	3,600	3,600	2,952	648
Audit Fees	61,500	61,500	62,300	(800)
Travel and Meeting Expense	500	500	50	450
Membership Dues	-	-	-	-
Bad Debt Expense	-	-	-	-
Technical and Outside Services	1,000	1,000	41	959
IT Software	30,000	30,000	20,106	9,894
Supplies	<u>3,500</u>	<u>3,500</u>	<u>1,407</u>	<u>2,093</u>
Total Finance Department	<u>\$ 401,605</u>	<u>\$ 409,705</u>	<u>\$ 386,918</u>	<u>\$ 22,787</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u> <u>BUDGETARY</u> <u>BASIS</u>	<u>VARIANCE</u> <u>WITH</u> <u>FINAL</u> <u>BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Police Department				
Semi-Monthly Salaries	\$ 4,391,229	\$ 4,451,229	\$ 4,451,186	\$ 43
Overtime Compensation	256,000	256,000	190,699	65,301
Shift Premium	9,500	9,500	7,484	2,016
Allowances	4,320	4,320	2,520	1,800
Christmas Bonus	11,500	11,500	9,494	2,006
Unemployment Insurance	10,000	10,000	5,678	4,322
Social Security	26,000	26,000	25,277	723
Medicare	68,737	71,737	67,009	4,728
9-1-1 Consolidation	728,321	801,321	800,333	988
Retirement Funds	47,724	47,724	1,988,030	(1,940,306)
Health and Life Insurance	1,197,000	1,069,300	986,377	82,923
OPEB Employer Contribution	85,000	85,000	81,670	3,330
Boards and Committees	25,000	25,000	13,845	11,155
Educational Expense	35,000	38,000	33,309	4,691
Travel and Meeting Expense	10,000	10,000	7,652	2,348
Bonds and Notary Fees	3,000	3,000	1,971	1,029
Membership Dues	3,655	3,655	3,009	646
Public Relations	6,650	6,650	6,013	637
Buildings Rental	5,000	5,000	5,000	-
Equipment Rental	24,550	24,550	21,971	2,579
Technical and Outside Services	20,000	26,500	20,352	6,148
Bad Debt Expense	-	-	-	-
Uniform Cleaning	4,800	6,400	5,745	655
Postage	3,500	3,500	3,423	77
Petty Cash	100	100	77	23
Uniform Purchase	28,150	32,150	27,521	4,629
Subscriptions - Books	-	-	-	-
IT Software	72,900	106,900	106,635	265
Maintenance to Equipment	65,850	69,350	57,375	11,975
Minor Equipment	10,000	10,000	12,086	(2,086)
Supplies	18,200	20,300	23,389	(3,089)
Transfer to Police Pension	2,272,500	2,272,500	1,951,998	320,502
Total Police Department	<u>\$ 9,444,186</u>	<u>\$ 9,507,186</u>	<u>\$ 10,917,128</u>	<u>\$ (1,409,942)</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u> <u>BUDGETARY</u> <u>BASIS</u>	<u>VARIANCE</u> <u>WITH</u> <u>FINAL</u> <u>BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Administration				
Semi-Monthly Salaries	\$ 306,127	\$ 346,727	\$ 330,778	\$ 15,949
Overtime Compensation	-	-	-	-
Allowances	2,200	2,750	2,750	-
Christmas Bonus	26,050	26,050	13,308	12,742
Unemployment Insurance	1,500	1,500	542	958
Social Security	18,980	22,380	21,192	1,188
Medicare	4,439	5,139	4,956	183
Retirement Funds	31,654	39,654	32,646	7,008
Health and Life Insurance	127,350	100,100	70,897	29,203
OPEB Employer Contribution	5,910	6,060	6,055	5
Survey and Engineer Fees	-	-	-	-
Educational Expense	1,700	1,700	-	1,700
Legal Fees	-	2,400	2,327	73
Travel and Meeting Expense	600	600	141	459
Bond, Notary Fees	50	50	-	50
Membership Dues	1,640	1,640	1,307	333
Safety Program	-	-	-	-
Advertising and Public Notices	1,000	1,000	225	775
Public Relations	500	1,600	484	1,116
Equipment Rental	112,760	107,760	78,932	28,828
Telephone Utility	92,500	92,500	87,240	5,260
Technical and Outside Services	152,500	199,500	171,470	28,030
Insurance Liability	850,000	422,070	397,021	25,049
Bad Debt Expense	-	-	-	-
Postage	-	-	-	-
Office Furniture and Equipment	-	-	-	-
Renovation or Remodeling	-	-	-	-
Computers	11,000	11,000	3,631	7,369
IT Hardware	54,050	54,050	39,385	14,665
IT Software	62,100	67,100	59,062	8,038
Supplies	500	550	300	250
Total Administration	<u>\$ 1,865,110</u>	<u>\$ 1,513,880</u>	<u>\$ 1,324,649</u>	<u>\$ 189,231</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Public Works - Engineering				
Semi-Monthly Salaries	\$ 521,221	\$ 568,221	\$ 512,757	\$ 55,464
Overtime Compensation	18,000	18,000	9,941	8,059
Shift Premium	-	-	-	-
Christmas Bonus	2,600	2,600	2,320	280
Unemployment Insurance	8,500	8,500	1,118	7,382
Social Security	51,135	55,535	50,463	5,072
Medicare	11,959	12,759	11,802	957
Retirement Funds	85,280	85,280	78,680	6,600
Health and Life Insurance	252,000	257,500	190,858	66,642
OPEB Employer Contribution	14,771	14,771	14,351	420
Survey and Engineer Fees	5,000	5,000	670	4,330
Educational Expense	5,000	5,000	-	5,000
Travel and Meeting Expense	-	-	-	-
Bonds and Notary Fees	-	-	-	-
Membership Dues	775	875	850	25
Public Relations	1,000	1,000	-	1,000
Equipment Rental	32,000	32,000	32,537	(537)
Electric Utility	10,000	10,600	846	9,754
Technical and Outside Services	72,000	72,000	45,864	26,136
Petty Cash	100	100	-	100
Uniform Purchase	6,000	6,000	3,434	2,566
Minor Equipment	4,000	4,000	3,019	981
Supplies	64,300	64,300	47,897	16,403
Total Public Works - Engineering	<u>\$ 1,165,641</u>	<u>\$ 1,224,041</u>	<u>\$ 1,007,407</u>	<u>\$ 216,634</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Public Works - Maintenance				
Semi-Monthly Salaries	\$ 209,242	\$ 213,742	\$ 212,380	\$ 1,362
Overtime Compensation	5,000	5,000	2,252	2,748
Shift Premium	300	300	-	300
Christmas Bonus	800	800	606	194
Unemployment Insurance	1,500	1,500	321	1,179
Social Security	12,973	13,173	13,357	(184)
Medicare	3,034	3,104	3,124	(20)
Retirement Funds	21,636	22,536	20,368	2,168
Health and Life Insurance	93,241	93,241	72,159	21,082
OPEB Employer Contribution	3,662	3,662	3,756	(94)
Educational Expense	1,800	1,800	-	1,800
Travel and Meeting Expense	-	-	-	-
Membership Dues	200	200	200	-
Equipment Rental	200	200	-	200
Technical and Outside Services	12,000	12,000	9,080	2,920
Uniform Rental	4,000	4,000	2,154	1,846
Vehicle Operations Costs	190,000	190,000	183,143	6,857
Uniform Purchase	1,500	1,500	751	749
Subscriptions - Books	500	500	-	500
Maintenance to Equipment	1,000	1,000	-	1,000
Maintenance to Rolling Stock	41,000	41,000	15,612	25,388
Minor Equipment	12,450	12,450	4,585	7,865
Supplies	114,500	114,500	95,993	18,507
Total Public Works - Maintenance	<u>\$ 730,538</u>	<u>\$ 736,208</u>	<u>\$ 639,841</u>	<u>\$ 96,367</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Parks Department				
Semi-Monthly Salaries	\$ 747,981	\$ 759,531	\$ 745,396	\$ 14,135
Overtime Compensation	8,000	8,000	6,241	1,759
Shift Premium	-	350	190	160
Christmas Bonus	2,200	2,200	1,616	584
Unemployment Insurance	3,000	3,800	1,740	2,060
Social Security	50,021	50,021	46,197	3,824
Medicare	11,741	11,741	10,804	937
Retirement Funds	83,723	83,723	74,724	8,999
Health and Life Insurance	215,000	258,000	238,719	19,281
OPEB Employer Contribution	12,000	14,500	14,675	(175)
Educational Expense	-	-	-	-
Travel and Meeting Expense	-	-	-	-
Membership Dues	345	345	-	345
Safety Program	1,500	1,500	834	666
Public Relations	-	-	-	-
Equipment Rental	1,000	2,450	2,424	26
Sewer Utility	5,000	5,000	3,809	1,191
Water Utility	12,000	12,000	8,749	3,251
Sanitation Service	6,000	6,000	6,562	(562)
Technical and Outside Services	3,800	48,800	49,631	(831)
Bad Debt Expense	-	-	-	-
Office Furniture and Equipment	-	-	-	-
Uniform Purchase	4,360	4,360	1,772	2,588
Minor Equipment	1,000	1,000	891	109
Renovation or Remodeling	-	-	-	-
Supplies	45,000	43,650	55,026	(11,376)
Transfer to Rec Fund	122,674	122,674	-	122,674
Total Parks Department	<u>\$ 1,336,345</u>	<u>\$ 1,439,645</u>	<u>\$ 1,270,000</u>	<u>\$ 169,645</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u> <u>BUDGETARY</u> <u>BASIS</u>	<u>VARIANCE</u> <u>WITH</u> <u>FINAL</u> <u>BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Municipal Complex				
Semi-Monthly Salaries	\$ 207,800	\$ 219,800	\$ 220,034	\$ (234)
Overtime Compensation	5,000	5,000	2,464	2,536
Shift Premium	300	300	127	173
Christmas Bonus	1,200	1,200	1,010	190
Unemployment Insurance	1,000	1,000	434	566
Social Security	13,287	14,087	13,625	462
Medicare	3,107	3,207	3,187	20
Retirement Funds	21,487	22,187	20,381	1,806
Health and Life Insurance	81,963	81,963	81,324	639
OPEB Employer Contribution	3,750	4,050	3,896	154
Educational Expense	1,000	1,000	-	1,000
Travel and Meeting Expense	-	-	-	-
Membership Dues	-	-	-	-
Public Relations	-	-	-	-
Equipment Rental	500	500	-	500
Electric Utility	175,000	175,000	134,143	40,857
Sewer Utility	7,500	7,500	3,337	4,163
Water Utility	28,000	28,000	25,320	2,680
Gas Utility	40,150	40,150	21,456	18,694
Technical and Outside Services	42,000	42,000	24,616	17,384
Office Furniture and Equipment	-	-	-	-
Renovation or Remodeling	-	4,500	1,486	3,014
Uniform Purchase	850	850	724	126
Maintenance to Equipment	10,500	10,500	9,412	1,088
Supplies	45,000	45,000	29,848	15,152
Total Municipal Complex	<u>\$ 689,394</u>	<u>\$ 707,794</u>	<u>\$ 596,824</u>	<u>\$ 110,970</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Land Use and Development				
Semi-Monthly Salaries	\$ 441,170	\$ 468,010	\$ 458,133	\$ 9,877
Elected and Appointed Officials	29,000	29,000	26,723	2,277
Overtime Compensation	1,200	1,200	560	640
Shift Premium	100	100	-	100
Allowances	1,800	1,800	1,725	75
Christmas Bonus	2,000	2,000	1,466	534
Unemployment Insurance	3,500	3,500	1,312	2,188
Social Security	29,467	30,467	29,944	523
Medicare	6,891	7,391	7,003	388
Retirement Funds	49,143	52,143	42,301	9,842
Health and Life Insurance	128,100	138,100	113,596	24,504
OPEB Employer Contribution	9,617	9,617	7,757	1,860
Boards and Committees	1,000	1,000	-	1,000
Educational Expense	2,000	2,000	-	2,000
Legal Fees	3,000	3,000	-	3,000
Travel and Meeting Expense	-	600	590	10
Membership Dues	2,320	2,320	782	1,538
Safety Program	-	50	-	50
Advertising and Public Notice	1,000	1,000	379	621
Technical and Outside Services	15,400	20,400	2,907	17,493
Demolition Service	-	40,000	16,500	23,500
Bad Debt Expense	-	10	23,679	(23,669)
Office Furniture and Equipment	-	-	-	-
Petty Cash	60	60	-	60
Renovation or Remodeling	-	-	-	-
Uniform Purchase	1,500	1,500	1,332	168
Subscriptions - Books	1,000	1,000	976	24
IT Software	10,000	5,000	-	5,000
G.I.S. Expenses	9,000	9,000	-	9,000
Supplies	7,850	7,850	6,663	1,187
Transfer to TIF #1	32,000	32,000	31,434	566
Transfer to TIF #2	40,000	40,000	33,501	6,499
Transfer to TIF #3	35,000	40,500	40,402	98
Transfer to TIF #4	4,000	4,000	2,658	1,342
Transfer to TIF #5	600	600	190	410
Total Land Use and Development	\$ 867,718	\$ 955,218	\$ 852,513	\$ 102,705

