

CITY OF FAIRVIEW HEIGHTS, ILLINOIS

UNIT CODE 088-060-30

REPORT AND ANNUAL
FINANCIAL STATEMENTS

APRIL 30, 2019

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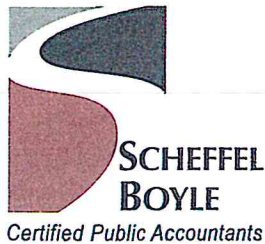
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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview Heights, Illinois as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview Heights, Illinois as of April 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, pension information, and post retirement benefits on pages 48 to 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

In accordance with *Government Audit Standards*, we have also issued our report dated November 13, 2019, on our consideration of the City of Fairview Heights, Illinois's 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's 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 the City of Fairview Heights, Illinois's internal control over financial reporting and compliance.

Schettler Boyle

Belleville, Illinois

November 13, 2019

FINANCIAL SECTION

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2019

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 6,568,175	
Certificates of Deposit	707,109	
Investments	2,405,180	
Due from Fiduciary Fund	120,748	
Receivables	5,405,371	
Restricted Cash and Cash Equivalents	5,955,720	
Total Current Assets		<u>\$ 21,162,303</u>

NONCURRENT ASSETS:

Capital Assets, Net	84,688,053	
Total Noncurrent Assets		<u>84,688,053</u>
Total Assets		<u>105,850,356</u>

DEFERRED OUTFLOWS OF RESOURCES

DEFERRED OUTFLOWS OF RESOURCES:

Related to Pensions	8,447,065	
Total Deferred Outflows of Resources		<u>8,447,065</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	1,938,392	
Accrued Payroll	399,495	
Accrued Interest Payable	155,437	
Bonds Payable, Current	748,668	
Total Current Liabilities		<u>3,241,992</u>

NONCURRENT LIABILITIES:

Compensated Absences, Noncurrent	656,085	
Other Postemployment Benefit Obligation	5,156,391	
Bonds Payable, Noncurrent	17,711,096	
Net Pension Liability	22,050,747	
Total Noncurrent Liabilities		<u>45,574,319</u>
Total Liabilities		<u>48,816,311</u>

DEFERRED INFLOWS OF RESOURCES

DEFERRED INFLOWS OF RESOURCES:

Unavailable Revenue - Property Tax	1,120,640	
Related to Pensions	3,841,727	
Total Deferred Inflows of Resources		<u>4,962,367</u>

NET POSITION

Net Investment in Capital Assets	66,228,289	
Restricted Net Position	9,670,569	
Unrestricted Net Position	(15,380,115)	
Total Net Position		<u>\$ 60,518,743</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2019

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	\$ 2,846,730	\$ 236,017	\$ 28,650	\$ -	\$ (2,582,063)
Municipal Complex	717,145	69,344	-	-	(647,801)
Public Safety					
Police	9,233,094	665,231	46,854	-	(8,521,009)
Emergency Services and Disaster Agency	44,208	-	-	-	(44,208)
Street and Public Works					
Engineering/Streets	3,917,296	2,700	670,272	-	(3,244,324)
Public Works Maintenance	680,303	-	-	-	(680,303)
Land Use and Development	766,133	255,239	-	-	(510,894)
Sales Tax Rebates	839,499	-	-	-	(839,499)
Tax Increment Financing	350,365	-	-	-	(350,365)
Culture and Recreation					
Parks	806,851	110,358	-	-	(696,493)
Library	749,145	56,242	2,063	-	(690,840)
Tourism	162,946	-	-	-	(162,946)
Recreation	269,814	132,008	46,500	-	(91,306)
Interest on Long-Term Debt	570,452	-	-	-	(570,452)
Total Governmental Activities	<u>\$ 21,953,981</u>	<u>\$ 1,527,139</u>	<u>\$ 794,339</u>	<u>\$ -</u>	<u>(19,632,503)</u>
GENERAL REVENUES:					
Taxes					
Sales Tax					7,192,778
Home Rule Tax					6,153,471
Food and Beverage Tax					2,145,431
Hotel and Motel Tax					911,073
State Income Tax					1,766,395
Use Tax					528,220
Property Tax					1,051,837
Franchise Tax					276,316
Motor Fuel Tax					449,323
Business District Tax					74,873
Video Game Tax					155,151
Investment Earnings					305,082
Miscellaneous					(6,708)
Total General Revenues					<u>21,003,242</u>
Special Item - (Loss) on Disposition of Capital Assets					<u>(92,733)</u>
Change in Net Position					<u>1,278,006</u>
Net Position, Beginning of Year, as Previously Reported					61,653,275
Cummulative Change in Accounting Principal					<u>(2,412,538)</u>
Net Position, Beginning of Year					<u>59,240,737</u>
Net Position, End of Year					<u>\$ 60,518,743</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2019

ASSETS	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
Cash and Cash Equivalents	\$ 3,533,804	\$ 21,063	\$ -	\$ 370,263	\$ -	\$ -	\$ -	\$ 2,643,045	\$ 6,568,175
Certificates of Deposit	99,461	-	-	-	-	-	-	607,648	707,109
Investments	518,960	1,147,700	-	-	-	-	-	738,520	2,405,180
Receivables	2,213,866	1,252,225	-	464,070	320,228	381,246	377,002	396,734	5,405,371
Due from Other Funds	2,572,317	-	25,127	-	17,203	72,305	1,737	65,780	2,754,469
Due from Fiduciary Fund	120,748	-	-	-	-	-	-	-	120,748
Restricted Cash and Cash Equivalents	127,532	-	1,562,803	-	1,569,775	825,773	1,845,293	24,544	5,955,720
Total Assets	\$ 9,186,688	\$ 2,420,988	\$ 1,587,930	\$ 834,333	\$ 1,907,206	\$ 1,279,324	\$ 2,224,032	\$ 4,476,271	\$ 23,916,772
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES:									
Accounts Payable	\$ 364,903	\$ 54,093	\$ 1,041,345	\$ 466,930	\$ -	\$ 669	\$ -	\$ 10,452	\$ 1,938,392
Accrued Payroll	363,337	-	21,163	-	-	-	-	14,995	399,495
Due to Other Funds	151,986	1,238,117	-	-	103,448	-	237,182	1,023,736	2,754,469
Total Liabilities	880,226	1,292,210	1,062,508	466,930	103,448	669	237,182	1,049,183	5,092,356
DEFERRED INFLOWS OF RESOURCES:									
Unavailable Revenue - Property Taxes	27,659	-	-	-	320,228	381,247	345,155	46,351	1,120,640
Total Deferred Inflows of Resources	27,659	-	-	-	320,228	381,247	345,155	46,351	1,120,640
FUND BALANCES:									
Restricted for:									
Rebate and Financing									
Agreements	127,532	-	-	367,403	-	-	-	-	494,935
Infrastructure	-	-	-	-	-	-	-	744,887	744,887
Special Revenue Funds	-	1,128,778	525,422	-	1,483,530	897,408	1,641,695	2,753,914	8,430,747
Unassigned:									
General Funds	8,151,271	-	-	-	-	-	-	-	8,151,271
Special Revenue Funds	-	-	-	-	-	-	-	(118,064)	(118,064)
Total Fund Balances	8,278,803	1,128,778	525,422	367,403	1,483,530	897,408	1,641,695	3,380,737	17,703,776
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,186,688	\$ 2,420,988	\$ 1,587,930	\$ 834,333	\$ 1,907,206	\$ 1,279,324	\$ 2,224,032	\$ 4,476,271	\$ 23,916,772

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, 2019

Total fund balance - total governmental funds		\$ 17,703,776
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets of \$131,929,562 net of accumulated depreciation of \$47,241,509 are not financial resources and, therefore, are not reported in the funds.		84,688,053
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, 2019, were:		
Compensated absences	\$ (656,085)	
Accrued interest on bonds payable	(155,437)	
Other post employment benefit obligation	(5,156,391)	
Net pension liability	(22,050,747)	
Bonds payable	<u>(18,459,764)</u>	<u>(46,478,424)</u>
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are reported in the governmental funds, as follows:		
Deferred outflows of resources (related to pensions)		8,447,065
Deferred inflows of resources (related to pensions)		<u>(3,841,727)</u>
Net position of governmental activities		<u>\$ 60,518,743</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, 2019

	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	\$ 6,650,038	\$ -	\$ -	\$ 542,740	\$ -	\$ -	\$ -	\$ -	\$ 7,192,778
Food and Beverage Taxes	1,601,580	-	-	-	-	-	-	543,851	2,145,431
Home Rule Taxes	3,714,582	1,860,187	-	578,702	-	-	-	-	6,153,471
Income Taxes	1,766,395	-	-	-	-	-	-	-	1,766,395
Property Taxes	37,628	-	-	-	309,193	370,204	318,942	15,870	1,051,837
Use Taxes	528,220	-	-	-	-	-	-	-	528,220
Hotel and Motel Taxes	556,359	-	-	-	-	-	-	354,714	911,073
Utility/Franchise Taxes	276,316	-	-	-	-	-	-	-	276,316
Video Game Taxes	155,151	-	-	-	-	-	-	-	155,151
Motor Fuel Taxes	-	-	-	-	-	-	-	449,323	449,323
Business District Taxes	-	-	-	74,873	-	-	-	-	74,873
Licenses and Permits	339,654	-	-	-	-	-	-	-	339,654
Grant	41,619	670,272	-	-	-	-	-	-	711,891
Fines and Fees	377,490	-	127,007	-	-	-	-	258,804	763,301
Rental	69,343	-	-	-	-	-	-	-	69,343
Donations	33,885	-	46,500	-	-	-	-	2,063	82,448
Interest Income	52,292	75,586	-	7,810	32,023	15,005	49,316	73,050	305,082
OPEB Insurance Contributions	-	-	-	-	-	-	-	151,409	151,409
Miscellaneous	171,794	19,907	5,000	-	-	-	-	23	196,724
Total Revenues	16,372,346	2,625,952	178,507	1,204,125	341,216	385,209	368,258	1,849,107	23,324,720
EXPENDITURES:									
Current									
General Government									
Mayor's Department	354,504	-	-	-	-	-	-	-	354,504
Clerk's Department	520,529	-	-	-	-	-	-	52,293	572,822
Finance Department	351,084	-	-	-	-	-	-	-	351,084
Administration Department	1,509,632	-	-	-	-	-	-	38,097	1,547,729
Municipal Complex	565,671	44,250	-	-	-	-	-	-	609,921
Public Safety									
Police	7,864,246	178,182	-	-	-	-	-	118,414	8,160,842
Emergency Services and Disaster Agency	33,698	-	-	-	-	-	-	-	33,698
Streets and Public Works									
Engineering/Streets	2,244,208	136,446	-	-	-	-	-	-	2,380,654
Public Works	681,220	-	-	-	-	-	-	-	681,220
Maintenance	779,012	-	-	-	-	-	-	-	779,012
Land Use and Development	-	-	-	839,499	-	-	-	-	839,499
Sales Tax Rebates	-	-	-	-	-	-	-	-	-
Tax Increment Financing	-	-	-	-	4,825	2,075	526,235	252,891	786,026
Culture and Recreation									
Parks	708,052	13,000	-	-	-	-	-	5,009	726,061
Library	118,992	-	-	-	-	-	-	593,663	712,655
Tourism	-	-	-	-	-	-	-	86,903	86,903
Recreation Center	-	-	273,274	-	-	-	-	-	273,274
Debt Service									
Principal	-	-	-	-	-	-	-	739,587	739,587
Interest	-	-	-	-	-	-	-	634,583	634,583
Capital Outlay	-	3,371,103	13,193,050	-	-	-	62,246	-	16,626,399
Total Expenditures	15,730,848	3,742,981	13,466,324	839,499	4,825	2,075	588,481	2,521,440	36,896,473
Excess (Deficiency) of									
Revenues Over Expenditures	641,498	(1,117,029)	(13,287,817)	364,626	336,391	383,134	(220,223)	(672,333)	(13,571,753)
OTHER FINANCING SOURCES (USES):									
Transfers Out	(1,808,521)	-	-	-	-	-	-	-	(1,808,521)
Transfers In	1,299,996	-	-	-	30,919	37,021	31,894	408,691	1,808,521
Total Other Financing Sources (Uses)	(508,525)	-	-	-	30,919	37,021	31,894	408,691	-
Net Change in Fund Balances	132,973	(1,117,029)	(13,287,817)	364,626	367,310	420,155	(188,329)	(263,642)	(13,571,753)
Fund Balances (Deficit), Beginning of Year	8,145,830	2,245,807	13,813,239	2,777	1,116,220	477,253	1,830,024	3,644,379	31,275,529
Fund Balances, End of Year	\$ 8,278,803	\$ 1,128,778	\$ 525,422	\$ 367,403	\$ 1,483,530	\$ 897,408	\$ 1,641,695	\$ 3,380,737	\$ 17,703,776