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Library Department				
Semi-Monthly Salaries	\$ 27,500	\$ 27,500	\$ 26,734	\$ 766
Shift Premium	140	140	2	138
Christmas Bonus	2,200	400	-	400
Unemployment Insurance	2,000	2,000	1,270	730
Social Security	2,100	2,100	1,707	393
Medicare	560	560	399	161
Retirement Funds	4,396	2,796	2,630	166
Health and Life Insurance	33,918	35,718	33,080	2,638
OPEB Employer Contribution	5,436	7,036	7,013	23
Electric Utility	22,000	22,000	18,904	3,096
Sewer Utility	900	900	505	395
Water Utility	6,000	6,000	5,918	82
Technical and Outside Services	-	-	-	-
Supplies	2,100	2,100	1,722	378
Total Library Department	<u>109,250</u>	<u>109,250</u>	<u>99,884</u>	<u>9,366</u>
Emergency Services and Disaster Agency				
Elected and Appointed Officials	10,500	10,500	10,477	23
Social Security	260	260	239	21
Medicare	68	68	56	12
Retirement Funds	425	425	382	43
Educational Expenses	500	500	-	500
Travel and Meeting Expense	1,000	1,000	-	1,000
Membership Dues	130	130	-	130
Public Relations	250	250	-	250
Telephone Utility	1,650	1,650	1,479	171
Technical and Outside Services	17,200	17,200	15,796	1,404
Postage	-	-	-	-
Maintenance to Equipment	8,000	7,500	2,305	5,195
Supplies	<u>1,500</u>	<u>2,000</u>	<u>1,848</u>	<u>152</u>
Total Emergency Services and Disaster Agency	<u>41,483</u>	<u>41,483</u>	<u>32,582</u>	<u>8,901</u>
Total Expenditures (Carried Forward)	<u>\$ 18,373,404</u>	<u>\$ 18,373,404</u>	<u>\$ 18,613,249</u>	<u>\$ (239,845)</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Total Expenditures (Brought Forward)	\$ 18,373,404	\$ 18,373,404	\$ 18,613,249	\$ (239,845)
Net Change in Fund Balance	<u>\$ (680,210)</u>	<u>\$ (700,210)</u>	\$ 3,883,793	<u>\$ 4,584,003</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			(324,244)	
Effect of Unrecorded Liabilities			664,721	
Beginning Fund Balance			<u>6,849,218</u>	
Ending Fund Balance			<u>\$ 11,073,488</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, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	BASIS	
REVENUES:				
Home Rule Tax Revenues	\$ 1,624,900	\$ 1,624,900	\$ 2,484,119	\$ 859,219
Interest	2,100	2,100	11,457	9,357
Special Grants	718,000	718,000	-	(718,000)
Sale of Property	-	-	-	-
Transfer from TIF	-	-	-	-
Total Revenue	<u>2,345,000</u>	<u>2,345,000</u>	<u>2,495,576</u>	<u>150,576</u>
EXPENDITURES:				
Police Department				
Tech and Outside Services	-	420	415	5
Equipment and Rolling Stock	145,000	141,110	139,549	1,561
Equipment and Accessories	-	800	(772)	1,572
Buildings and Structures	-	-	-	-
Streets and Alleys	-	-	-	-
Other Capital Improvements	-	-	66	(66)
Total Police Department	<u>145,000</u>	<u>142,330</u>	<u>139,258</u>	<u>3,072</u>
ESDA				
Building and Structures	-	-	-	-
Equipment and Rolling Stock	-	-	-	-
Total ESDA	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Works - Engineering				
Easements	-	-	(32,000)	32,000
Equipment and Rolling Stock	-	-	(3,384)	3,384
Survey/Engineering - Capital	52,000	52,000	44,673	7,327
Buildings and Structures	-	-	-	-
Streets and Alleys	666,000	654,000	41,519	612,481
Storm Drainage	-	-	82	(82)
Other Debt Service	62,000	62,000	62,023	(23)
Other Capital Improvements	-	-	-	-
Total Public Works - Engineering	<u>\$ 780,000</u>	<u>\$ 768,000</u>	<u>\$ 112,913</u>	<u>\$ 655,087</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, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	BASIS	
Parks Department				
Survey/Engineering - Capital	\$ -	\$ -	\$ -	\$ -
Buildings and Structures	-	-	-	-
Equipment and Rolling Stock	-	-	-	-
Streets and Alleys	-	-	-	-
Total Parks Department	-	-	-	-
Public Works Building Maintenance				
Survey/Engineer - Capital	-	-	-	-
Buildings and Structures	-	-	-	-
Other Capital Improvements	-	-	-	-
Total Municipal Complex Department	-	-	-	-
Land Use and Development				
Demolition Service	-	12,000	11,700	300
Survey/Engineering - Capital	-	-	-	-
Buildings and Structures	-	-	-	-
Total Land Use and Development	-	12,000	11,700	300
Total Expenditures	925,000	922,330	263,871	658,459
Net Change in Fund Balance	<u>\$ 1,420,000</u>	<u>\$ 1,422,670</u>	2,231,705	<u>\$ 809,035</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			74,054	
Effect of Unrecorded Liabilities			33,238	
Beginning Fund Balance			<u>2,411,920</u>	
Ending Fund Balance			<u>\$ 4,750,917</u>	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
RECREATIONAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	BASIS	
REVENUES:				
Memberships	\$ 1,274,415	\$ 1,274,415	\$ 1,118,920	\$ (155,495)
Aquatics	22,200	22,200	24,211	2,011
Fitness	42,000	42,000	9,022	(32,978)
Athletics	35,000	35,000	18,794	(16,206)
Facility	-	-	575	575
Donations	50,000	50,000	45,000	(5,000)
Special Grants	-	-	-	-
Vending Machine	3,600	3,600	6,173	2,573
Interfund Transfer	122,677	122,674	-	(122,674)
Total Revenues	<u>1,549,892</u>	<u>1,549,889</u>	<u>1,222,695</u>	<u>(327,194)</u>
EXPENDITURES:				
Membership				
Semi-Monthly Salaries	791,140	687,375	461,370	226,005
Overtime	-	100	98	2
Bonuses	600	925	918	7
Unemployment Insurance	5,567	5,947	2,844	3,103
Social Security	49,087	51,587	28,283	23,304
Medicare	11,481	12,201	6,615	5,586
Retirement	43,011	48,011	18,312	29,699
Health Insurance	52,000	114,000	57,518	56,482
OPEB	13,857	14,857	7,938	6,919
Educational Expense	15,150	15,650	12,912	2,738
Travel/Meeting	2,200	2,200	75	2,125
Membership Dues	44,000	44,000	8,471	35,529
Safety Program	500	500	-	500
Electric Utility	170,000	206,200	219,433	(13,233)
Sewer Utility	5,000	5,000	4,551	449
Water Utility	15,000	15,000	15,060	(60)
Sanitary Service	-	-	-	-
Tech and Outside Service	248,450	241,450	170,096	71,354
Postage	5,000	5,000	2,635	2,365
Uniform Purchase	2,500	4,000	1,714	2,286
Minor Equipment	1,700	1,700	121	1,579
Supplies	73,650	74,190	39,011	35,179
Public Relations	-	-	-	-
Buildings and Structures	-	-	214	(214)
Total Expenditures	<u>1,549,892</u>	<u>1,549,889</u>	<u>1,058,189</u>	<u>491,700</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	164,506	<u>\$ 1,299,269</u>
Reconciliation of Budgetary Basis to Government				
Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			-	-
Effect of Unrecorded Liabilities			(83,831)	(83,831)
Beginning Fund Balance			(160,072)	(160,072)
Ending Fund Balance			<u>\$ (79,397)</u>	<u>(79,397)</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, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
Sales Tax	\$ 600,000	\$ 600,000	\$ 409,150	\$ (190,850)
Home Rule Sales Tax	200,000	200,000	308,887	108,887
Business District Sales Tax	85,000	85,000	61,027	(23,973)
Interest	400	400	1,189	789
Interfund Transfers	-	-	-	-
Total Revenue	<u>885,400</u>	<u>885,400</u>	<u>780,253</u>	<u>(105,147)</u>
EXPENDITURES:				
Sales Tax Rebate	825,000	825,000	767,495	57,505
Intergovernmental Agreements	<u>60,400</u>	<u>60,400</u>	-	<u>60,400</u>
Total Expenditures	<u>885,400</u>	<u>885,400</u>	<u>767,495</u>	<u>117,905</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	12,758	<u>\$ 12,758</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			(210,759)	
Effect of Unrecorded Liabilities			207,757	
Beginning Fund Balance			<u>(209,307)</u>	
Ending Fund Balance			<u>\$ (199,551)</u>	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
 TIF NO. 1 BUNKUM ROAD
 FOR THE YEAR ENDED APRIL 30, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
TIF Revenue	\$ 360,000	\$ 360,000	\$ 316,240	\$ (43,760)
Interfund Transfers	36,000	36,000	31,434	(4,566)
Interest	7,000	7,000	6,811	(189)
Total Revenue	<u>403,000</u>	<u>403,000</u>	<u>354,485</u>	<u>(48,515)</u>
EXPENDITURES:				
Audit Fees	2,200	2,200	2,367	(167)
Legal Fees	5,000	5,000	-	5,000
Land	310,000	310,000	-	310,000
Survey/Engineering	45,000	45,000	-	45,000
TIF Expenditures	45,000	45,000	-	45,000
Right of Way	-	-	-	-
Total Expenditures	<u>407,200</u>	<u>407,200</u>	<u>2,367</u>	<u>404,833</u>
Net Change in Fund Balance	<u>\$ (4,200)</u>	<u>\$ (4,200)</u>	352,118	<u>\$ (356,318)</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			-	
Effect of Unrecorded Liabilities			(1,901)	
Beginning Fund Balance			<u>2,207,275</u>	
Ending Fund Balance			<u>\$ 2,557,492</u>	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
TIF NO. 2 SHOPPES OF ST. CLAIR
FOR THE YEAR ENDED APRIL 30, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
TIF Revenue	\$ 415,000	\$ 415,000	\$ 329,744	\$ (85,256)
Interfund Transfer	41,500	41,500	33,501	(7,999)
Interest	5,000	5,000	5,382	382
Total Revenue	461,500	461,500	368,627	(92,873)
EXPENDITURES:				
Audit Fees	2,200	2,375	2,367	8
TIF Expenditures	5,000	5,000	-	5,000
Total Expenditures	7,200	7,375	2,367	5,008
Net Change in Fund Balance	\$ 454,300	\$ 454,125	366,260	\$ (87,865)
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			5,273	
Effect of Unrecorded Liabilities			-	
Beginning Fund Balance			1,690,875	
Ending Fund Balance			\$ 2,062,408	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -
TIF NO. 3 LINCOLN TRAIL
FOR THE YEAR ENDED APRIL 30, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
TIF Revenue	\$ 360,000	\$ 360,000	\$ 420,607	\$ 60,607
Interfund Transfer	36,000	36,000	40,402	4,402
Special Grants	-	-	-	-
Interest	8,000	8,000	6,924	(1,076)
Total revenue	<u>404,000</u>	<u>404,000</u>	<u>467,933</u>	<u>63,933</u>
EXPENDITURES:				
Intergovernmental Agreements	-	-	-	-
Audit Fees	2,200	2,200	2,367	(167)
Minor Equipment	1,200	700	483	217
Contingencies	-	-	-	-
Easements	-	-	-	-
Land	-	-	-	-
Streets and Alleys	-	-	-	-
Survey & Engineering Fees	-	-	11,776	(11,776)
Survey Engineering - Capital	-	14,832	-	14,832
Legal Fees	-	-	-	-
Demolition Services	25,000	41,700	41,536	164
TIF Expenditures	50,000	95,000	90,200	4,800
Total Expenditures	<u>78,400</u>	<u>154,432</u>	<u>146,362</u>	<u>8,070</u>
Net Change in Fund Balance	<u>\$ 325,600</u>	<u>\$ 249,568</u>	321,571	<u>\$ 72,003</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			(16,082)	
Effect of Unrecorded Liabilities			(54,887)	
Beginning Fund Balance			<u>1,860,730</u>	
Ending Fund Balance			<u>\$ 2,111,332</u>	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
APRIL 30, 2022