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, 2019

Net change in fund balances - total governmental funds			\$ (13,571,753)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported depreciation expense. This is the amount by which capital assets of \$17,006,281 exceeded depreciation of \$2,235,464 in the current period.			14,770,817
Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or loss on the disposition of capital assets. This is the effect on the change in net position on the statement of activities.			(92,728)
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.			739,700
Some income/expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the following:			
(Increase) in compensated absences	\$	(33,222)	
Pension income (expense)		(332,203)	
Decrease in accrued interest		64,019	
(Increase) in other postemployment benefit and pension obligation		(295,292)	
			<u>(596,698)</u>
Change in net position of governmental activities			<u>\$ 1,278,006</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
APRIL 30, 2019

ASSETS	<u>PENSION TRUST FUND</u>
Pooled Cash and Cash Equivalents	\$ 1,430,265
Total Cash	<u>1,430,265</u>
Interest and Dividends Receivable	60,325
Investments, at Fair Value	
Common Stock	14,126,995
Mutual Funds	4,651,982
Government Securities/Fixed Income	<u>9,693,688</u>
Total Investments	<u>28,472,665</u>
Total Assets	<u>29,963,255</u>
LIABILITIES	
Due to General Fund	<u>120,748</u>
Total Liabilities	<u>120,748</u>
NET POSITION	
Held in Trust for Pension Benefits	<u>\$ 29,842,507</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, 2019

	<u>PENSION TRUST FUND</u>
ADDITIONS:	
Contributions	
Employer	\$ 1,299,996
Plan Members	<u>342,772</u>
Total Contributions	<u>1,642,768</u>
Investment Income	
Net Appreciation in Fair Value of Investments	953,949
Interest	265,917
Dividends	<u>468,156</u>
	1,688,022
Less: Investment Expense	<u>126,065</u>
Total Investment Income	<u>1,561,957</u>
Total Additions	<u>3,204,725</u>
DEDUCTIONS:	
Retirement Benefits	1,721,533
Disability	188,087
Administrative Expenses	<u>60,146</u>
Total Deductions	<u>1,969,766</u>
Change in Net Position	1,234,959
Beginning of Year	<u>28,607,548</u>
End of Year	<u>\$ 29,842,507</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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, 2019

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, 2019

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, 2019

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

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, 2019

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, 2019

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, 2019

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) 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, 2019

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 reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 2. CASH, CERTIFICATES OF DEPOSIT, AND INVESTMENTS

As of April 30, 2019, the City had the following cash and investments:

Statement of Net Position

Cash and Cash Equivalents	\$ 6,568,175
Restricted Cash	5,955,720
Certificates of Deposits	707,109
Investments	<u>2,405,180</u>
	15,636,184

Fiduciary Fund

Cash	1,430,265
Investments	<u>28,472,665</u>
	<u>29,902,930</u>
	<u>\$ 45,539,114</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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

As of April 30, 2019, cash and investments consisted of the following:

<u>INVESTMENTS</u>	<u>COST</u>
Cash on Hand	\$ 396
Deposits with Financial Institutions	14,346,803
Brokered Certificates of Deposits	314,066
Government Securities	8,467,765
Corporate Securities	3,484,626
Municipal Securities	146,481
Mutual Funds	4,651,982
Stocks	14,126,995
Total	<u>\$ 45,539,114</u>

As of April 30, 2019, the Library fund, a blended component unit of the City, had the following certificates of deposit:

<u>INVESTMENTS</u>	<u>MATURITY</u>	<u>COST</u>
Providence Bank- Certificate of Deposit	5/9/2020	\$ 30,520
Providence Bank- Certificate of Deposit	7/9/2019	108,677
Providence Bank- Certificate of Deposit	11/1/2019	30,659
First Mid Bank & Trust- Certificate of Deposit	7/9/2019	113,004
First Mid Bank & Trust - Certificate of Deposit	3/25/2020	110,182
		<u>\$ 393,042</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.

At April 30, 2019, the book balance of the City's cash and investments was \$14,347,007 and the bank balance was \$14,865,234. Of the bank balance, \$1,276,252 was covered by federal depository insurance and \$13,588,982 was covered by collateralized securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust and \$-0- was uncollateralized.

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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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

INVESTMENT TYPE	REMAINING MATURITY				TOTAL
	12 MONTHS OR LESS	13 TO 24 MONTHS	25 TO 60 MONTHS	MORE THAN 60 MONTHS	
City funds					
Brokered Certificatates of Deposit	\$ 314,066	\$ -	\$ -		\$ 314,066
U.S. Treasury Notes	2,405,180	-	-	-	2,405,180
Policemen's Pension					
U.S. Treasury Notes	1,349,041	633,977	1,463,006	1,133,908	4,579,932
Federal Agency Securities	-	428,086	-	1,054,567	1,482,653
Corporate Securities	249,429	363,253	1,713,082	1,158,862	3,484,626
Municipal Securities	105,137	-	-	41,344	146,481
Mutual funds	4,651,982	-	-	-	4,651,982
Stocks	14,126,995	-	-	-	14,126,995
Total	<u>\$ 23,201,830</u>	<u>\$ 1,425,316</u>	<u>\$ 3,176,088</u>	<u>\$ 3,388,681</u>	<u>\$ 31,191,915</u>

Credit Risk

Generally, 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, 2019 for each investment type.

INVESTMENT TYPE	RATINGS AS OF YEAR END					
	EXEMPT FROM					
	TOTALS	DISCLOSURE	AAA	AA	A	BBB
U.S. Treasury Notes	\$ 6,985,112	\$ 6,985,112	\$ -	\$ -	\$ -	\$ -
Federal Agency Securities	1,482,653	-	-	1,482,653	-	-
Corporate Securities	3,484,626	-	59,647	255,537	1,948,670	1,220,772
Municipal Securities	146,481		-	105,137	41,344	-
Certificates of Deposit	314,066	314,066	-	-	-	-
Mutual funds	4,651,982	4,651,982	-	-	-	-
Stocks	14,126,995	14,126,995	-	-	-	-
Total	<u>\$ 31,191,915</u>	<u>\$ 26,078,155</u>	<u>\$ 59,647</u>	<u>\$ 1,843,327</u>	<u>\$ 1,990,014</u>	<u>\$ 1,220,772</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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

Investment Policies

City Policy

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

The Illinois Funds is an external investment pool administered by the Illinois State Treasurer. U.S. Bank, N.A. serves as custodian for The Illinois Funds. The fair value of the City's investment in The Illinois Funds is the same as the value of the pool shares. Although not subject to direct regulatory oversight, The Illinois Funds is administered in accordance with the provisions of Illinois statute 30 ILCS 235 "Public Funds Investment Act". The Illinois Funds - Money Market Fund is rated AAA by Standard & Poor's. The rating signifies an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

Pension Trust Policy

The City's pension trust is the police pension fund.

The Pension Trust is permitted to invest in securities as authorized by the legal list contained in the Illinois Pension Code Section 3-135 and subsequent amendments and by the Public Funds Investment Act (30 ILCS 235/0.01). All investments made by the Pension Trust were authorized.

Investment policies provide for investment managers who have full discretion of assets allocated to them subject to the overall investment guidelines set out in the policies. Manager performance is reviewed by the pension board. Overall investment guidelines provide for diversification and allow investments as described above. The plan addresses custodial credit risk with policy providing for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured, or called items, and provides periodic accounting to the pension board.

Asset allocation guidelines for the plan are as follows:

	<u>MINIMUM</u>	<u>MAXIMUM</u>
Equities	20 %	65 %
Fixed Income (Greater than One Year)	33	78
Cash Equivalents	2	20

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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

The composition of pension trust fund investments at fair value is shown on the following table, collateral risk categories are not included:

DESCRIPTION	VALUE	COST
Domestic Common Stocks	\$ 14,126,995	\$ 10,747,368
U.S. Treasury Notes	4,579,932	4,588,889
Federal Agencies	1,482,653	1,491,874
Corporate Bonds	3,484,626	3,400,752
Municipal Bonds	146,481	145,249
Mutual Funds	4,651,982	4,465,457
	<u>\$ 28,472,669</u>	<u>\$ 24,839,589</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, 2019.

NOTE 3. FAIR VALUE MEASUREMENT

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

The following table presents the fair value hierarchy for the balances of the investments of the City measured at fair value on a recurring basis as of April 30, 2019:

	LEVEL 1	LEVEL 2	LEVELING NOT REQUIRED	TOTAL
Investments by Fair Value Level:				
U.S. Treasury Notes	\$ 6,985,112	\$ -	\$ -	\$ 6,985,112
Federal Agency Securities	-	1,482,653	-	1,482,653
Corporate Securities	-	3,484,626	-	3,484,626
Municipal Securities	-	146,481	-	146,481
Mutual Funds	4,651,982	-	-	4,651,982
Stocks	14,126,995	-	-	14,126,995
Certificates of Deposit	-	314,066	-	314,066
Total	<u>\$ 25,764,089</u>	<u>\$ 5,427,826</u>	<u>\$ -</u>	<u>\$ 31,191,915</u>

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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 3. FAIR VALUE MEASUREMENT (CONT'D)

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, Corporate Securities, Municipal Securities, and Brokered Certificates of Deposit

Level 3 Fair Value Measurements

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

NOTE 4. PROPERTY TAXES RECEIVABLE

The City has not levied any property taxes in the current or prior years. The City receives from the townships, one-half of the township road tax produced by the property within the limits of the municipality. Within one year of receipt of the money, the amount must either be budgeted or returned. These governments levy taxes annually prior to December 31 of each year. Property taxes are attached as an enforceable lien on property as of January 1st. Property taxes are mailed in the year following the assessment year. 2017 property taxes were payable in two installments; July 1, 2018 and September 1, 2018. 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 2017 and prior tax levies.

NOTE 5. CAPITAL ASSETS

Changes in Capital Assets

The following provides a summary of changes in capital assets:

	BALANCE AT MAY 1, 2018	ADDITIONS	RETIREMENTS	BALANCE AT APRIL 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 9,922,892	\$ 128,056	\$ -	\$ 10,050,948
Construction in Progress	5,880,222	14,622,245	(92,728)	20,409,739
Total Capital Assets Not Being Depreciated	15,803,114	14,750,301	(92,728)	30,460,687
Other Capital Assets				
Buildings	15,386,372	116,656	-	15,503,028
Other Improvements	4,142,010	-	-	4,142,010
Machinery and Equipment	10,273,421	28,790	-	10,302,211
Infrastructure	69,411,092	2,110,534	-	71,521,626
Total Other Capital Assets at Historical Costs	99,212,895	2,255,980	-	101,468,875
Sub-Total (Carried Forward)	\$ 115,016,009	\$ 17,006,281	\$ (92,728)	\$ 131,929,562

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 5. CAPITAL ASSETS (CONT'D)

	BALANCE AT MAY 1, 2018	ADDITIONS	RETIREMENTS	BALANCE AT APRIL 30, 2019
Sub-Total (Brought Forward)	<u>\$ 115,016,009</u>	<u>\$ 17,006,281</u>	<u>\$ (92,728)</u>	<u>\$ 131,929,562</u>
Less Accumulated Depreciation for				
Buildings	7,365,969	399,100	-	7,765,069
Other Improvements	2,571,448	125,315	-	2,696,763
Machinery and Equipment	8,054,953	474,668	-	8,529,621
Infrastructure	<u>27,013,674</u>	<u>1,236,382</u>	<u>-</u>	<u>28,250,056</u>
Total Accumulated Depreciation	<u>45,006,044</u>	<u>2,235,465</u>	<u>-</u>	<u>47,241,509</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 70,009,965</u>	<u>\$ 14,770,816</u>	<u>\$ -</u>	<u>\$ 84,688,053</u>

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

PRIMARY GOVERNMENT:

Governmental Activities

General Government

Executive

\$ 44,198

Municipal Complex

112,474

Police Safety

Police

308,672

EDSA

10,769

Street and Public Works

Engineering/Streets

1,512,812

Public Works Maintenance

5,514

Land Use and Development

-

Culture and Recreation

Parks

118,978

Library

46,005

Tourism

76,043

Total Depreciation for Governmental Activities

\$ 2,235,465

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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2019:

DESCRIPTION AND PURPOSE	BALANCE MAY 1, 2018	ISSUED	RETIRED	BALANCE APRIL 30, 2019	DUE WITHIN ONE YEAR
Governmental Activities					
Compensated					
Absences	\$ 622,862	\$ 616,659	\$ 583,435	\$ 656,086	\$ -
General Obligation					
Bonds	18,494,700	-	739,700	17,755,000	720,000
Bond Premiums	733,431	-	28,668	704,763	28,668
Total	<u>\$ 19,850,993</u>	<u>\$ 616,659</u>	<u>\$ 1,351,803</u>	<u>\$ 19,115,849</u>	<u>\$ 748,668</u>

The City has general obligation debt service requirements at April 30, 2019, on bond issues as follows:

1. A general obligation bond issue of \$2,630,000 dated January 1, 2011 provides for the serial retirement of the principal at varying rates over the life of the issue with final payment on January 1, 2021. Interest is payable on these bonds on January 1 and July 1 of each year at rates varying from 2 percent to 3.125 percent per annum with an average interest rate of 2.59 percent. The proceeds of this issue were used to advance refund \$2,525,000 of General Obligation Bonds Series 2001 dated March 15, 2001.
2. 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.
3. 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, 2019:

PAYABLE DURING THE YEAR ENDED	GENERAL OBLIGATION BOND SERIES DTD 1/1/11		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2020	\$ 302,769	\$ 285,000	\$ 17,769
April 30, 2021	304,219	295,000	9,219
	<u>\$ 606,988</u>	<u>\$ 580,000</u>	<u>\$ 26,988</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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

PAYABLE DURING THE YEAR ENDED	GENERAL OBLIGATION		
	BOND SERIES DTD 11/9/17		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2020	\$ 583,575	\$ 230,000	\$ 353,575
April 30, 2021	581,675	235,000	346,675
April 30, 2022	579,625	240,000	339,625
April 30, 2023	582,425	250,000	332,425
April 30, 2024	579,925	255,000	324,925
April 30, 2025 - 2029	2,920,775	1,445,000	1,475,775
April 30, 2030 - 2034	2,926,975	1,765,000	1,161,975
April 30, 2035 - 2039	2,939,350	2,180,000	759,350
April 30, 2040 - 2044	2,942,800	2,650,000	292,800
	<u>\$ 14,637,125</u>	<u>\$ 9,250,000</u>	<u>\$ 5,387,125</u>

PAYABLE DURING THE YEAR ENDED	GENERAL OBLIGATION		
	BOND SERIES DTD 2/27/18		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2020	\$ 498,376	\$ 205,000	\$ 293,376
April 30, 2021	497,226	210,000	287,226
April 30, 2022	500,926	220,000	280,926
April 30, 2023	499,326	225,000	274,326
April 30, 2024	497,576	230,000	267,576
April 30, 2025 - 2029	2,494,600	1,265,000	1,229,600
April 30, 2030 - 2034	2,493,280	1,510,000	983,280
April 30, 2035 - 2039	2,483,954	1,825,000	658,954
April 30, 2040 - 2044	2,493,016	2,235,000	258,016
	<u>\$ 12,458,280</u>	<u>\$ 7,925,000</u>	<u>\$ 4,533,280</u>

PAYABLE DURING THE YEAR ENDED	TOTAL		
	ALL BONDS		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2020	\$ 1,384,720	\$ 720,000	\$ 664,720
April 30, 2021	1,383,120	740,000	643,120
April 30, 2022	1,080,551	460,000	620,551
April 30, 2023	1,081,751	475,000	606,751
April 30, 2024	1,077,501	485,000	592,501
April 30, 2025 - 2029	5,415,375	2,710,000	2,705,375
April 30, 2030 - 2034	5,420,255	3,275,000	2,145,255
April 30, 2035 - 2039	5,423,304	4,005,000	1,418,304
April 30, 2040 - 2044	5,435,816	4,885,000	550,816
	<u>\$ 27,702,393</u>	<u>\$ 17,755,000</u>	<u>\$ 9,947,393</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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 Activities/Major	
Governmental Funds	Governmental Funds	
General Fund	TIF #1 Bunkum Road	\$ 17,203
General Fund	TIF #2 Shoppes of St. Clair	72,305
General Fund	TIF #3 Lincoln Trail	1,737
General Fund	Recreation Center	25,127
General Fund	Federal Police Escrow	199
General Fund	Local Police Escrow	35,415
MFT	General Fund	414,467
TIF #1	General Fund	103,448
TIF #3	General Fund	237,182
TIF #4	General Fund	14,890
TIF #5	General Fund	127,093
TIF #6	General Fund	1,025
Hotel/Motel	General Fund	361,792
Federal Police Escrow	Local Police Escrow	30,166
Food and Beverage Fund	General Fund	74,703
Home Rule Fund	General Fund	1,238,117
		<u>\$ 2,754,869</u>
<u>DUE FROM</u>	<u>DUE TO</u>	<u>AMOUNT</u>
Fiduciary Funds	Governmental Activities/Major	
	Governmental Funds	
Police Pension Fund	General Fund/Police Pension Fund	\$ 120,748

The following is a summary of transfers during the year ended April 30, 2019:

<u>TRANSFER FROM</u>	<u>TRANSFER TO</u>	<u>AMOUNT</u>
General Fund	Library	\$ 407,104
General Fund	Police Pension	1,299,996
General Fund	TIF #1 Bunkum Road	30,919
General Fund	TIF #2 Shoppes of St. Clair	37,021
General Fund	TIF #3 Lincoln Trail	31,894
General Fund	TIF #4 FH West	447
General Fund	TIF #5 Ludwig	1,140
		<u>\$ 1,808,521</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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

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

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

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

The general fund transfer to TIF #2 Shoppes of St. Clair as required by Illinois TIF Section 11-74.4-3 was used to pay the developer the additional 10 percent add on for non-corporate taxes.

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

The general fund transfer to TIF #4 FH West as required by Illinois TIF Section 11-74.4-3 was used to reimburse TIF #4 FH West the additional 10 percent contribution for the current year and all prior years.

The general fund transfer to TIF #5 Ludwig as required by Illinois TIF Section 11-74.4-3 was used to reimburse TIF #5 Ludwig the additional 10 percent contribution for the current year and all prior years.

NOTE 8. TAX ABATEMENTS

Pursuant to Ordinance Number 1037-2001, and as subsequently amended, approving the Lincoln Place Phase II Businesses District Plan, the City authorized a sales tax rebate program with the developer (The Koman Group). The agreement calls for the City to pay the developer 80 percent of the sales tax collected from stores located in the development. The City pursuant to Ordinance 1079-2002 provided for the issuance of a developer note in the amount of \$5,045,000 plus interest at 6.5 percent payable annually on April 28 for 20 years from the date of the note. The note was dated February 5, 2002, with the first installment to be paid April 2002. The City made a current payment of \$500,604. 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, 2019, the amount of cash restricted for current and future payments under this agreement was \$105,986. The developer (The Koman Group) sold the notes listed here underlying the sales tax rebate agreements to the Southwestern Illinois Development Authority (SWIDA) during the April 30, 2003 year. SWIDA issued bonds supported by the payment of the notes. The only change relating to the City based on this sale was a change in the location for the payments. The City's payments and all subsequent payments will be made to UMB Bank, NA as trustee for the bond holder. The balance owed is not presented in the accompanying financial statements because they are considered to be commitments and will not be a liability unless certain events occur in the future.

Pursuant to Ordinance Number 1620-2013 and later amended by Ordinance 1779-2017, the City authorized a sales tax rebate program with Fairview Heights 881 Fee, LLC, the developer of Fairview City Centre. The agreement calls for the City to pay the developer 37.5 percent of the sales tax collected from stores located in the development. Total rebate is not to exceed \$6,700,000 and expires December 31, 2038. The developer met the requirements of the agreement as of January 1, 2019. Current year payment is payable in the amount of \$136,280 as of April 30, 2019. 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, 2019, the amount of cash restricted for current and future payments under this agreement was \$40,037.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 8. TAX ABATEMENTS (CONT'D)

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 \$74,734 in fiscal year 2019. Cash representing the amount of rebate due under the terms of this agreement have been set aside and restrictions have been placed on the accounts. At April 30, 2019, the amount of cash restricted for current and future payment under this agreement was \$0. The balance owed is not presented in the accompanying financial statements because they are considered to be commitments and will not be a liability unless certain events occur in the future.

NOTE 9. TAX INCREMENT FINANCING DISTRICTS

Pursuant to Ordinance 1259-2005 approving the redevelopment plan authorizing reimbursement of development costs under the "TIF Act" with the developer (Shoppes of St. Clair, LLC). The agreement calls for the City to pay the developer TIF revenues which represent the amount attributable to the increase in the current equalized assessed valuation. The TIF note in conjunction with the limited incremental sales tax note is for \$3,684,000 and will be for a term of 23 years from issuance. The City made payments under this agreement of \$0 in fiscal year 2019. 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, 2019, the amount of cash restricted was \$825,773. 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 \$49,825 by April 30, 2019.

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 \$-0-. 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, 2019, the amount of cash restricted for current and future payments under this agreement was \$1,845,293.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 9. TAX INCREMENT FINANCING DISTRICTS (CONT'D)

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, 2019, the City rebated property taxes totaling \$25,000 under this agreement with a remaining balance of \$25,000.

The City has entered into a redevelopment plan with a local business as part of the Tax Increment Financing Redevelopment agreements to rebate a total of \$74,731 to the local business. For the fiscal year ended April 30, 2019 the City rebated property taxes totaling \$49,821 under this agreement with a remaining balance of \$24,910.

The City has entered into an intergovernmental agreement with a local school district to rebate a total of \$63,240 to the school district. For the fiscal year ended April 30, 2019, the City rebated property taxes totaling \$63,240 under this agreement.

NOTE 10. LEASE REVENUE

The City has a lease agreement with Crown Castle International Corp. for rental of a parcel of property on which an antenna and equipment base is stationed. The terms of the agreement are based on 5-year increments. After each 5-year period, the next term will be automatically renewed for 5 years unless canceled by either party. Rent under this agreement will be paid monthly at a rate of \$1,059 per month and increase at each renewal date as set forth in the contract.

The City has a lease agreement with AT&T Mobility for rental of a parcel of property on which communications equipment will be stationed. The terms of this agreement are based on 5-year increments. After each 5-year period, the next term will be automatically renewed for 5 years unless canceled by either party. Rent under this agreement will be paid in monthly increments of \$691 and increase at each renewal date as set forth in the contract.

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

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

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

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

5/1/19 - 4/30/20	\$ 70,615
5/1/20 - 4/30/21	70,615
5/1/21 - 4/30/22	70,615
5/1/22 - 4/30/23	54,415
5/1/23 - 4/30/24	54,415

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 10. LEASE REVENUE (CONT'D)

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, 2019, rentals approximated \$57,436 for such leases. These leases primarily support governmental activities.

Minimum rentals on leases for future years are as follows:

5/1/18 - 4/30/19	\$ 29,752
5/1/19 - 4/30/20	17,332
5/1/20 - 4/30/21	15,442
5/1/21 - 4/30/22	13,396
5/1/22 - 4/30/23	1,230

NOTE 12. RESTRICTED ASSETS

The City, pursuant to ordinances establishing sales tax rebate agreements and tax increment financing agreements, was required to establish bank accounts to be used to hold the income generated by these agreements between payment dates. The balance of \$4,392,917 represents amounts due and payable either currently or in the future based on the terms of these agreements. The funds are not available for use by the City until the rebates have been paid in full or the time period for payments has elapsed.

The City restricted bond proceeds used for the construction of the new Recreation Center. At April 30, 2019 an amount of \$1,562,803 was restricted to pay for the Recreation Center.

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 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits)

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. RETIREMENT PLANS (CONT'D)

with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

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

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

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

Employees Covered by Benefit Terms - As of December 31, 2018, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	80
Inactive Plan Members entitled to but not yet receiving benefits	68
Active Plan Members	<u>80</u>
Total	<u><u>228</u></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 2018 was 11.85 percent. For the calendar year December 31, 2018, the City contributed \$497,620 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability - The City's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. RETIREMENT PLANS (CONT'D)

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 2.50 percent.

Salary Increases were expected to be 3.39 percent to 14.25 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 2017 valuation according to an experience study from years 2015 to 2017.