NOTE 1. BUDGETARY CONTROL

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

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

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

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

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

The City amended its budget during the year.

The City operated within the legal confines of the budget during the fiscal year ended April 30, 2022, except the following:

General Fund	\$	239,845
TIF 6		33

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
POLICE PENSION TRUST FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - CURRENT YEAR
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM FISCAL YEAR 2015)
APRIL 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
TOTAL PENSION LIABILITY:										
Service Cost	\$ 962,839	\$ 954,130	\$ 958,205	\$ 859,960	\$ 917,006	\$ 963,518	\$ 839,355	\$ 865,338	\$ -	\$ -
Interest on the Total Pension Liability	3,379,723	3,284,706	3,088,283	2,808,093	2,701,593	2,562,213	2,532,522	2,218,469	-	-
Experience	420,323	(414,689)	884,375	631,328	386,736	404,930	(2,591,212)	(128,421)	-	-
Change of Assumptions	(56,582)	-	-	1,957,887	(436,393)	-	1,132,453	2,609,255	-	-
Changes of Benefit Terms	-	-	289,771	-	-	-	-	-	-	-
Contributions - Buy Back	-	-	34,872	-	-	-	69,871	-	-	-
Benefit Payments	(2,432,794)	(2,309,309)	(2,149,749)	(1,940,052)	(1,806,815)	(1,672,870)	(1,627,869)	(1,400,257)	-	-
Net Change in Total Pension Liability	2,273,509	1,514,838	3,105,757	4,317,216	1,762,127	2,257,791	355,120	4,164,384	-	-
Total Pension Liability, Beginning of Period	52,249,303	50,734,465	47,628,708	43,311,492	41,549,365	39,291,574	38,936,454	34,772,070	-	-
Total Pension Liability, End of Period (a)	54,522,812	52,249,303	50,734,465	47,628,708	43,311,492	41,549,365	39,291,574	38,936,454	-	-
PLAN FIDUCIARY NET POSITION:										
Employer Contributions	1,963,898	1,299,996	1,299,996	1,299,996	1,299,996	1,336,663	1,300,000	1,260,000	-	-
Member Contributions	399,581	378,252	368,116	342,772	357,669	353,941	308,698	599,979	-	-
Contributions - Buy Back	-	-	34,872	-	-	-	69,871	-	-	-
Net Investment Income	(2,667,759)	9,123,697	(551,516)	1,569,517	1,806,326	2,467,647	(253,744)	1,549,494	-	-
Benefit Payments	(2,432,794)	(2,309,309)	(2,149,749)	(1,940,052)	(1,806,815)	(1,672,870)	(1,627,869)	(1,400,257)	-	-
Administrative Expense	(43,775)	(31,689)	(40,595)	(37,335)	(30,695)	(27,338)	(19,457)	-	-	-
Other (Net Transfer)	-	-	-	-	-	-	-	(20,957)	-	-
Net Change in Plan Fiduciary Net Position	(2,780,849)	8,460,947	(1,038,876)	1,234,898	1,626,481	2,458,043	(222,501)	1,988,259	-	-
Plan Fiduciary Net Position - Beginning	37,264,579	28,803,631	29,842,506	28,607,608	26,982,582	24,524,539	24,747,040	22,758,781	-	-
Adjustment to Beginning of Year	-	1	1	-	(1,455)	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	34,483,730	37,264,579	28,803,631	29,842,506	28,607,608	26,982,582	24,524,539	24,747,040	-	-
Net Pension Liability - Ending (a)-(b)	\$20,039,082	\$ 14,984,724	\$ 21,930,834	\$ 17,786,202	\$ 14,703,884	\$ 14,566,783	\$ 14,767,035	\$ 14,189,414	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.25%	71.32%	56.77%	62.66%	66.05%	64.94%	62.42%	63.56%	0.00%	0.00%
Covered Valuation Payroll	\$ 4,032,099	\$ 3,890,000	\$ 3,890,460	\$ 3,815,612	\$ 3,511,857	\$ 3,469,400	\$ 3,475,703	\$ 3,234,164	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Valuation Payroll	496.99%	385.21%	563.71%	466.14%	418.69%	419.86%	424.86%	438.74%	0.00%	0.00%

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - CURRENT YEAR
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM CALENDAR YEAR 2014)
APRIL 30, 2022

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
TOTAL PENSION LIABILITY										
Service Cost	\$ 359,507	\$ 441,957	\$ 429,718	\$ 379,746	\$ 424,597	\$ 427,355	\$ 452,292	\$ 446,254	\$ -	\$ -
Interest on the Total Pension Liability	2,271,122	2,235,989	2,177,295	2,089,633	2,086,136	1,983,146	1,915,308	1,756,883	-	-
Difference Between Expected and Actual Experience	(609,806)	(77,666)	(22,815)	508,361	(32,548)	412,657	(111,131)	225,545	-	-
Change of Assumptions	-	(204,884)	-	814,375	(874,741)	(67,179)	32,279	874,212	-	-
Benefit Payments	(1,877,448)	(1,861,711)	(1,699,774)	(1,594,662)	(1,474,127)	(1,430,063)	(1,240,272)	(1,078,710)	-	-
Net Change in Total Pension Liability	143,375	533,685	884,424	2,197,453	129,317	1,325,916	1,048,476	2,224,184	-	-
Total Pension Liability, Beginning of Period	32,084,792	31,551,107	30,666,683	28,469,230	28,339,913	27,013,997	25,965,521	23,741,337	-	-
Total Pension Liability, End of Period (a)	32,228,167	32,084,792	31,551,107	30,666,683	28,469,230	28,339,913	27,013,997	25,965,521	-	-
PLAN FIDUCIARY NET POSITION										
Employer Contributions	407,527	453,987	426,797	497,620	442,475	480,680	496,412	507,379	-	-
Employee Contributions	177,863	181,592	203,273	186,706	176,531	186,042	189,470	199,290	-	-
Pension Plan Net Investment Income	5,787,200	4,371,167	5,034,762	(1,591,521)	4,472,559	1,619,400	119,149	1,398,908	-	-
Benefit Payments	(1,877,448)	(1,861,711)	(1,699,774)	(1,594,662)	(1,474,127)	(1,430,063)	(1,240,272)	(1,078,710)	-	-
Other	(915,359)	245,627	93,252	853,146	(426,425)	179,542	152,432	(38,765)	-	-
Net Change in Plan Fiduciary Net Position	3,579,783	3,390,662	4,058,310	(1,648,711)	3,191,013	1,035,601	(282,809)	988,102	-	-
Plan Fiduciary Net Position - Beginning	33,851,110	30,460,448	26,402,138	28,050,849	24,859,836	23,824,235	24,107,044	23,118,942	-	-
Plan Fiduciary Net Position - Ending (b)	37,430,893	33,851,110	30,460,448	26,402,138	28,050,849	24,859,836	23,824,235	24,107,044	-	-
Net Pension (Asset) Liability - (a)-(b)	<u>\$ (5,202,726)</u>	<u>\$ (1,766,318)</u>	<u>\$ 1,090,659</u>	<u>\$ 4,264,545</u>	<u>\$ 418,381</u>	<u>\$ 3,480,077</u>	<u>\$ 3,189,762</u>	<u>\$ 1,858,477</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	116.14%	105.51%	96.54%	86.09%	98.53%	87.72%	88.19%	92.84%	0.00%	0.00%
Covered Valuation Payroll	<u>\$ 3,941,261</u>	<u>\$ 4,035,886</u>	<u>\$ 4,506,843</u>	<u>\$ 4,137,704</u>	<u>\$ 3,928,514</u>	<u>\$ 4,056,371</u>	<u>\$ 4,210,446</u>	<u>\$ 4,193,206</u>	<u>\$ -</u>	<u>\$ -</u>
Net Pension Liability as a Percentage of Covered Valuation Payroll	-132.01%	-43.77%	24.20%	103.07%	10.65%	85.79%	75.76%	44.32%	0.00%	0.00%

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
POLICE PENSION TRUST FUND
MULTIYEAR SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM FISCAL YEAR 2015)
APRIL 30, 2022

FISCAL YEAR ENDING APRIL 30,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY	COVERED VALUATION PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION PAYROLL
2022	\$ 2,457,238	\$ 1,963,898	\$ 493,340	\$ 4,032,099	48.71 %
2021	2,481,608	1,299,996	1,181,612	3,890,000	33.42
2020	2,234,042	1,299,996	934,046	3,890,460	33.41
2019	1,872,369	1,299,996	572,373	3,815,612	34.07
2018	1,894,338	1,299,996	594,342	3,511,857	37.02
2017	1,866,410	1,336,663	529,747	3,469,400	38.53
2016	1,803,573	1,300,000	503,573	3,475,703	37.40
2015	1,803,573	1,260,000	543,573	3,234,164	38.96

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO SCHEDULE OF CONTRIBUTIONS - POLICE PENSION
APRIL 30, 2022

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Ends in fiscal year 2041
Asset Valuation Method	5-year smoothed market, no corridor
Salary Increases	Graded rates based on service from 11 percent at -0- years to 3.5 percent at 30 years plus 2.50 percent inflation allowance.
Payroll Growth	N/A (level dollar amortization)
Investment Rate of Return	6.50 percent per year, compounded annually
Cost of Living Adjustments	Tier I: 3.00 percent per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00 percent for each full month since benefit commencement upon reaching age 55. Tier II: 1.25 percent per year after the later of attainment of age 60 or first anniversary of retirement.
Actuarial Asset Basis	The actuarial value of assets recognizes future gains and losses based on a 5-year smoothed market method as prescribed by Statute. In a 5-year smoothed market method, the current market value of assets is reduced (increased) for the current year and each of the three succeeding years, by a portion of the gain/(loss) in market value during the prior year. Such gain/(loss) is determined as the excess/(deficit) of the current market value of assets over the market value of assets as of the prior year, increased to reflect interest at the actuarial rate and adjusted to reflect contributions and benefit payments during the prior year. The portion of such gain/(loss) by which the current market value of assets is reduced (increased) shall be 80 percent in the current year, 60 percent in the first succeeding year, 40 percent in the second succeeding year and 20 percent in the third succeeding year. Additionally, in accordance with government accounting standards, the actuarial value of assets is adjusted to remove any contributions receivable on the reporting date.
Mortality	Active Lives: PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2020. 10 percent of active deaths are assumed to be in the line of duty. Inactive Lives: PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2020. Beneficiaries: PubS 2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2020. Disabled Lives: PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2020. The mortality assumptions sufficiently accommodate anticipated future mortality improvements

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 NOTES TO SCHEDULE OF CONTRIBUTIONS - POLICE PENSION
 APRIL 30, 2022

Termination Illustrative rates of withdrawal from the plan for reasons other than death or disability are as follows:

AGE	RATE OF WITHDRAWAL	
20	14.00	%
25	10.40	
30	5.60	
35	3.10	
40	1.90	
45	1.50	
50	1.50	
56+	0.00	

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

Disability Rates Incidence of disability amongst police officers eligible for disability benefits:

AGE	RATE	
20	0.000	%
25	0.029	
30	0.133	
35	0.247	
40	0.399	
45	0.561	
50	0.675	
55	0.855	
60+	1.093	

Retirement Age 60 percent of disabilities amongst active police officers are assumed to be in the performance of duty.

Tier I		
AGE	RATE OF RETIREMENT	
50-54	20	%
55-62	25	
63	33	
64	40	
65-69	55	
70+	100	
Tier II		
AGE	RATE OF RETIREMENT	
50-54	5	%
55	40	
56-62	25	
63	33	
64	40	
65-69	55	
70+	100	

Marital Status 80 percent of police officers are assumed to be married.

Spouse's Age Males are assumed to be three years older than females.

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND -
MULTIYEAR SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS
APRIL 30, 2022

(SCHEDULE TO BE BUILT PROSPECTIVELY FROM FISCAL YEAR 2014)

CALENDAR YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY	COVERED VALUATION PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION
2021	\$ 407,526	\$ 407,527	\$ (1)	\$ 3,941,261	10.34 %
2020	454,037	453,987	50	4,035,886	11.25
2019	426,798	426,797	1	4,506,843	9.47
2018	490,318	497,620	(7,302)	4,137,704	12.03
2017	443,136	442,475	661	3,928,514	11.26
2016	480,680	480,680	-	4,056,371	11.85
2015	496,412	496,412	-	4,210,446	11.79
2014	507,378	507,378	-	4,193,206	12.10

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO SCHEDULE OF CONTRIBUTIONS - IMRF
APRIL 30, 2022

Valuation Date: Actuarially determined contributions are calculated as of December 31 each year, which is 12 months prior to the beginning of the year in which contributions are reported.