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

For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

ASSET CLASS	PORTFOLIO TARGET PERCENTAGE	LONG-TERM EXPECTED REAL RATE OF RETURN
Domestic Equity	37 %	7.15 %
International Equity	18	7.25
Fixed Income	28	3.75
Real Estate	9	6.25
Alternative Investments	7	3.2-8.5
Cash Equivalents	1	2.5
Total	100 %	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. RETIREMENT PLANS (CONT'D)

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 3.71 percent, and the resulting single discount rate is 7.50 percent.

Changes in Net Pension Liability

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY (A)-(B)
Balance at December 31, 2017	\$ 28,469,230	\$ 28,050,849	\$ 418,381
Changes for the year:			
Service Cost	379,746	-	379,746
Interest on the Total Pension Liability	2,089,633	-	2,089,633
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	508,361	-	508,361
Changes of Assumptions	814,375	-	814,375
Contributions - Employer	-	497,620	(497,620)
Contributions - Employees	-	186,706	(186,706)
Net Investment Income	-	(1,591,521)	1,591,521
Benefit Payments, Including Refunds			
of Employee Contributions	(1,594,662)	(1,594,662)	-
Other (Net Transfer)	-	853,146	(853,146)
Net Changes	<u>2,197,453</u>	<u>(1,648,711)</u>	<u>3,846,164</u>
Balance at December 31, 2018	<u>\$ 30,666,683</u>	<u>\$ 26,402,138</u>	<u>\$ 4,264,545</u>

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

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

	1% DECREASE 6.25%	CURRENT SINGLE DISCOUNT RATE 7.25%	1% INCREASE 8.25%
Net Pension Liability	<u>\$ 7,949,989</u>	<u>\$ 4,264,545</u>	<u>\$ 1,218,889</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. RETIREMENT PLANS (CONT'D)

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

For the year ended December 31, 2018 the City recognized pension expense of \$156,158. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	\$ 435,085	\$ 15,300
Changes of Assumption	551,606	425,992
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>3,347,524</u>	<u>1,593,677</u>
Total Deferred Amounts to Be Recognized in Pension Expense in Future Periods	4,334,215	2,034,969
Pension Contributions Made Subsequent to the Measurement Date	<u>233,159</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 4,567,374</u>	<u>\$ 2,034,969</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 OUTFLOWS OF RESOURCES
2019	\$ 1,066,830
2020	477,185
2021	249,752
2022	738,638
2023	-
Thereafter	-
Total	<u>\$ 2,532,405</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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. RETIREMENT PLANS (CONT'D)

At April 30, 2019, the Police Pension membership consisted of:

Active plan members	45
Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	<u>6</u>
Total	<u>81</u>

Benefits Provided

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

Normal Retirement:

Age:	Tier 1: Age 50 and 20 years of service. Tier 2: Age 55 with 10 years of service.
Benefit:	2.50% of Average Final Compensation Times Credited Service.

Early Retirement:

Age:	Tier 1: Age 60 and 8 years of service. Tier 2: Age 50 with 10 years of service.
Benefit:	Determined as for Normal Retirement; Benefit for members hired after January 1, 2011 is reduced 6.00% for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination):

Tier 1:	Less than 8 years: Refund of accumulated contributions without interest. 8 or more: Refund of contributions or accrued benefit payable at retirement age.
Tier 2:	Less than 10 years: Refund of accumulated contributions without interest. 10 or more: Refund of contributions or accrued benefit payable at retirement age.

Disability:

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

Pre-Retirement Death Benefits:

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

Cost-of-Living Adjustments:

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. RETIREMENT PLANS (CONT'D)

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, 2019:

ASSET CLASS	TARGET ALLOCATION
Cash (US\$ 90-day T-bill)	2 %
US Taxable Fixed Income	38
US Large-Cap Value Stocks	16
US Large-Cap Growth Stocks	16
US Mid-Cap Core Stocks	5
US Small-Cap Core Stocks	4
International Equities	15
Emerging Markets	4
Total	<u>100 %</u>

Rate of Return:

For the year ended April 30, 2019, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 5.47 percent.

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

Net Pension Liability of the Employer

The components of the net pension liability of the employer on April 30, 2019 were as follows:

Total Pension Liability	\$ 47,628,708
Plan Fiduciary Net Position	<u>(29,842,506)</u>
Employer's Net Pension Liability	<u>\$ 17,786,202</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>62.66%</u>

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of May 1, 2019, using the following actuarial assumptions:

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. RETIREMENT PLANS (CONT'D)

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

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

The demographic assumptions used in the May 1, 2019 valuation were based on the results of an actuarial experience study performed by the State of Illinois Department of Insurance dated October 5, 2017.

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, 2019 are summarized in the following table:

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN
Cash	1.00 %
US Taxable Fixed Income	1.80
US Large-Cap Value Stocks	6.00
US Large-Cap Growth Stocks	5.40
US Mid-Cap Core Stocks	6.40
US Small-Cap Core Stocks	5.50
International Equities	5.20
Emerging Markets	6.90

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 3.21 percent (based on the weekly rate closest to but not later than the measurement

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. RETIREMENT PLANS (CONT'D)

date of the Bond Buyer 20-Bond Index as published by the Federal Reserve); and the resulting single discount rate is 6.50 percent.

Changes in Net Pension Liability

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY
Balances at April 30, 2018	\$ 43,311,492	\$ 28,607,608	\$ 14,703,884
Changes For a Year:			
Service Cost	859,960	-	859,960
Interest	2,808,093	-	2,808,093
Differences Between Expected and Actual			
Experience	631,328	-	631,328
Changes of Assumptions	1,957,887	-	1,957,887
Changes of Benefit Terms	-	-	-
Contributions - Employer	-	1,299,996	(1,299,996)
Contributions - Employee	-	342,772	(342,772)
Net Investment Income	-	1,569,517	(1,569,517)
Benefit Payments, Including Refunds of			
Employee Contributions	(1,940,052)	(1,940,052)	-
Administrative Expenses	-	(37,335)	37,335
Net Changes	4,317,216	1,234,898	3,082,318
Balances at April 30, 2019	\$ 47,628,708	\$ 29,842,506	\$ 17,786,202

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	\$ 24,830,585	\$ 17,786,202	\$ 12,058,981

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

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

For the year ended April 30, 2019, the employer will recognize pension expense of \$1,968,294. On April 30, 2019, 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, 2019

NOTE 13. RETIREMENT PLANS (CONT'D)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Difference Between Expected and Actual Experience	\$ 1,433,297	\$ 1,495,048
Changes of Assumptions	2,163,525	311,710
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	211,414	-
Total	<u>\$ 3,808,236</u>	<u>\$ 1,806,758</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,	
2020	\$ 454,296
2021	81,633
2022	256,406
2023	476,461
2024	362,794
Thereafter	369,888

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, 2019, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Inactive Participants Entitled to but Not Yet Receiving Benefits	11
Disabled Participants	5
Active Participants	<u>108</u>
Total	<u>124</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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 \$793 per month for single coverage or \$1,641 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, 2019, retirees contributed \$19,587, active employees contributed \$215,652 and the City contributed \$1,860,791.

Net OPEB Liability: The components of the net OPEB liability of the plan at April 30, 2019, calculated in accordance with GASB Statement No. 75 were as follows:

Total OPEB Liability	\$ 5,156,391
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u>\$ 5,156,391</u>

Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%
---	-------

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, 2019, using the following actuarial assumptions:

Salary Increases	3.50%
Investment Rate of Return	3.79%
20-year AA Municipal Bond Rate	3.97%
Mortality	RP-2014 Healthy Employee Table with MP 2018 projection
Healthcare Inflation	8.0%, grading down until 4.5% 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 FIDICIARY NET POSITION	NET OPEB LIABILITY (ASSET)
Balance, May 1, 2018	<u>\$ 4,789,645</u>	<u>\$ -</u>	<u>\$ 4,789,645</u>
Changes for the year:			
Service Cost	293,513		293,513
Interest Cost	186,350		186,350
Assumption Changes	78,265		78,265
Contributions- employer		191,382	(191,382)
Benefit Payments	<u>(191,382)</u>	<u>(191,382)</u>	<u>-</u>
Net Changes	<u>366,746</u>	<u>-</u>	<u>366,746</u>
Balance, April 30, 2019	<u>\$ 5,156,391</u>	<u>\$ -</u>	<u>\$ 5,156,391</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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

Discount Rate: The discount rate used to measure the total OPEB liability was 3.79%. 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 3.79%, 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	2.79%	\$ 5,614,206
Current discount rate	3.79%	5,156,391
1% increase	4.79%	4,737,386

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	7.00%	\$ 4,581,252
Current discount rate	8.00%	5,156,391
1% increase	9.00%	5,838,761

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 three fiscal years were as follows:

FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
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

The net OPEB obligation (NOPEBO) as of April 30, 2019, was calculated as follows:

Annual Required Contribution	\$ 191,382
Interest on Net OPEB Obligation	186,350
Adjustment to Annual Required Contribution	180,396
Annual OPEB Cost	558,128
Contributions Made	191,382
Increase (Decrease) in Net OPEB Obligation	366,746
Net OPEB Obligation, Beginning of Year	4,789,645
Net OPEB Obligation, End of Year	<u>\$ 5,156,391</u>

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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

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, 2019, was as follows:

Actuarial Accrued Liability (AAL)	\$ 5,156,391
Actuarial Value of Plan Assets	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 5,156,391
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Members)	\$ 7,555,081
UAAL as a Percentage of Covered Payroll	68.3%

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, 2019 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included 3.79% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of .0% reduced each year to arrive at an ultimate healthcare cost trend rate of 4.5%. 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. The remaining amortization period April 30, 2019, was 20 years.

Significant Changes Since Prior Valuation: This valuation reflects the implementation of the new GASB reporting requirements under Statements No. 74 and 75. The reporting requirements fundamentally change the required disclosures, including balance sheet liabilities and annual expense. The GASB 74/75 Net Pension Liability is \$5,156,391 as of April 30, 2019. The annual expense was \$486,673 for the year ended April 30, 2019. In accordance with the new standards, the liability cost method was changed from Projected Unit Credit to Individual Entry Age Normal as a level percentage of pay. The discount rate was changed to 3.79% to represent the yield to maturity of AA rated municipal bonds. Since this plan is unfunded, there is no long term expected rate of return assumption. The mortality tables were updated and expected mortality improvement was incorporated to reflect the most recent Society of Actuaries studies. The salary increase assumption was set to 3.5% per annum. And the initial per capita medical trend rate was decreased from 8.5% to 8.0%, grading down until an ultimate rate of 4.5% is reached. Due to these changes, liabilities increased substantially.

Deferred Outflows and Deferred Inflows of Resources Related to OPEB:

On April 30, 2019, 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, 2019

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

	<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>DEFERRED INFLOWS OF RESOURCES</u>
Assumption Changes	\$ 71,455	\$ -

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

<u>YEAR ENDED APRIL 30,</u>	
2020	\$ 6,810
2021	6,810
2022	6,810
2023	6,810
2024	6,810
Thereafter	37,405

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

B. Federal and State Grants

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

C. State Motor Fuel Tax Fund

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 15. CONTINGENT LIABILITIES (CONT'D)

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.

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 twenty years once said sewer services have begun under the agreement. Sewer services have started and a total of \$62,023 was made in fiscal year 2019.

NOTE 19. SUBSEQUENT EVENTS

The City entered into contracts totaling \$1,059,750 for various road improvements and professional services.

Management has evaluated the effect of subsequent events through the date of this report. From this evaluation no events were identified that met the criteria to be classified as a subsequent event subject to disclosure.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 20. EXPENDITURES OVER BUDGET

The City operated within the legal confines of the budget during the fiscal year ended April 30, 2019 except the following:

Tax Rebates Fund	\$	10,475
TIF 2 Fund	\$	2,075
Recreation Center	\$	13,371,486

NOTE 21. PRIOR PERIOD ADJUSTMENT

During the current fiscal year, the City adopted Statement No. 75, Accounting and Financial Reporting for post-employment Benefits other than Pensions. This statement established standards for the City to account for and disclose the other post-employment benefit liability, other post-employment benefit expense, and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements. The statement also requires enhanced note disclosures and schedules of required supplementary information that will be presented by the other post-employment benefits that are within the scope. In addition, the City will also be recognizing a net other post-employment benefit liability (asset), deferred outflows of resources, and deferred inflows of resources related to the City's other post-employment benefit liability. In the Government Wide Financial Statements, a prior period adjustment of \$2,412,538 was necessary for the Governmental Activities. The Beginning Net Position changed from \$61,653,275 to \$59,240,737.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<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	\$ 50,000	\$ 50,000	\$ 100,176	\$ 50,176
Plumbing Permits	750	750	850	100
Electric Permits	3,500	3,500	3,255	(245)
Demo, Satellite and Grade	1,000	1,000	645	(355)
Sign Permits	8,000	8,000	4,667	(3,333)
Building Maintenance Permits	45,000	45,000	52,271	7,271
Total Permits	<u>108,250</u>	<u>108,250</u>	<u>161,864</u>	<u>53,614</u>
Income Tax				
Income Tax	1,666,000	1,666,000	1,657,697	(8,303)
Interest	20,000	20,000	52,293	32,293
Total Income Taxes	<u>1,686,000</u>	<u>1,686,000</u>	<u>1,709,990</u>	<u>23,990</u>
Miscellaneous Revenue				
Liquor Licenses	60,000	60,000	57,650	(2,350)
Miscellaneous	-	-	(26,587)	(26,587)
Total Miscellaneous Revenue	<u>60,000</u>	<u>60,000</u>	<u>31,063</u>	<u>(28,937)</u>
Other Taxes				
Food and Beverage Tax	1,575,000	1,575,000	1,601,580	26,580
Hotel and Motel Collection Tax	350,000	350,000	556,359	206,359
Video Gaming Tax	120,000	120,000	153,732	33,732
Total Other Taxes	<u>2,045,000</u>	<u>2,045,000</u>	<u>2,311,671</u>	<u>266,671</u>
Use Taxes				
Sales Tax	7,500,000	7,500,000	6,725,946	(774,054)
Home Rule Tax	4,406,792	4,406,792	3,714,582	(692,210)
Use Tax	400,000	400,000	504,828	104,828
Road and Bridge Allotments	40,000	40,000	38,092	(1,908)
Total Use Taxes	<u>\$ 12,346,792</u>	<u>\$ 12,346,792</u>	<u>\$ 10,983,448</u>	<u>\$ (1,363,344)</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u> <u>BUDGETARY</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>	<u>BASIS</u>	
Grants				
Franchises	\$ 300,000	\$ 300,000	\$ 275,770	\$ (24,230)
Special Grants	100,000	100,000	41,619	(58,381)
Library Grant	1,000	1,000	-	(1,000)
E.S.D.A. Grant	4,000	4,000	-	(4,000)
Total Grants	<u>405,000</u>	<u>405,000</u>	<u>317,389</u>	<u>(87,611)</u>
Charges for Service				
School Resource Officer Duty	100,000	100,000	65,393	(34,607)
Police Reports	6,000	6,000	6,743	743
Use of Copy/Fax Equipment	250	250	194	(56)
Total Charges for Services	<u>106,250</u>	<u>106,250</u>	<u>72,330</u>	<u>(33,920)</u>
Police Revenue				
Police Fines	125,000	125,000	73,032	(51,968)
Residential Rental License Fee	100,000	100,000	82,250	(17,750)
Police Outside Employment	150,000	150,000	112,132	(37,868)
Licenses - Other Than Liquor	25,000	25,000	26,765	1,765
Towing Fees	200,000	200,000	156,566	(43,434)
Fugitive Failure to Appear Fee	15,000	15,000	10,267	(4,733)
Bail Bond Fee	22,000	22,000	14,980	(7,020)
Sex Offender Registration	3,000	3,000	3,600	600
Donations	-	-	33,885	33,885
Total Police Revenue	<u>640,000</u>	<u>640,000</u>	<u>513,477</u>	<u>(126,523)</u>
Other Sources				
Zoning Permits	10,000	10,000	300	(9,700)
Waste Haulers' Fee	-	-	2,700	2,700
Users' Fees - Parks	18,000	18,000	110,358	92,358
Rents, Leases, Sharecrop	85,000	85,000	69,343	(15,657)
Interfund Transfer	-	-	1,299,996	1,299,996
Total Other Sources	<u>113,000</u>	<u>113,000</u>	<u>1,482,697</u>	<u>1,369,697</u>
Total Revenue	<u>\$ 17,510,292</u>	<u>\$ 17,510,292</u>	<u>\$ 17,583,929</u>	<u>\$ 73,637</u>

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

SCHEDULE "1" (CONT'D)

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BASIS</u>	
EXPENDITURES:				
Executive Department				
Semi-Monthly Salaries	\$ 183,113	\$ 183,113	\$ 182,121	\$ 992
Elected and Appointed Officials	9,600	9,600	9,600	-
Christmas Bonus	600	600	606	(6)
Unemployment Insurance	1,000	1,000	368	632
Social Security	11,948	11,948	11,953	(5)
Medicare	2,794	2,794	2,796	(2)
Retirement Funds	21,699	21,699	20,185	1,514
Health and Life Insurance	27,000	27,000	20,256	6,744
OPEB Employer Contribution	3,800	3,800	3,195	605
Education	1,500	1,500	175	1,325
Legal Fees	1,500	1,500	102	1,398
Travel and Meeting Expense	3,900	3,900	3,306	594
Bonds and Notary Fees	50	50	-	50
Membership Dues	2,175	2,175	2,145	30
Advertising and Public Notice	16,000	16,000	9,495	6,505
Public Relations	3,500	3,500	4,836	(1,336)
Equipment Rental	1,100	1,100	969	131
Technical and Outside Services	4,500	4,500	1,508	2,992
Insurance Liability	525,000	525,000	211,845	313,155
Insurance Deductible	15,000	15,000	19,670	(4,670)
Postage	8,000	8,000	1,551	6,449
Office Furniture and Equipment	500	500	-	500
Petty Cash	75	75	-	75
Subscriptions-Books	200	200	124	76
Election Expenses	275	275	-	275
Supplies	14,000	14,000	10,460	3,540
Total Executive Department	<u>\$ 858,829</u>	<u>\$ 858,829</u>	<u>\$ 517,266</u>	<u>\$ 341,563</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, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BASIS</u>	
Mayor's Department				
Elected and Appointed Officials	\$ 117,600	\$ 117,600	\$ 117,600	\$ -
Social Security	7,300	7,300	7,291	9
Medicare	1,750	1,750	1,705	45
Elected Official Expense	3,550	3,550	-	3,550
Legal Fees	259,500	259,500	208,593	50,907
Travel and Meeting Expense	29,000	29,000	20,365	8,635
Membership Dues	500	500	150	350
Public Relations	5,200	5,200	1,259	3,941
Technical and Outside Services	3,000	3,000	907	2,093
Office Furniture and Equipment	1,000	1,000	748	252
Transfer to Sales Tax Rebates	-	-	-	-
Transfer to Library Fund	542,805	542,805	407,104	135,701
Total Mayor's Department	<u>971,205</u>	<u>971,205</u>	<u>765,722</u>	<u>205,483</u>
Finance Department				
Semi-Monthly Salaries	208,029	208,029	207,916	113
Elected and Appointed Officials	12	12	13	(1)
Christmas Bonus	600	600	606	(6)
Unemployment Insurance	600	600	245	355
Social Security	12,000	12,000	12,783	(783)
Medicare	3,000	3,000	2,990	10
Retirement Funds	24,723	24,723	23,041	1,682
Health and Life Insurance	38,798	38,798	36,424	2,374
OPEB Employer Contribution	4,000	4,000	2,772	1,228
Audit Fees	51,500	51,500	53,150	(1,650)
Travel and Meeting Expense	2,500	2,500	2,021	479
Membership Dues	500	500	-	500
Technical and Outside Services	1,400	1,400	2,210	(810)
IT Software	19,775	19,775	27,311	(7,536)
Supplies	5,500	5,500	2,289	3,211
Total Finance Department	<u>\$ 372,937</u>	<u>\$ 372,937</u>	<u>\$ 373,771</u>	<u>\$ (834)</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, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	BASIS	
Police Department				
Semi-Monthly Salaries	\$ 4,445,569	\$ 4,445,569	\$ 4,064,349	\$ 381,220
Overtime Compensation	256,000	256,000	259,969	(3,969)
Shift Premium	9,500	9,500	7,972	1,528
Allowances	4,320	4,320	4,500	(180)
Christmas Bonus	10,450	10,450	9,754	696
Unemployment Insurance	17,000	17,000	7,307	9,693
Social Security	31,572	31,572	29,517	2,055
Medicare	68,525	68,525	63,437	5,088
9-1-1 Consolidation	675,000	675,000	653,930	21,070
Retirement Funds	60,344	60,344	1,346,780	(1,286,436)
Health and Life Insurance	862,000	862,000	862,207	(207)
OPEB Employer Contribution	85,000	85,000	77,735	7,265
Boards and Committees	26,000	33,000	18,325	14,675
Educational Expense	34,300	34,300	22,063	12,237
Travel and Meeting Expense	16,000	16,000	13,913	2,087
Bonds and Notary Fees	2,200	2,200	1,976	224
Membership Dues	3,605	3,605	3,378	227
Public Relations	12,075	12,075	10,161	1,914
Buildings Rental	5,000	5,000	5,000	-
Equipment Rental	30,450	30,450	20,047	10,403
Technical and Outside Services	35,950	35,950	27,796	8,154
Bad Debt Expense	-	-	-	-
Uniform Cleaning	4,300	4,300	2,883	1,417
Postage	6,800	6,800	6,600	200
Petty Cash	300	300	110	190
Uniform Purchase	26,660	26,660	31,539	(4,879)
Subscriptions-Books	1,200	1,200	699	501
IT Software	65,500	65,500	65,337	163
Maintenance to Equipment	51,400	51,400	34,791	16,609
Minor Equipment	14,000	7,000	12,156	(5,156)
Supplies	31,450	31,450	34,674	(3,224)
Transfer to Police Pension	1,300,000	1,300,000	1,299,996	4
Total Police Department	\$ 8,192,470	\$ 8,192,470	\$ 8,998,901	\$ (806,431)

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, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BASIS</u>	
Administration				
Semi-Monthly Salaries	\$ 436,115	\$ 436,115	\$ 404,631	\$ 31,484
Overtime Compensation	6,000	6,000	81	5,919
Allowances	3,300	3,300	3,300	-
Christmas Bonus	26,400	26,400	20,600	5,800
Unemployment Insurance	3,500	3,500	878	2,622
Social Security	29,253	29,253	26,434	2,819
Medicare	6,841	6,841	6,182	659
Retirement Funds	55,910	55,910	46,695	9,215
Health and Life Insurance	134,140	134,140	122,034	12,106
OPEB Employer Contribution	8,339	8,339	7,469	870
Economic Development Commission	1,000	1,000	-	1,000
Survey and Engineer Fees	242,001	242,001	69,594	172,407
Educational Expense	6,750	6,750	1,505	5,245
Travel and Meeting Expense	27,500	27,500	11,655	15,845
Membership Dues	7,385	7,385	8,697	(1,312)
Safety Program	400	400	208	192
Advertising and Public Notices	9,500	9,500	8,179	1,321
Public Relations	8,250	8,250	7,443	807
Equipment Rental	88,760	88,760	63,149	25,611
Telephone Utility	82,500	82,500	74,588	7,912
Technical and Outside Services	69,750	69,750	85,648	(15,898)
Insurance Liability	830,400	830,400	424,714	405,686
Bad Debt Expense	-	-	-	-
Postage	1,500	1,500	92	1,408
Office Furniture and Equipment	5,500	5,500	457	5,043
Renovation or Remodeling	-	-	-	-
Computers	12,500	12,500	12,956	(456)
IT Hardware	50,500	50,500	49,599	901
IT Software	66,000	66,000	34,066	31,934
Supplies	1,600	1,600	1,089	511
Total Administration	<u>\$ 2,221,594</u>	<u>\$ 2,221,594</u>	<u>\$ 1,491,943</u>	<u>\$ 729,651</u>

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

SCHEDULE "1" (CONT'D)