Summary of Actuarial Methods and Assumptions Used in Calculation of the 2021 Contribution Rate

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 22-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 17 years for most employers (five employers were financed over 18 years; one employer was financed over 19 years, two employers were financed over 20 years; three employers were financed over 26 years; four employers were financed over 27 years and one employer was financed over 28 years).
Asset Valuation Method	5-year smoothed market, 20 percent corridor
Wage Growth	3.25 percent
Price Inflation	2.5 percent
Salary Increases	3.35 percent to 14.25 percent including inflation
Investment Rate of Return	7.25 percent
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other Information:	There were no benefit changes during the year.

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
MULTIYEAR SCHEDULE OF POST RETIREMENT BENEFITS

GASB 75 HISTORICAL NET OPEB LIABILITY

LAST 10 CALENDAR YEARS
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM 2019)

Calendar year ending April 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
TOTAL OPEB LIABILITY										
Discount Rate	3.42%	2.12%	2.91%	3.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Service Cost	\$ 462,729	\$ 378,397	\$ 315,019	\$ 293,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Cost	134,335	168,066	191,529	186,350	-	-	-	-	-	-
Plan Amendments	-	-	-	-	-	-	-	-	-	-
Actuarial Losses/(Gains)	-	(484,369)	-	-	-	-	-	-	-	-
Assumption Changes	(730,613)	741,171	435,246	78,265	-	-	-	-	-	-
Benefit Payments	(250,364)	(233,985)	(205,736)	(191,382)	-	-	-	-	-	-
Net Change in Total OPEB Liability	(383,913)	569,280	736,058	366,746	-	-	-	-	-	-
Total OPEB Liability - Beginning	6,461,729	5,892,449	5,156,391	4,789,645	-	-	-	-	-	-
Total OPEB Liability - Ending (a)	6,077,816	6,461,729	5,892,449	5,156,391	-	-	-	-	-	-
PLAN FIDUCIARY NET POSITION										
Employer Contributions	250,364	233,985	205,736	191,382	-	-	-	-	-	-
Employee Contributions	-	-	-	-	-	-	-	-	-	-
Net Investment Income	-	-	-	-	-	-	-	-	-	-
Benefit Payments	(250,364)	(233,985)	(205,736)	(191,382)	-	-	-	-	-	-
Administrative Expenses	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	-	-	-	-	-	-	-	-	-	-
Net OPEB Liability/(Asset) -Ending (a)-(b)	\$ 6,077,816	\$ 6,461,729	\$ 5,892,449	\$ 5,156,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability										
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Valuation Payroll	\$ 7,397,767	\$ 7,147,601	\$ 7,819,509	\$ 7,555,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability as a Percentage of Covered Valuation Payroll										
	82.16%	90.40%	75.36%	68.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
MULTIYEAR SCHEDULE OF EMPLOYER PAID CONTRIBUTIONS -
POST RETIREMENT BENEFITS

LAST 10 CALENDAR YEARS

YEAR ENDING APRIL 30,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED VALUATION PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION PAYROLL
2022	\$ 250,364	\$ 250,364	\$ -	\$ 7,397,767	3.38%
2021	233,985	233,985	-	7,147,601	3.27%
2020	205,736	205,736	-	7,819,509	2.63%
2019	191,382	191,382	-	7,555,081	2.53%

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO THE SCHEDULE OF POST RETIREMENT BENEFITS -
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
POST RETIREMENT BENEFITS

USED IN THE CALCULATION OF THE 2022 TOTAL OPEB LIABILITY

Methods and Assumptions Used to Determine the 2022 Total OPEB Liability:

Actuarial Cost Method The Actuarial Cost Method used in this valuation is the Entry Age Normal Actuarial Cost Method. Under this Method, a Normal Cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination, as a level percentage of pay.

Discount (Interest) Rate A discount rate of 2.12 percent was used as of May 1, 2021, and 3.42 percent as of April 30, 2022.

Salary Increase Salaries are assumed to increase at the rate of 3.5 percent per annum.

Monthly Health Plan Premium Costs (Blended)	Coverage	Traditional	Medical with HSA Plan
	Employee Only	\$ 886.11	\$ 747.02
	Employee/Spouse	1,843.16	1,553.85
	Employee/Child	1,683.63	1,419.35
	Employee/Family	2,569.76	2,166.40

*For valuation calculations, blended rates are adjusted to reflect the individual participant age through actuarial rate factors. The factors used are from the Society of Actuaries June 2013 report: "Health Care Costs - From Birth to Death".

Retiree Contributions Retirees contribute 100 percent of the average employer group cost. Disabled officers eligible for PSEBA benefits are 100 percent paid by the City.

Mortality Probabilities of death for participants were according to RP2014 Blue Collar base rates projected to 2021 using scale MP2020 for Police. For all others the RP2014 base rates projected to 2021 using scale MP2020 was used. No additional provision (besides those already embedded) were included for mortality improvements beyond 2021.

Disability Sample rates by age are:

<u>Age</u>	<u>Police</u>	<u>Other Departments</u>	
		<u>Male</u>	<u>Female</u>
25	0.0003	0.0000	0.0000
35	0.0026	0.0001	0.0000
45	0.0059	0.0003	0.0001
55	0.0090	0.0007	0.0003
65	0.0115	0.0009	0.0006

50 percent of police disabilities are assumed to occur in the line of duty.

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO THE SCHEDULE OF POST RETIREMENT BENEFITS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
POST RETIREMENT BENEFITS

USED IN THE CALCULATION OF THE 2022 TOTAL OPEB LIABILITY

Methods and Assumptions Used to Determine the 2022 Total OPEB Liability Continued:

Withdrawal Representative withdrawal rates by age are:

<u>AGE</u>	<u>POLICE</u>
25	0.104%
35	0.031
45	0.015
55	0.015

Other Departments

<u>SERVICE</u>	<u>MALE</u>	<u>FEMALE</u>
0	0.245%	0.285%
1	0.195	0.222
2	0.150	0.178
3	0.130	0.145
4	0.103	0.118
5	0.088	0.103
6	0.073	0.085
7	0.070	0.080

<u>AGE</u>	<u>8 OR MORE YEARS OF SERVICE</u>	
25	0.000%	0.080%
35	0.035	0.058
45	0.023	0.036
55	0.015	0.025

Retirement Representative rates of retirement are:

<u>AGE</u>	<u>POLICE</u>		<u>AGE</u>	<u>POLICE</u>	
	<u>TIER I</u>	<u>TIER II</u>		<u>TIER I</u>	<u>TIER II</u>
50	0.20%	0.05%	60	0.25%	0.25%
51	0.20	0.05	61	0.25	0.25
52	0.20	0.05	62	0.25	0.25
53	0.20	0.05	63	0.33	0.33
54	0.20	0.05	64	0.40	0.40
55	0.25	0.40	65	0.55	0.55
56	0.25	0.25	66	0.55	0.55
57	0.25	0.25	67	0.55	0.55
58	0.25	0.25	68	0.55	0.55
59	0.25	0.25	69	0.55	0.55
			70	1.00	1.00

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 NOTES TO THE SCHEDULE OF POST RETIREMENT BENEFITS
 SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
 POST RETIREMENT BENEFITS

USED IN THE CALCULATION OF THE 2022 TOTAL OPEB LIABILITY

Methods and Assumptions Used to Determine the 2022 Total OPEB Liability Continued:

Retirement

Other Departments:

AGE	TIER I				TIER II			
	REDUCED EARLY		NORMAL RETIREMENT		REDUCED EARLY		NORMAL RETIREMENT	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
55	0.071%	0.060%	0.370%	0.260%				
56	0.071	0.06	0.28	0.20				
57	0.071	0.06	0.21	0.17				
58	0.071	0.06	0.21	0.17				
59	0.071	0.06	0.23	0.19				
60			0.13	0.11				
61			0.13	0.10				
62			0.21	0.18	0.15%	0.13%	0.75%	0.75%
63			0.19	0.18	0.15	0.13	0.75	0.75
64			0.18	0.17	0.15	0.13	0.75	0.75
65			0.25	0.26	0.15	0.13	0.75	0.75
66			0.31	0.28	0.15	0.13	0.75	0.75
67			0.26	0.26			0.75	0.75
68			0.24	0.22			0.75	0.75
69			0.22	0.23			0.75	0.75
70			0.22	0.23			0.75	0.75
71			0.22	0.21			0.75	0.75
72			0.19	0.21			0.75	0.75
73			0.20	0.23			0.75	0.75
74			0.21	0.21			0.75	0.75
75			0.21	0.22			0.75	0.75
76			0.21	0.22			0.75	0.75
77			0.21	0.22			0.75	0.75
78			0.21	0.22			0.75	0.75
79			0.21	0.22			0.75	0.75
80			1.00	1.00			1.00	1.00

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO THE SCHEDULE OF POST RETIREMENT BENEFITS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
POST RETIREMENT BENEFITS

USED IN THE CALCULATION OF THE 2022 TOTAL OPEB LIABILITY

Methods and Assumptions Used to Determine the 2022 Total OPEB Liability Continued:

Participation 100 percent of employees currently enrolled in medical plans were assumed to participate in the retiree plan.

Spouse Information 50 percent of employees were assumed to have participating spouses. Females were assumed to be three years younger than males.