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BASIS</u>	
Public Works - Engineering				
Semi-Monthly Salaries	\$ 1,281,995	\$ 1,281,995	\$ 1,247,572	\$ 34,423
Overtime Compensation	30,000	30,000	32,196	(2,196)
Shift Premium	-	-	24	(24)
Christmas Bonus	4,500	4,500	3,838	662
Unemployment Insurance	8,500	8,500	3,372	5,128
Social Security	81,623	81,623	84,402	(2,779)
Medicare	19,089	19,089	19,739	(650)
Retirement Funds	156,005	156,005	139,366	16,639
Health and Life Insurance	390,000	390,000	341,363	48,637
OPEB Employer Contribution	25,500	25,500	23,910	1,590
Survey and Engineer Fees	10,000	10,000	-	10,000
Educational Expense	4,000	4,000	-	4,000
Travel and Meeting Expense	1,000	1,000	474	526
Bonds and Notary Fees	200	200	36	164
Membership Dues	1,500	1,500	775	725
Public Relations	1,000	1,000	700	300
Equipment Rental	34,000	34,000	29,273	4,727
Electric Utility	7,500	7,500	125	7,375
Technical and Outside Services	131,000	131,000	67,038	63,962
Petty Cash	100	100	90	10
Uniform Purchase	10,000	10,000	9,565	435
Minor Equipment	4,000	4,000	3,771	229
Supplies	235,965	235,965	171,519	64,446
Total Public Works - Engineering	<u>\$ 2,437,477</u>	<u>\$ 2,437,477</u>	<u>\$ 2,179,148</u>	<u>\$ 258,329</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, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	BASIS	
Public Works - Maintenance				
Semi-Monthly Salaries	\$ 253,689	\$ 253,689	\$ 253,607	\$ 82
Overtime Compensation	5,000	5,000	3,014	1,986
Shift Premium	300	300	-	300
Christmas Bonus	800	800	808	(8)
Unemployment Insurance	1,500	1,500	491	1,009
Social Security	16,107	16,107	15,969	138
Medicare	3,767	3,767	3,735	32
Retirement Funds	30,785	30,785	28,389	2,396
Health and Life Insurance	73,500	73,500	64,111	9,389
OPEB Employer Contribution	4,250	4,250	4,501	(251)
Educational Expense	1,800	1,800	-	1,800
Travel and Meeting Expense	750	750	18	732
Membership Dues	180	180	185	(5)
Equipment Rental	200	200	-	200
Technical and Outside Services	6,000	6,000	6,842	(842)
Uniform Rental	4,000	4,000	1,948	2,052
Vehicle Operations Costs	215,000	215,000	161,896	53,104
Uniform Purchase	1,500	1,500	1,257	243
Subscriptions-Books	500	500	298	202
Maintenance to Equipment	2,500	2,500	1,111	1,389
Maintenance to Rolling Stock	54,500	54,500	24,544	29,956
Minor Equipment	16,000	16,000	6,991	9,009
Supplies	114,600	114,600	100,872	13,728
Total Public Works - Maintenance	\$ 807,228	\$ 807,228	\$ 680,587	\$ 126,641

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, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BASIS</u>	
Parks Department				
Semi-Monthly Salaries	\$ 362,308	\$ 362,308	\$ 385,031	\$ (22,723)
Overtime Compensation	5,000	5,000	1,858	3,142
Christmas Bonus	1,000	1,000	860	140
Unemployment Insurance	1,500	1,500	1,129	371
Social Security	22,835	22,835	23,456	(621)
Medicare	5,340	5,340	5,486	(146)
Retirement Funds	43,644	43,644	38,884	4,760
Health and Life Insurance	60,000	60,000	91,454	(31,454)
OPEB Employer Contribution	5,300	5,300	7,357	(2,057)
Educational Expense	1,000	1,000	45	955
Travel and Meeting Expense	2,600	2,600	160	2,440
Membership Dues	865	865	305	560
Safety Program	1,500	1,500	1,426	74
Public Relations	18,800	18,800	13,216	5,584
Equipment Rental	1,500	1,500	-	1,500
Sewer Utility	5,000	5,000	3,173	1,827
Water Utility	11,000	11,000	13,183	(2,183)
Sanitation Service	21,500	21,500	15,333	6,167
Technical and Outside Services	22,425	22,425	40,548	(18,123)
Bad Debt Expense	-	-	-	-
Office Furniture and Equip	250	250	220	30
Uniform Purchase	750	750	963	(213)
Minor Equipment	1,500	1,500	1,622	(122)
Renovation or Remodeling	-	-	-	-
Supplies	61,000	61,000	75,329	(14,329)
Transfer to Rec Fund	50,000	50,000	-	50,000
Total Parks Department	<u>\$ 706,617</u>	<u>\$ 706,617</u>	<u>\$ 721,038</u>	<u>\$ (14,421)</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, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Municipal Complex				
Semi-Monthly Salaries	\$ 207,355	\$ 207,355	\$ 204,041	\$ 3,314
Overtime Compensation	5,000	5,000	4,868	132
Shift Premium	400	400	245	155
Christmas Bonus	1,200	1,200	808	392
Unemployment Insurance	1,500	1,500	515	985
Social Security	13,265	13,265	12,943	322
Medicare	3,102	3,102	3,027	75
Retirement Funds	25,354	25,354	23,032	2,322
Health and Life Insurance	63,000	63,000	74,822	(11,822)
OPEB Employer Contribution	4,000	4,000	3,649	351
Educational Expense	1,000	1,000	-	1,000
Travel and Meeting Expense	500	500	-	500
Membership Dues	150	150	-	150
Public Relations	-	-	-	-
Equipment Rental	1,000	1,000	150	850
Electric Utility	155,000	155,000	136,254	18,746
Sewer Utility	7,500	7,500	5,708	1,792
Water Utility	19,000	19,000	22,792	(3,792)
Gas Utility	1,500	1,500	1,337	163
Technical and Outside Services	93,000	93,000	31,221	61,779
Office Furniture and Equipment	1,000	1,000	1,166	(166)
Renovation or Remodeling	15,000	15,000	5,186	9,814
Uniform Purchase	1,500	1,500	1,081	419
Maintenance to Equipment	10,500	10,500	4,861	5,639
Supplies	35,000	35,000	35,361	(361)
Total Municipal Complex	<u>\$ 665,826</u>	<u>\$ 665,826</u>	<u>\$ 573,067</u>	<u>\$ 92,759</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, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BASIS</u>	
Land Use and Development				
Semi-Monthly Salaries	\$ 492,414	\$ 492,414	\$ 484,336	\$ 8,078
Elected and Appointed Officials	29,000	29,000	27,416	1,584
Overtime Compensation	1,200	1,200	1,045	155
Shift Premium	100	100	-	100
Allowances	1,800	1,800	1,800	-
Christmas Bonus	2,000	2,000	1,622	378
Unemployment Insurance	3,500	3,500	1,342	2,158
Social Security	32,644	32,644	32,073	571
Medicare	7,634	7,634	7,501	133
Retirement Funds	58,000	58,000	59,680	(1,680)
Health and Life Insurance	95,000	95,000	108,262	(13,262)
OPEB Employer Contribution	9,214	9,214	7,552	1,662
Boards and Committees	2,585	2,585	690	1,895
Educational Expense	2,000	2,000	588	1,412
Legal Fees	1,600	1,600	106	1,494
Travel and Meeting Expense	2,700	2,700	1,215	1,485
Membership Dues	1,800	1,800	1,261	539
Advertising and Public Notice	1,000	1,000	-	1,000
Technical and Outside Services	31,000	31,000	14,522	16,478
Bad Debt Expense	-	-	(537)	537
Office Furniture and Equipment	3,500	3,500	-	3,500
Petty Cash	60	60	-	60
Renovation or Remodeling	-	-	-	-
Uniform Purchase	1,500	1,500	1,448	52
Subscriptions-Books	1,000	1,000	32	968
IT Software	10,000	10,000	-	10,000
G.I.S. Expenses	11,500	11,500	9,025	2,475
Supplies	3,175	3,175	5,325	(2,150)
Transfer to TIF #1	35,000	35,000	30,919	4,081
Transfer to TIF #2	-	-	37,021	(37,021)
Transfer to TIF #3	35,000	35,000	31,894	3,106
Transfer to TIF #4	100	100	447	(347)
Transfer to TIF #5	1,000	1,000	1,140	(140)
Total Land Use and Development	<u>\$ 877,026</u>	<u>\$ 877,026</u>	<u>\$ 867,725</u>	<u>\$ 9,301</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, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BASIS</u>	
Library Department				
Semi-Monthly Salaries	\$ 26,299	\$ 26,299	\$ 28,848	\$ (2,549)
Shift Premium	140	140	-	140
Christmas Bonus	2,200	2,200	468	1,732
Unemployment Insurance	2,800	2,800	1,680	1,120
Social Security	1,776	1,776	1,851	(75)
Medicare	415	415	433	(18)
Retirement Funds	3,394	3,394	3,040	354
Health and Life Insurance	42,000	42,000	43,039	(1,039)
OPEB Employer Contribution	6,800	6,800	8,189	(1,389)
Electric Utility	28,000	28,000	23,318	4,682
Sewer Utility	700	700	701	(1)
Water Utility	5,400	5,400	5,093	307
Technical and Outside Services	-	-	-	-
Supplies	2,100	2,100	1,525	575
Total Library Department	<u>122,024</u>	<u>122,024</u>	<u>118,185</u>	<u>3,839</u>
Emergency Services and Disaster Agency				
Elected and Appointed Officials	10,373	10,373	10,517	(144)
Educational Expenses	500	500	-	500
Travel and Meeting Expense	1,000	1,000	310	690
Membership Dues	130	130	-	130
Public Relations	250	250	-	250
Telephone Utility	1,650	1,650	1,094	556
Technical and Outside Services	17,200	17,200	13,360	3,840
Postage	150	150	-	150
Maintenance to equipment	6,000	6,000	8,629	(2,629)
Supplies	1,500	1,500	-	1,500
Total Emergency Services and Disaster Agency	<u>38,753</u>	<u>38,753</u>	<u>33,910</u>	<u>4,843</u>
Total Expenditures (Carried Forward)	<u>\$ 18,271,986</u>	<u>\$ 18,271,986</u>	<u>\$ 17,321,263</u>	<u>\$ 950,723</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, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BASIS</u>	
Total Expenditures (Brought Forward)	<u>\$ 18,271,986</u>	<u>\$ 18,271,986</u>	<u>\$ 17,321,263</u>	<u>\$ 950,723</u>
Net Change in Fund Balance	<u>\$ (761,694)</u>	<u>\$ (761,694)</u>	262,666	<u>\$ 1,024,360</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			76,575	
Effect of Unrecorded Liabilities			(206,268)	
Beginning Fund Balance			<u>8,145,830</u>	
Ending Fund Balance			<u>\$ 8,278,803</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, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Home Rule Tax Revenues	\$ 2,373,000	\$ 2,373,000	\$ 1,902,003	\$ (470,997)
Interest	30,000	30,000	75,586	45,586
Special Grants	994,800	994,800	670,272	(324,528)
Sale of Surplus Property	-	-	19,906	19,906
Total Revenue	<u>3,397,800</u>	<u>3,397,800</u>	<u>2,667,767</u>	<u>(730,033)</u>
EXPENDITURES:				
Police Department				
Tech and Outside Services	-	-	500	(500)
Equipment and Rolling Stock	204,704	204,704	132,917	71,787
Buildings and Structures	-	-	14,591	(14,591)
Streets and Alleys	25,000	25,000	-	25,000
Other Capital Improvements	<u>50,000</u>	<u>50,000</u>	<u>118,875</u>	<u>(68,875)</u>
Total Police Department	<u>279,704</u>	<u>279,704</u>	<u>266,883</u>	<u>12,821</u>
ESDA				
Building and Structures	-	-	-	-
Equipment and Rolling Stock	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total ESDA	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Works - Engineering				
Easements	120,000	120,000	1,000	119,000
Equipment and Rolling Stock	10,000	10,000	9,979	21
Survey/Engineering - Capital	279,000	279,000	260,370	18,630
Buildings and Structures	30,000	30,000	-	30,000
Streets and Alleys	2,362,000	2,362,000	1,938,502	423,498
Storm Drainage	-	-	208,035	(208,035)
Other Debt Service	-	-	62,023	(62,023)
Other Capital Improvements	<u>570,000</u>	<u>633,000</u>	<u>-</u>	<u>633,000</u>
Total Public Works - Engineering	<u>\$ 3,371,000</u>	<u>\$ 3,434,000</u>	<u>\$ 2,479,909</u>	<u>\$ 954,091</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, 2019