Health Care Cost Inflation Rates	<u>PERIOD</u>	<u>RATES</u>
	2022	6.75%
	2023	6.50%
	2024	6.25%
	2025	6.00%
	2026	5.75%
	2027	5.50%
	2028	5.25%
	2029	5.00%
	2030 and after	4.50%

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

SUPPLEMENTARY INFORMATION

CITY OF FAIRVIEW HEIGHTS, ILLINIOS
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2022

ASSETS

	POLICE ESCROW	LOCAL POLICE ESCROW	LIBRARY	FOOD AND BEVERAGE	HOTEL AND MOTEL TAX	STATE MOTOR FUEL TAX	OPEB	WEST TIF #4	TIF #5 LUDWIG DRIVE	TIF #6 IL RTE 159	TOTALS
Cash and Cash Equivalents	\$ 408,278	\$ 275,844	\$ 96,974	\$ 1,699,251	\$ 507,776	\$ 2,015,296	\$ 686,514	\$ -	\$ -	\$ -	\$ 5,689,933
Certificates of Deposit	-	-	375,543	396,701	213,507	374,278	-	-	-	-	1,360,029
Receivables	-	-	-	273,913	122,164	57,307	-	29,223	2,470	-	485,077
Due From Other Funds	-	-	-	-	-	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	92,081	27,733	-	119,814
 Total Assets	 \$ 408,278	 \$ 275,844	 \$ 472,517	 \$ 2,369,865	 \$ 843,447	 \$ 2,446,881	 \$ 686,514	 \$ 121,304	 \$ 30,203	 \$ -	 \$ 7,654,853

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES:											
Accounts Payable	\$ -	\$ -	\$ 8,472	\$ -	\$ -	\$ 21,248	\$ -	\$ -	\$ -	\$ 1,778	\$ 31,498
Accrued Payroll	-	-	13,276	-	-	-	-	-	-	-	13,276
Due to Other Funds	-	-	-	-	964	-	-	-	127,093	1,025	129,082
 Total Liabilities	 -	 -	 21,748	 -	 964	 21,248	 -	 -	 127,093	 2,803	 173,856
DEFERRED INFLOWS OF RESOURCES:											
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-	29,223	2,470	-	31,693
 Total Deferred Inflows of Resources	 -	 -	 -	 -	 -	 -	 -	 29,223	 2,470	 -	 31,693
FUND BALANCE:											
Restricted for:											
Infrastructure	-	-	-	-	-	2,425,633	-	-	-	-	2,425,633
Special Revenue Funds	-	-	-	-	-	-	-	92,081	-	-	92,081
Assigned:											
Special Revenue Funds	408,278	275,844	450,769	2,369,865	842,483	-	686,514	-	-	-	5,033,753
Unassigned:											
Special Revenue Funds	-	-	-	-	-	-	-	-	(99,360)	(2,803)	(102,163)
 Total Fund Balance (Deficit)	 408,278	 275,844	 450,769	 2,369,865	 842,483	 2,425,633	 686,514	 92,081	 (99,360)	 (2,803)	 7,449,304
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 \$ 408,278	 \$ 275,844	 \$ 472,517	 \$ 2,369,865	 \$ 843,447	 \$ 2,446,881	 \$ 686,514	 \$ 121,304	 \$ 30,203	 \$ -	 \$ 7,654,853

See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) -
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2022

	POLICE ESCROW	LOCAL POLICE ESCROW	LIBRARY	FOOD AND BEVERAGE	HOTEL AND MOTEL TAX	STATE MOTOR FUEL TAX	OPEB	WEST TIF #4	TIF #5 LUDWIG DRIVE	TIF #6 IL RTE 159	TOTALS
REVENUES:											
Motor Fuel Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,188,627	\$ -	\$ -	\$ -	\$ -	\$ 1,188,627
Hotel and Motel Taxes	-	-	-	-	899,790	-	-	-	-	-	899,790
Property Taxes	-	-	-	-	-	-	-	26,578	1,901	-	28,479
Food and Beverage Tax	-	-	-	1,741,748	-	-	-	-	-	-	1,741,748
Use Tax	-	-	-	210,343	-	-	-	-	-	-	210,343
Fines and Fees	59,056	65,021	34,277	-	-	-	-	-	-	-	158,354
Donations	-	-	636	-	-	-	-	-	-	-	636
Interest Income	-	-	2,731	3,790	3,023	5,725	197	10	-	-	15,476
OPEB Insurance Contributions	-	-	-	-	-	-	163,756	-	-	-	163,756
Miscellaneous	-	-	12,138	-	-	-	-	-	-	-	12,138
Total Revenues	59,056	65,021	49,782	1,955,881	902,813	1,194,352	163,953	26,588	1,901	-	4,419,347
EXPENDITURES:											
General Government											
Administration Department	-	-	-	-	13,451	-	-	-	-	-	13,451
Clerk's Department	-	-	-	636	-	-	40,930	-	-	-	41,566
Public Safety											
Police	10,988	45,684	-	-	-	-	-	-	-	-	56,672
Streets and Public Works											
Public Works Maintenance	-	-	-	-	-	593,081	-	-	-	-	593,081
Tax Increment Financing	-	-	-	-	-	-	-	633	633	633	1,899
Culture and Recreation											
Parks	-	-	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	44,980	-	-	-	-	-	44,980
Library	-	-	469,333	-	-	-	-	-	-	-	469,333
Debt Service											
Principal	-	-	-	460,000	-	-	-	-	-	-	460,000
Interest	-	-	-	620,550	-	-	-	-	-	-	620,550
Capital Outlay	28,250	-	-	-	-	-	-	-	-	-	28,250
Total Expenditures	39,238	45,684	469,333	1,081,186	58,431	593,081	40,930	633	633	633	2,329,782
Excess (Deficiency) of Revenues Over Expenditures	19,818	19,337	(419,551)	874,695	844,382	601,271	123,023	25,955	1,268	(633)	2,089,565
OTHER FINANCING SOURCES:											
Transfer In	-	-	433,738	-	-	-	-	2,658	191	-	436,587
Total Other Financing Sources	-	-	433,738	-	-	-	-	2,658	191	-	436,587
Net Change in Fund Balance	19,818	19,337	14,187	874,695	844,382	601,271	123,023	28,613	1,459	(633)	2,526,152
Fund Balance (Deficit), Beginning of Year	388,460	256,507	436,582	1,495,170	(1,899)	1,824,362	563,491	63,468	(100,819)	(2,170)	4,923,152
Funds Balance (Deficit), End of Year	\$ 408,278	\$ 275,844	\$ 450,769	\$ 2,369,865	\$ 842,483	\$ 2,425,633	\$ 686,514	\$ 92,081	\$ (99,360)	\$ (2,803)	\$ 7,449,304

See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINIOS
 COMBINING BALANCE SHEET - ALL GENERAL FUND ACCOUNTS
 APRIL 30, 2022

ASSETS

	GENERAL	PARKS PROGRAMS	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
Cash and Cash Equivalents	\$ 6,953,608	\$ 213,916	\$ 349,480	\$ 9,180	\$ 899,941	\$ 8,426,125
Certificates of Deposit	-	-	-	-	-	-
Prepaid Insurance	471,559	-	-	-	-	471,559
Receivables	2,994,669	-	-	-	-	2,994,669
Due From Other Funds	129,083	-	-	-	-	129,083
Restricted Cash and Cash Equivalents	179,722	-	-	-	-	179,722
Total Assets	<u>\$ 10,728,641</u>	<u>\$ 213,916</u>	<u>\$ 349,480</u>	<u>\$ 9,180</u>	<u>\$ 899,941</u>	<u>\$ 12,201,158</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES:						
Accounts Payable	\$ 393,961	\$ 3,821	\$ -	\$ 443	\$ -	\$ 398,225
Accrued Payroll	340,146	-	-	-	-	340,146
Due to Other Funds	110,200	-	262,535	-	-	372,735
Total Liabilities	<u>844,307</u>	<u>3,821</u>	<u>262,535</u>	<u>443</u>	<u>-</u>	<u>1,111,106</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue - Property Taxes	16,564	-	-	-	-	16,564
Total Deferred Inflows of Resources	<u>16,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,564</u>
FUND BALANCE:						
Nonspendable	471,559	-	-	-	-	471,559
Restricted for:						
Rebate and Financing Agreements	179,722	-	-	-	-	179,722
Unassigned						
General Funds	9,216,489	210,095	86,945	8,737	899,941	10,422,207
Total Fund Balance	<u>9,867,770</u>	<u>210,095</u>	<u>86,945</u>	<u>8,737</u>	<u>899,941</u>	<u>11,073,488</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 10,728,641</u>	<u>\$ 213,916</u>	<u>\$ 349,480</u>	<u>\$ 9,180</u>	<u>\$ 899,941</u>	<u>\$ 12,201,158</u>