	<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				
Survey/Engineering - Capital	\$ -	\$ -	\$ -	\$ -
Buildings and Structures	1,115,000	1,115,000	1,036,043	78,957
Other Capital Improvements	160,000	160,000	13,000	147,000
Total Parks Department	<u>1,275,000</u>	<u>1,275,000</u>	<u>1,049,043</u>	<u>225,957</u>
Public Works Building Maintenance				
Survey/Engineer - Capital	15,000	19,500	15,523	3,977
Buildings and Structures	185,000	180,500	68,585	111,915
Other Capital Improvements	-	-	373	(373)
Total Municipal Complex Department	<u>200,000</u>	<u>200,000</u>	<u>84,481</u>	<u>115,519</u>
Land Use and Development				
Demolition Service	45,000	45,000	-	45,000
Survey/Engineering - Capital	-	-	-	-
Buildings and Structures	-	-	-	-
Total Land Use and Development	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total Expenditures	<u>5,170,704</u>	<u>5,233,704</u>	<u>3,880,316</u>	<u>1,353,388</u>
Net Change in Fund Balance	<u>\$ (1,772,904)</u>	<u>\$ (1,835,904)</u>	<u>(1,212,549)</u>	<u>\$ 623,355</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			(41,816)	
Effect of Unrecorded Liabilities			137,336	
Beginning Fund Balance			<u>2,245,807</u>	
Ending Fund Balance			<u>\$ 1,128,778</u>	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
RECREATION FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u> <u>BUDGETARY</u> <u>BASIS</u>	<u>VARIANCE</u> <u>WITH</u> <u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Memberships	\$ 225,000	\$ 225,000	\$ 126,157	\$ (98,843)
Aquatics	-	-	850	850
Donations	50,000	50,000	46,500	(3,500)
Miscellaneous	-	-	5,000	5,000
Interfund Transfer	50,000	50,000	-	(50,000)
Total Revenues	<u>325,000</u>	<u>325,000</u>	<u>178,507</u>	<u>(146,493)</u>
EXPENDITURES:				
Membership				
Semi-Monthly Salaries	-	-	25,369	(25,369)
Unemployment Insurance	-	-	245	(245)
Social Security	-	-	1,502	(1,502)
Medicare	-	-	351	(351)
Retirement Funds	-	-	2,533	(2,533)
Health and Life Insurance	-	-	45,668	(45,668)
OPEB Expense	-	-	444	(444)
Educational Expense	-	-	600	(600)
Membership Dues	-	-	-	-
Electric utility	-	-	17,193	(17,193)
Sewer Utility	-	-	84	(84)
Uniform Purchase	-	-	-	-
Supplies	-	-	40,121	(40,121)
Operations				
Semi-Monthly Salaries	-	-	39,173	(39,173)
Unemployment Insurance	-	-	496	(496)
Social Security	-	-	2,279	(2,279)
Medicare	-	-	533	(533)
Retirement Funds	-	-	4,032	(4,032)
Health and Life Insurance	-	-	(2,425)	2,425
OPEB Expense	-	-	686	(686)
Tech and Outside Service	-	-	2,042	(2,042)
Uniform Purchase	-	-	22	(22)
Supplies	-	-	2,679	(2,679)
Buildings and Structures	-	-	693	(693)
Sub-Total (Carried Forward)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,320</u>	<u>(184,320)</u>

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
RECREATION FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Sub-Total (Brought Forward)	\$ -	\$ -	\$ 184,320	\$ (184,320)
Fitness				
Semi-Monthly Salaries	-	-	8,937	(8,937)
Unemployment Insurance	-	-	121	(121)
Social Security	-	-	554	(554)
Medicare	-	-	130	(130)
Retirement Funds	-	-	886	(886)
Health and Life Insurance	-	-	(373)	373
OPEB Expense	-	-	156	(156)
Athletics				-
Semi-Monthly Salaries	-	-	13,338	(13,338)
Unemployment Insurance	-	-	180	(180)
Social Security	-	-	827	(827)
Medicare	-	-	193	(193)
Retirement Funds	-	-	1,259	(1,259)
OPEB Expense	-	-	233	(233)
Aquatics				-
Semi-Monthly Salaries	-	-	15,761	(15,761)
Unemployment Insurance	-	-	213	(213)
Social Security	-	-	977	(977)
Medicare	-	-	229	(229)
Retirement Funds	-	-	1,457	(1,457)
Health and Life Insurance	-	-	(1,061)	1,061
OPEB Expense	-	-	275	(275)
Semi-Monthly Salaries	-	-	14,889	(14,889)
Unemployment Insurance	-	-	194	(194)
Social Security	-	-	892	(892)
Medicare	-	-	209	(209)
Retirement Funds	-	-	1,457	(1,457)
OPEB Expense	-	-	261	(261)
Buildings and Structures	-	-	13,321,486	(13,321,486)
Total Expenditures	-	-	13,568,000	(13,568,000)
Net Change in Fund Balance (Carried Forward)	\$ 325,000	\$ 325,000	\$ (13,389,493)	\$ (13,714,493)

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
RECREATION FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Net Change in Fund Balance (Carried Forward)	<u>\$ 325,000</u>	<u>\$ 325,000</u>	\$ (13,389,493)	<u>\$ (13,714,493)</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			-	
Effect of Unrecorded Liabilities			101,676	
Beginning Fund Balance			<u>13,813,239</u>	
Ending Fund Balance			<u>\$ 525,422</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, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
Sales Tax	\$ 600,000	\$ 600,000	\$ 531,083	\$ (68,917)
Home Rule Sales Tax	200,000	200,000	567,109	367,109
Business District Sales Tax	-	-	74,734	74,734
Interest	3,500	3,500	7,811	4,311
Interfund Transfers	-	-	-	-
Total Revenue	<u>803,500</u>	<u>803,500</u>	<u>1,180,737</u>	<u>377,237</u>
EXPENDITURES:				
Sales Tax Rebate	800,000	800,000	786,891	13,109
Intergovernmental Agreements	-	-	23,584	(23,584)
Total Expenditures	<u>800,000</u>	<u>800,000</u>	<u>810,475</u>	<u>(10,475)</u>
Net Change in Fund Balance	<u>\$ 3,500</u>	<u>\$ 3,500</u>	370,262	<u>\$ 366,762</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			23,388	
Effect of Unrecorded Liabilities			(29,024)	
Beginning Fund Balance			<u>2,777</u>	
Ending Fund Balance			<u>\$ 367,403</u>	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TIF #1 BUNKUM ROAD
FOR THE YEAR ENDED APRIL 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
TIF Revenue	\$ 350,000	\$ 350,000	\$ 300,932	\$ (49,068)
Interfund Transfers	35,000	35,000	30,919	(4,081)
Interest	12,000	12,000	32,022	20,022
Total Revenue	<u>397,000</u>	<u>397,000</u>	<u>363,873</u>	<u>(33,127)</u>
EXPENDITURES:				
Audit Fees	3,000	3,000	2,075	925
TIF Expenditures	45,000	45,000	2,750	42,250
Right of Way	10,000	10,000	-	10,000
Total Expenditures	<u>58,000</u>	<u>58,000</u>	<u>4,825</u>	<u>53,175</u>
Net Change in Fund Balance	<u>\$ 339,000</u>	<u>\$ 339,000</u>	359,048	<u>\$ 20,048</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			8,262	
Beginning Fund Balance			<u>1,116,220</u>	
Ending Fund Balance			<u>\$ 1,483,530</u>	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TIF #2 SHOPPES OF ST. CLAIR
FOR THE YEAR ENDED APRIL 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
TIF Revenue	\$ -	\$ -	\$ 359,020	\$ 359,020
Interfund Transfer	-	-	37,021	37,021
Interest	-	-	15,005	15,005
Total Revenue	-	-	411,046	411,046
EXPENDITURES:				
Audit Fees	-	-	2,075	(2,075)
TIF Expenditures	-	-	-	-
Total Expenditures	-	-	2,075	(2,075)
Net Change in Fund Balance	\$ -	\$ -	408,971	\$ 408,971
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			11,184	
Effect of Unrecorded Liabilities			-	
Beginning Fund Balance			477,253	
Ending Fund Balance			\$ 897,408	

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
 TIF #3 LINCOLN TRAIL
 FOR THE YEAR ENDED APRIL 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
TIF Revenue	\$ 350,000	\$ 350,000	\$ 293,301	\$ (56,699)
Interfund Transfer	35,000	35,000	31,894	(3,106)
Interest	20,000	20,000	49,316	29,316
Total revenue	<u>405,000</u>	<u>405,000</u>	<u>374,511</u>	<u>(30,489)</u>
EXPENDITURES:				
Intergovernmental Agreements	-	-	43,304	(43,304)
Audit Fees	3,000	3,000	2,075	925
Minor Equipment	1,200	1,200	-	1,200
Contingencies	10,000	10,000	-	10,000
Easements	175,000	175,000	-	175,000
Survey Engineering - Capital	245,000	245,000	77,510	167,490
Legal Fees	-	-	30	(30)
Demolition Services	25,000	25,000	21,000	4,000
TIF Expenditures	265,000	705,000	459,825	245,175
Total Expenditures	<u>724,200</u>	<u>1,164,200</u>	<u>603,744</u>	<u>560,456</u>
Net Change in Fund Balance	<u>\$ (319,200)</u>	<u>\$ (759,200)</u>	(229,233)	<u>\$ 529,967</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			25,641	
Effect of Unrecorded Liabilities			15,263	
Beginning Fund Balance			<u>1,830,024</u>	
Ending Fund Balance			<u>\$ 1,641,695</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, 2019

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.

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
POLICE PENSION TRUST FUND

APRIL 30, 2019

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
TOTAL PENSION LIABILITY:										
Service Cost	\$ 859,960	\$ 917,006	\$ 963,518	\$ 839,355	\$ 865,338	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	2,808,093	2,701,593	2,562,213	2,532,522	2,218,469	-	-	-	-	-
Experience	631,328	386,736	404,930	(2,591,212)	(128,421)	-	-	-	-	-
Change of Assumptions	1,957,887	(436,393)	-	1,132,453	2,609,255	-	-	-	-	-
Contributions - Buy Back	-	-	-	69,871	-	-	-	-	-	-
Benefit Payments	(1,940,052)	(1,806,815)	(1,672,870)	(1,627,869)	(1,400,257)	-	-	-	-	-
Net Change in Total Pension Liability	4,317,216	1,762,127	2,257,791	355,120	4,164,384	-	-	-	-	-
Total Pension Liability, Beginning of Period	43,311,492	41,549,365	39,291,574	38,936,454	34,772,070	-	-	-	-	-
Total Pension Liability, End of Period (a)	47,628,708	43,311,492	41,549,365	39,291,574	38,936,454	-	-	-	-	-
PLAN FIDUCIARY NET POSITION:										
Employer Contributions	1,299,996	1,299,996	1,336,663	1,300,000	1,260,000	-	-	-	-	-
Member Contributions	342,772	357,669	353,941	308,698	599,979	-	-	-	-	-
Contributions - Buy Back	-	-	-	69,871	-	-	-	-	-	-
Net Investment Income	1,569,517	1,806,326	2,467,647	(253,744)	1,549,494	-	-	-	-	-
Benefit Payments	(1,940,052)	(1,806,815)	(1,672,870)	(1,627,869)	(1,400,257)	-	-	-	-	-
Administrative Expense	(37,355)	(30,695)	(27,338)	(19,457)	-	-	-	-	-	-
Other (Net Transfer)	-	-	-	-	(20,957)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,234,898	1,626,481	2,458,043	(222,501)	1,988,259	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	28,607,608	26,982,582	24,524,539	24,747,040	22,758,781	-	-	-	-	-
Adjustment to beginning of year	-	(1,455)	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	29,842,506	28,607,608	26,982,582	24,524,539	24,747,040	-	-	-	-	-
Net Pension Liability - Ending (a)-(b)	\$ 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	62.66%	66.05%	64.94%	62.42%	63.56%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Valuation Payroll	\$ 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	466.14%	418.69%	419.86%	424.86%	438.74%	0.00%	0.00%	0.00%	0.00%	0.00%