See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED APRIL 30, 2022

	GENERAL	PARKS PROGRAM	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
REVENUES:						
Sales Taxes	\$ 8,043,167	\$ -	\$ -	\$ -	\$ -	\$ 8,043,167
Food and Beverage Taxes	600,000	-	-	-	-	600,000
Home Rule Taxes	4,298,505	-	-	-	-	4,298,505
Income Taxes	2,678,105	-	-	-	-	2,678,105
Property Taxes	39,405	-	-	-	-	39,405
Use Taxes	1,444,181	-	-	-	-	1,444,181
Hotel and Motel Taxes	-	-	-	-	-	-
Utility/Franchise Taxes	1,671,293	-	-	-	-	1,671,293
Video Game Taxes	285,800	-	-	-	-	285,800
Licenses and Permits	289,483	-	-	-	-	289,483
Grant	1,302,959	-	-	-	-	1,302,959
Fines and Fees	209,720	99,666	-	-	-	309,386
Rental	70,102	-	-	-	-	70,102
Donations	-	1	-	4,070	-	4,071
Interest Income	5,482	117	2	15	1,492	7,108
Miscellaneous	166,202	-	-	-	-	166,202
Total Revenues	<u>21,104,404</u>	<u>99,784</u>	<u>2</u>	<u>4,085</u>	<u>1,492</u>	<u>21,209,767</u>
EXPENDITURES:						
Current						
General Government						
Mayor's Department	406,666	-	-	-	-	406,666
Clerk's Department	662,647	-	-	-	-	662,647
Finance Department	387,375	-	-	-	-	387,375
Administration Department	1,387,058	-	-	-	-	1,387,058
Municipal Complex	582,598	-	-	-	-	582,598
Public Safety						
Police	7,049,402	-	2,104,857	4,296	-	9,158,555
Emergency Services and Disaster Agency	32,724	-	-	-	-	32,724
Streets and Public Works						
Engineering/Streets	993,135	-	-	-	-	993,135
Public Works Maintenance	650,332	-	-	-	-	650,332
Land use and Development	746,805	-	-	-	-	746,805
Culture and Recreation						
Parks	1,261,843	58,230	-	-	-	1,320,073
Library	98,686	-	-	-	-	98,686
Capital Outlay	16,919	-	-	-	-	16,919
Total Expenditures	<u>14,276,190</u>	<u>58,230</u>	<u>2,104,857</u>	<u>4,296</u>	<u>-</u>	<u>16,443,573</u>
Excess (Deficiency) of Revenues Over Expenditures (Carried Forward)	<u>\$ 6,828,214</u>	<u>\$ 41,554</u>	<u>\$ (2,104,855)</u>	<u>\$ (211)</u>	<u>\$ 1,492</u>	<u>\$ 4,766,194</u>

See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED APRIL 30, 2022

	<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)	\$ 6,828,214	\$ 41,554	\$ (2,104,855)	\$ (211)	\$ 1,492	\$ 4,766,194
OTHER FINANCING SOURCES (USES):						
Transfers Out	(2,493,922)	-	-	-	-	(2,493,922)
Transfers In	-	-	1,951,998	-	-	1,951,998
Total Other Financing Sources (Uses)	(2,493,922)	-	1,951,998	-	-	(541,924)
Net Change in Fund Balances	4,334,292	41,554	(152,857)	(211)	1,492	4,224,270
Fund Balances, Beginning of Year	5,533,478	168,541	239,802	8,948	898,449	6,849,218
Fund Balances, End of Year	\$ 9,867,770	\$ 210,095	\$ 86,945	\$ 8,737	\$ 899,941	\$ 11,073,488

See notes to financial statements.

COMPLIANCE AUDIT



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview Heights, Illinois, (the "City") as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Fairview Height's basic financial statements and have issued our report thereon dated December 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fairview Height's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fairview Height's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fairview Height's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

2022-001: The City does not have personnel or staff with sufficient training or expertise to ensure that the City's financial statements are prepared in accordance with generally accepted accounting principles and include all required disclosures.

2022-002: The City does not have personnel or staff with sufficient training or expertise to ensure that the proper accounting entries are made for depreciation and fixed asset recording.

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

2022-003: Various funds of the City expended more than what was approved in their budgets.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fairview Height's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Fairview Height's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on The City of Fairview Height's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of Fairview Height's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SCHEFFEL BOYLE
Belleville, Illinois

December 14, 2022

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED APRIL 30, 2022

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Fairview Heights, Illinois.
2. There were three significant deficiencies disclosed during the audit of the financial statements and they are reported below. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of the City of Fairview Heights, Illinois were disclosed during the audit.

Findings related to the financial statements which are required to be reported in accordance with GAGAS:

Finding No. 2022-1

Condition: The City relies upon its external auditors to assist in the preparation of the City's financial statements and all required disclosures in accordance with generally accepted accounting principles.

Criteria: The City should be able to prepare its own financial statements and all required disclosures in accordance with generally accepted accounting principles.

Cause: This occurs due to the fact that the City does not have on staff someone with the expertise to prepare the financial statements and all required disclosures in accordance with generally accepted accounting principles.

Effect: Inaccurate or incomplete financial statements could be issued to the public and other third parties due to this lack of expertise.

Recommendation: The City should consider the costs and benefits of hiring staff with expertise or contracting with an outside Certified Public Accounting firm to ensure the City's annual financial statements are prepared in accordance with generally accepted accounting principles and all the required disclosures.

Management's Response: The City will consider the economic feasibility of retaining an employee or an outside Certified Public Accountant to prepare the statements and note disclosures.

Finding No. 2022-2

Condition: The City does not maintain a depreciation schedule or record fixed assets.

Criteria: The City should prepare a depreciation schedule and make the necessary journal entries to record capital activity.

Cause: This occurs due to the fact that the City does not have a fixed asset software and they do not have on staff someone with sufficient training or expertise to ensure that the proper accounting entries are made for depreciation and fixed asset recording.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED APRIL 30, 2022

Effect: With no capital activity recorded, inaccurate, or incomplete financial statements could be issued to the public and other third parties.

Recommendation: The City should consider the costs and benefits of obtaining fixed asset software and as well as hiring staff with expertise to ensure the City's financial statements encompass the fixed asset recording.

Management's Response: The City will consider the economic feasibility of obtaining fixed asset software and retaining an employee to prepare the necessary adjustments related to fixed asset recordkeeping.

Finding No. 2022-3

Condition: Various funds of the City expended more than what was approved in their budgets.

Criteria: All funds should maintain their expenditures at or below budgeted amounts.

Cause: Timing of certain bills and unexpected expenses caused the funds to go over budget.

Effect: If the above mentioned recording and reconciling is not done timely, there is a greater chance that mistakes could happen without City personnel being aware. This is also necessary in order to have complete accounting records of the City.

Recommendation: The City should consider amending the budget as necessary to prevent funds from expending more than what was budgeted.

Management's Response: The City will do a better job monitoring expenditures as compared to the budget during the six month budget review to ensure compliance.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED APRIL 30, 2021

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Fairview Heights, Illinois.
2. There were four significant deficiencies disclosed during the audit of the financial statements and they are reported below. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of the City of Fairview Heights, Illinois were disclosed during the audit.

Findings related to the financial statements which are required to be reported in accordance with GAGAS:

Finding No. 2021-1

Condition: The City relies upon its external auditors to assist in the preparation of the City's financial statements and all required disclosures in accordance with generally accepted accounting principles.

Criteria: The City should be able to prepare its own financial statements and all required disclosures in accordance with generally accepted accounting principles.

Cause: This occurs due to the fact that the City does not have on staff someone with the expertise to prepare the financial statements and all required disclosures in accordance with generally accepted accounting principles.

Effect: Inaccurate or incomplete financial statements could be issued to the public and other third parties due to this lack of expertise.

Recommendation: The City should consider the costs and benefits of hiring staff with expertise or contracting with an outside Certified Public Accounting firm to ensure the City's annual financial statements are prepared in accordance with generally accepted accounting principles and all the required disclosures.

Management's Response: The City will consider the economic feasibility of retaining an employee or an outside Certified Public Accountant to prepare the statements and note disclosures.

Finding No. 2021-2

Condition: The City does not maintain a depreciation schedule or record fixed assets.

Criteria: The City should prepare a depreciation schedule and make the necessary journal entries to record capital activity.

Cause: This occurs due to the fact that the City does not have a fixed asset software and they do not have on staff someone with sufficient training or expertise to ensure that the proper accounting entries are made for depreciation and fixed asset recording.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED APRIL 30, 2021

Effect: With no capital activity recorded, inaccurate, or incomplete financial statements could be issued to the public and other third parties.

Recommendation: The City should consider the costs and benefits of obtaining fixed asset software and as well as hiring staff with expertise to ensure the City's financial statements encompass the fixed asset recording.

Management's Response: The City will consider the economic feasibility of obtaining fixed asset software and retaining an employee to prepare the necessary adjustments related to fixed asset recordkeeping.

Finding No. 2021-3

Condition: The City did not reconcile their pooled bank account at the fund level.

Criteria: All funds should have cash accounts reconciled.

Cause: Miscommunications with the software provider led management to the assumption that when cash accounts were removed from the pooled cash account into their own bank account, they would no longer have cash allocated to them from the pooled account. The accounting software, under certain circumstances was, still allocating cash to these funds.

Effect: If the above mentioned recording and reconciling is not done timely, there is a greater chance that mistakes could happen without City personnel being aware. This is also necessary in order to have complete accounting records of the City.

Recommendation: City Personnel should prepare timely monthly bank reconciliations for all funds.

Management's Response: After discussions with the auditor and the software provider, the City will monitor the allocated cash accounts to ensure proper reporting.

Finding No. 2021-4

Condition: Various funds of the City expended more than what was approved in their budgets.

Criteria: All funds should maintain their expenditures at or below budgeted amounts.

Cause: Timing of certain bills and unexpected expenses caused the funds to go over budget.

Effect: If the above mentioned recording and reconciling is not done timely, there is a greater chance that mistakes could happen without City personnel being aware. This is also necessary in order to have complete accounting records of the City.

Recommendation: The City should consider amending the budget as necessary to prevent funds from expending more than what was budgeted.

Management's Response: The City will do a better job monitoring expenditures as compared to the budget during the six month budget review to ensure compliance.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

UNIT CODE 088-060-30

SINGLE AUDIT REPORT IN ACCORDANCE
WITH THE UNIFORM GUIDANCE

FOR THE YEAR ENDED APRIL 30, 2022

**CITY OF FAIRVIEW HEIGHTS
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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview Heights, Illinois, (the "City") as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Fairview Height's basic financial statements and have issued our report thereon dated December 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fairview Height's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fairview Height's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fairview Height's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

2022-001: The City does not have personnel or staff with sufficient training or expertise to ensure that the City's financial statements are prepared in accordance with generally accepted accounting principles and include all required disclosures.

2022-002: The City does not have personnel or staff with sufficient training or expertise to ensure that the proper accounting entries are made for depreciation and fixed asset recording.

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

2022-003: Various funds of the City expended more than what was approved in their budgets.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fairview Height's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Fairview Height's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on The City of Fairview Height's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Fairview Height's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SCHEFFEL BOYLE
Belleville, Illinois

December 14, 2022



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Fairview Heights, Illinois' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Fairview Heights, Illinois' major federal programs for the year ended April 30, 2022. The City of Fairview Heights, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Fairview Heights, Illinois complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Fairview Heights, Illinois and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Fairview Heights, Illinois' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Fairview Heights, Illinois' federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Fairview Heights, Illinois' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Fairview Heights, Illinois' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Fairview Heights, Illinois with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Fairview Heights, Illinois' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Greene County, Illinois' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Fairview Heights, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Fairview Heights, Illinois' basic financial statements. We issued our report thereon dated December 14, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Scheffel Boyle
Belleville, Illinois

January 31, 2023

CITY OF FAIRVIEW HEIGHTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2022

Federal Grantor	Federal	Contract/	Federal
Pass-Through Entity	AL	Project	Expenditures
Program Title	Number	Number	
U.S. Department of the Treasury			
Direct Award			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 1,109,294
Subtotal AL 21.027			<u>\$ 1,109,294</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,109,294</u></u>

The accompanying notes are an integral part of this schedule

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Fairview Heights, Illinois (the City) under programs of the federal government for the year ended April 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance, revenues and expenditures of the City.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. SUBRECIPIENTS

The City did not pass through any federal funds to subrecipients during the year ended April 30, 2022.

NOTE 4. NONMONETARY ASSISTANCE

During the year ended April 30, 2022, the City did not receive nonmonetary assistance from federal programs.

NOTE 5. FEDERAL INSURANCE

The City had no federal insurance as it relates to federal programs in effect for the year ended April 30, 2022.

NOTE 6. LOANS AND LOAN GUARANTEES

The City had no outstanding loans or loan guarantees as it relates to federal sources as of April 30, 2022.

NOTE 7. INDIRECT COST RATE

The City has elected to use the 10% de minimis indirect cost rate.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTION COSTS
FOR THE YEAR ENDED APRIL 30, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weaknesses Identified? No

Significant Deficiencies That Are Not Considered to Be Material Weaknesses? Yes

See 2022-01, 2022-02, 2022-03, 2022-04

Noncompliance Material to Financial Statements Noted? No

Federal Awards

Internal Control Over Major Programs:

Material Weakness Identified? No

Significant Deficiencies That Are Not Considered to Be Material Weaknesses? No

Type of Auditor’s Report Issued on Compliance For Major Programs: Unmodified

Audit Findings That Are Required to Be Reported In Accordance With Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? No

Major Programs

<u>AL Number</u>	<u>Name of Federal Program</u>
21.027	Coronavirus State and Local Recovery Funds

Dollar Threshold Used to Determine Between Type A and Type B Programs: \$750,000

Auditee does not qualify as a low-risk auditee.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTION COSTS
FOR THE YEAR ENDED APRIL 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2022-01

Condition: The City relies upon its external auditors to assist in the preparation of the City's financial statements and all required disclosures in accordance with generally accepted accounting principles.

Criteria: The City should be able to prepare its own financial statements and all required disclosures in accordance with generally accepted accounting principles.

Cause: This occurs due to the fact that the City does not have on staff someone with the expertise to prepare the financial statements and all required disclosures in accordance with generally accepted accounting principles.

Effect: Inaccurate or incomplete financial statements could be issued to the public and other third parties due to this lack of expertise.

Recommendation: The City should consider the costs and benefits of hiring staff with expertise or contracting with an outside Certified Public Accounting firm to ensure the City's annual financial statements are prepared in accordance with generally accepted accounting principles and all the required disclosures.

Management's Response: The City will consider the economic feasibility of retaining an employee or an outside Certified Public Accountant to prepare the statements and note disclosures.

Finding 2022-02

Condition: The City does not maintain a depreciation schedule or record fixed assets.

Criteria: The City should prepare a depreciation schedule and make the necessary journal entries to record capital activity.

Cause: This occurs due to the fact that the City does not have a fixed asset software and they do not have on staff someone with sufficient training or expertise to ensure that the proper accounting entries are made for depreciation and fixed asset recording.

Effect: With no capital activity recorded, inaccurate, or incomplete financial statements could be issued to the public and other third parties.

Recommendation: The City should consider the costs and benefits of obtaining fixed asset software and as well as hiring staff with expertise to ensure the City's financial statements encompass the fixed asset recording.

Management's Response: The City will consider the economic feasibility of obtaining fixed asset software and retaining an employee to prepare the necessary adjustments related to fixed asset recordkeeping.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2022-03

Condition: Various funds of the City expended more than what was approved in their budgets.

Criteria: All funds should maintain their expenditures at or below budgeted amounts.

Cause: Timing of certain bills and unexpected expenses caused the funds to go over budget.

Effect: If the above mentioned recording and reconciling is not done timely, there is a greater chance that mistakes could happen without City personnel being aware. This is also necessary in order to have complete accounting records of the City.

Recommendation: The City should consider amending the budget as necessary to prevent funds from expending more than what was budgeted.

Management's Response: The City will do a better job monitoring expenditures as compared to the budget during the six-month budget review to ensure compliance.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

SECTION IV - PRIOR YEAR FINDING – FINANCIAL STATEMENT FINDINGS

Finding 2021-01

Condition: The City relies upon its external auditors to assist in the preparation of the City's financial statements and all required disclosures in accordance with generally accepted accounting principles.

Current Status: The City will consider the economic feasibility of retaining an employee or an outside Certified Public Accountant to prepare the statements and note disclosures.
This is a recurring finding. See 2022-001.

Finding 2021-02

Condition: The City does not maintain a depreciation schedule or record fixed assets.

Current Status: The City will consider the economic feasibility obtaining fixed asset software and of retaining an employee to prepare the necessary adjustments related to fixed assets recordkeeping.
This is a recurring finding. See 2022-002.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTION COSTS
FOR THE YEAR ENDED APRIL 30, 2022

SECTION IV - PRIOR YEAR FINDING – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2021-03

Condition: The City did not reconcile their pooled bank account at the fund level.

Current Status: The City now reconciles pooled cash at the fund level on a monthly basis.
This finding has been resolved.

Finding 2021-04

Condition: Various funds of the City expended more than what was approved in their budgets.

Current Status: The City will do a better job monitoring expenditures as compared to the budget during the six-month budget review to ensure compliance.
This is a recurring finding. See 2022-003.



CITY OF FAIRVIEW HEIGHTS

10025 Bunkum Road ♦ Fairview Heights, Illinois 62208 ♦ Phone: (618) 489-2000 ♦ www.cofh.org

January 31, 2023

CORRECTIVE ACTION PLAN

Department of the Treasury

City of Fairview Heights, Illinois respectfully submits the following corrective action plan for the year ended April 30, 2022.

Name and address of independent public accounting firm:

Scheffel Boyle
222 East Main Street
Belleville, IL 62220

Audit Period: For the Year Ended April 30, 2022

The findings from the April 30, 2022, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2022-01

Statement of Condition – The City relies upon its external auditors to assist in the preparation of the City's financial statements and all required disclosures in accordance with generally accepted accounting principles.

Recommendation – The City should consider the costs and benefits of hiring staff with expertise or contracting with an outside Certified Public Accounting firm to ensure the City's annual financial statements are prepared in accordance with generally accepted accounting principles and all the required disclosures.

View of Responsible Officials and Planned Corrective Action – The City will consider the economic feasibility of retaining an employee or an outside Certified Public Accountant to prepare the statements and note disclosures.

Finding 2022-02

Statement of Condition – The City does not maintain a depreciation schedule or record fixed assets.

Recommendation – The City should consider the costs and benefits of obtaining fixed asset software and as well as hiring staff with expertise to ensure the City's financial statements encompass the fixed asset recording.

View of Responsible Officials and Planned Corrective Action – The City will consider the economic feasibility of obtaining fixed asset software and retaining an employee to prepare the necessary adjustments related to fixed asset recordkeeping.

Finding 2022-03

Statement of Condition – Various funds of the City expended more than what was approved in their budgets.

Recommendation – The City should consider amending the budget as necessary to prevent funds from expending more than what was budgeted.

View of Responsible Officials and Planned Corrective Action – The City will do a better job monitoring expenditures as compared to the budget during the six month budget review to ensure compliance.

Major Federal Award Programs Findings & Questioned Costs

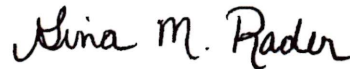
None

If the Department of Treasury has any questions regarding this plan, contact Gina Rader at (618) 489-2054.

Sincerely yours,



Mark Kupsky, Mayor



Gina Rader, Director of Finance