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND

APRIL 30, 2019

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service Cost	\$ 379,746	\$ 424,597	\$ 427,355	\$ 452,292	\$ 446,254	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	2,089,633	2,086,136	1,983,146	1,915,308	1,756,883	-	-	-	-	-
Difference Between Expected and Actual										
Experience	508,361	(32,548)	412,657	(111,131)	225,545	-	-	-	-	-
Change of Assumptions	814,375	(874,741)	(67,179)	32,279	874,212	-	-	-	-	-
Benefit Payments	(1,594,662)	(1,474,127)	(1,430,063)	(1,240,272)	(1,078,710)	-	-	-	-	-
Net Change in Total Pension Liability	2,197,453	129,317	1,325,916	1,048,476	2,224,184	-	-	-	-	-
Total Pension Liability, Beginning of Period	28,469,230	28,339,913	27,013,997	25,965,521	23,741,337	-	-	-	-	-
Total Pension Liability, End of Period (a)	30,666,683	28,469,230	28,339,913	27,013,997	25,965,521	-	-	-	-	-
Plan Fiduciary Net Position										
Employer Contributions	497,620	442,475	480,680	496,412	507,379	-	-	-	-	-
Employee Contributions	186,706	176,531	186,042	189,470	199,290	-	-	-	-	-
Pension Plan Net Investment Income	(1,591,521)	4,472,559	1,619,400	119,149	1,398,908	-	-	-	-	-
Benefit Payments	(1,594,662)	(1,474,127)	(1,430,063)	(1,240,272)	(1,078,710)	-	-	-	-	-
Other	853,146	(426,425)	179,542	152,432	(38,765)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(1,648,711)	3,191,013	1,035,601	(282,809)	988,102	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	28,050,849	24,859,836	23,824,235	24,107,044	23,118,942	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	26,402,138	28,050,849	24,859,836	23,824,235	24,107,044	-	-	-	-	-
Net Pension Liability - (a)-(b)	\$ 4,264,545	\$ 418,381	\$ 3,480,077	\$ 3,189,762	\$ 1,858,477	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.09%	98.53%	87.72%	88.19%	92.84%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Valuation Payroll	\$ 4,137,704	\$ 3,928,514	\$ 4,056,371	\$ 4,210,446	\$ 4,193,206	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Valuation Payroll	103.07%	10.65%	85.79%	75.76%	44.32%	0.00%	0.00%	0.00%	0.00%	0.00%

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

CITY OF FAIRVIEW HEIGHTS, ILLINOISPOLICE PENSION TRUST FUNDAPRIL 30, 2019MULTIYEAR SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS(SCHEDULE TO BE BUILT PROSPECTIVELY FROM FISCAL YEAR 2015)

<u>FISCAL YEAR ENDING APRIL 30,</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>CONTRIBUTION DEFICIENCY</u>	<u>COVERED VALUATION PAYROLL</u>	<u>ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION PAYROLL</u>
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, 2019

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% at 0 years to 3.5% at 30 years plus 2.50% inflation allowance.
Payroll Growth	0.00% per year
Investment Rate of Return	6.50% per year, compounded annually
Cost of Living Adjustments	Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.
Actuarial Asset Basis	The actuarial value of assets recognizes future gains and losses based on a 5-year smoothed market method as prescribed by Statute. In a 5-year smoothed market method, the current market value of assets is reduced (increased) for the current year and each of the three succeeding years, by a portion of the gain/(loss) in market value during the prior year. Such gain/(loss) is determined as the excess/(deficit) of the current market value of assets over the market value of assets as of the prior year, increased to reflect interest at the actuarial rate and adjusted to reflect contributions and benefit payments during the prior year. The portion of such gain/(loss) by which the current market value of assets is reduced (increased) shall be 80% in the current year, 60% in the first succeeding year, 40% in the second succeeding year and 20% in the third succeeding year. Additionally, in accordance with government accounting standards, the actuarial value of assets is adjusted to remove any contributions receivable on the reporting date.
Mortality	Healthy Lives: RP-2000 Combined Healthy Mortality Table with blue collar adjustment, sex distinct, projected to the valuation date with Scale BB. 10% of active deathers are assumed to be in the line of duty. Disabled Lives: RP-2000 Disabled Retiree Mortality Table, sex distinct, projected to the valuation date with Scale BB.

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO SCHEDULE OF CONTRIBUTIONS - POLICE PENSION
APRIL 30, 2019

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

<u>AGE</u>	<u>RATE OF WITHDRAWAL</u>
20	0.14
25	0.1040
30	0.0560
35	0.031
40	0.019
45	0.015
50	0.015
56+	0

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

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

<u>AGE</u>	<u>RATE</u>
20	0.0000
25	0.0003
30	0.0014
35	0.0026
40	0.0042
45	0.0059
50	0.0071
55	0.009
60	0.0115

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

<u>AGE</u>	<u>RATE OF RETIREMENT</u>
50-51	0.15
52-54	0.2
55-64	0.25
65-69	0.4
70	1

Marital Status 80% 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

APRIL 30, 2019

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

<u>CALENDAR YEAR ENDING DECEMBER 31,</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>CONTRIBUTION DEFICIENCY</u>	<u>COVERED VALUATION PAYROLL</u>	<u>ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION</u>
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, 2019

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

Summary of Actuarial Methods and Assumptions Used in Calculation of the 2018 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): 25-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 20 years for most employers (three employers were financed over 29 years).
Asset Valuation Method	5-year smoothed market, 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other Information:	There were no benefit changes during the year.

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

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,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability										
Discount Rate	3.79%									
Service Cost	\$ 293,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Cost	186,350	-	-	-	-	-	-	-	-	-
Plan Amendments	-	-	-	-	-	-	-	-	-	-
Actuarial Losses/(Gains)										
Assumption Changes	78,265	-	-	-	-	-	-	-	-	-
Benefit Payments	(191,382)	-	-	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	366,746	-	-	-	-	-	-	-	-	-
Total OPEB Liability - Beginning	4,789,645	-	-	-	-	-	-	-	-	-
Total OPEB Liability - Ending (a)	5,156,391	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position										
Employer Contributions	191,382	-	-	-	-	-	-	-	-	-
Employee Contributions	-	-	-	-	-	-	-	-	-	-
Net Investment Income	-	-	-	-	-	-	-	-	-	-
Benefit Payments	(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)	\$ 5,156,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%									
Covered Valuation Payroll	\$ 7,555,081									
Net OPEB Liability as a Percentage of Covered Valuation Payroll	68.25%									

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

<u>YEAR ENDING APRIL 30,</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>CONTRIBUTION DEFICIENCY (EXCESS)</u>	<u>COVERED VALUATION PAYROLL</u>	<u>ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION PAYROLL</u>
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
USED IN THE CALCULATION OF THE 2019 TOTAL OPEB LIABILITY
POST RETIREMENT BENEFITS

Methods and Assumptions Used to Determine the 2019 Total Pension 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. Under GASB 75, the initial unfunded liability at adoption is recognized immediately.

Discount (Interest) Rate A discount rate of 3.97% was used as of May 1, 2018 and 3.79% as of April 30, 2019.

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

Monthly Health Plan Premium Costs (Blended)	Medical		
	<u>Coverage</u>	<u>Traditional</u>	<u>Smart</u>
	Employee Only	\$ 751.35	\$ 636.92
	Employee/Spouse	1,562.85	1,324.83
	Employee/Child	1,427.58	1,210.15
	Employee/Family	2,178.95	1,847.10

* 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% of the average employer group cost. Disabled officers eligible for PSEBA benefits are 100% paid by the City.

Mortality Probabilities of death for participants were according to RP2014 Blue Collar base rates projected to 2018 using scale MP2018 for Police. For all others the RP2014 base rates projected to 2018 using scale MP2018 was used. No additional provision (besides those already embedded) were included for mortality improvements beyond 2019.

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	0.0000
55	0.0090	0.0007	0.0003
65	0.0115	0.0009	0.0006

50% 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
USED IN THE CALCULATION OF THE 2019 TOTAL OPEB LIABILITY
POST RETIREMENT BENEFITS

Methods and Assumptions Used to Determine the 2019 Total Pension 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
35	0.035
45	0.023
55	0.015

Retirement Representative rates of retirement are:

<u>AGE</u>	<u>POLICE</u>		<u>AGE</u>	<u>POLICE</u>	
	<u>TIER 1</u>	<u>TIER 2</u>		<u>TIER 1</u>	<u>TIER 2</u>
50	0.15	0.05	58	0.25	0.25
51	0.15	0.05	59	0.25	0.25
52	0.50	0.05	60	0.25	0.25
53	0.50	0.05	61	0.25	0.25
54	0.50	0.05	62	0.25	0.25
55	0.25	0.40	63	0.25	0.25
56	0.25	0.25	64	0.25	0.25
57	0.25	0.25	65	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
USED IN THE CALCULATION OF THE 2019 TOTAL OPEB LIABILITY
POST RETIREMENT BENEFITS

Methods and Assumptions Used to Determine the 2019 Total Pension Liability Continued:

Retirement Other Departments:

AGE	TIER 1				TIER 2			
	REDUCED EARLY		NORMAL RETIREMENT		REDUCED EARLY		NORMAL RETIREMENT	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
55	0.071	0.06	0.37	0.26				
56	0.071	0.06	0.28	0.2				
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	0.1				
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
USED IN THE CALCULATION OF THE 2019 TOTAL OPEB LIABILITY
POST RETIREMENT BENEFITS

Methods and Assumptions Used to Determine the 2019 Total Pension Liability Continued:

Participation	100% of employees currently enrolled in medical plans were assumed to participate in the retiree plan.
Spouse Information	50% 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>
	2019	8.00%
	2020	7.50%
	2021	7.25%
	2022	7.00%
	2023	6.75%
	2024	6.50%
	2025	6.00%
	2026	5.50%
	2027	5.00%
	2028 and after	4.50%

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

ADDITIONAL ANALYSIS

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

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	\$ 397,697	\$ 148,300	\$ 73,206	\$ 918,618	\$ 4,681	\$ 757,171	\$ 343,372	\$ -	\$ -	\$ -	\$ 2,643,045
Certificates of Deposit	-	-	393,042	89,681	44,973	79,952	-	-	-	-	607,648
Investments (at fair value)	-	-	-	294,410	159,680	284,430	-	-	-	-	738,520
Receivables	-	7,944	-	205,593	99,045	37,801	-	40,565	5,786	-	396,734
Due From Other Funds	199	65,581	-	-	-	-	-	-	-	-	65,780
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	4,695	19,849	-	24,544
Total Assets	\$ 397,896	\$ 221,825	\$ 466,248	\$ 1,508,302	\$ 308,379	\$ 1,159,354	\$ 343,372	\$ 45,260	\$ 25,635	\$ -	\$ 4,476,271

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

LIABILITIES:											
Accounts Payable	\$ -	\$ -	\$ 7,945	\$ -	\$ -	\$ -	\$ 2,507	\$ -	\$ -	\$ -	\$ 10,452
Accrued Payroll	-	-	14,995	-	-	-	-	-	-	-	14,995
Due to Other Funds	30,166	-	-	74,703	361,792	414,467	-	14,490	127,093	1,025	1,023,736
Total Liabilities	30,166	-	22,940	74,703	361,792	414,467	2,507	14,490	127,093	1,025	1,049,183
DEFERRED INFLOWS OF RESOURCES:											
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-	40,565	5,786	-	46,351
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	40,565	5,786	-	46,351
FUND BALANCE:											
Restricted for:											
Infrastructure	-	-	-	-	-	744,887	-	-	-	-	744,887
Special Revenue Funds	-	-	-	-	(53,413)	-	-	-	-	-	(53,413)
Assigned:											
Special Revenue Funds	367,730	221,825	443,308	1,433,599	-	-	340,865	-	-	-	2,807,327
Unassigned:											
Special Revenue Funds	-	-	-	-	-	-	-	(9,795)	(107,244)	(1,025)	(118,064)
Total Fund Balance (Deficit)	367,730	221,825	443,308	1,433,599	(53,413)	744,887	340,865	(9,795)	(107,244)	(1,025)	3,380,737
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 397,896	\$ 221,825	\$ 466,248	\$ 1,508,302	\$ 308,379	\$ 1,159,354	\$ 343,372	\$ 45,260	\$ 25,635	\$ -	\$ 4,476,271

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, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 449,323	\$ -	\$ -	\$ -	\$ -	\$ 449,323
Hotel and Motel Taxes	-	-	-	-	354,714	-	-	-	-	-	354,714
Property Taxes	-	-	-	-	-	-	-	4,465	11,405	-	15,870
Food and Beverage Tax	-	-	-	543,851	-	-	-	-	-	-	543,851
Fines and Fees	140,232	62,330	56,242	-	-	-	-	-	-	-	258,804
Donations	-	-	2,063	-	-	-	-	-	-	-	2,063
Interest Income	-	-	5,835	25,816	20,327	20,633	409	-	30	-	73,050
OPEB Insurance Contributions	-	-	-	-	-	-	151,409	-	-	-	151,409
Miscellaneous	-	-	23	-	-	-	-	-	-	-	23
Total Revenues	140,232	62,330	64,163	569,667	375,041	469,956	151,818	4,465	11,435	-	1,849,107
EXPENDITURES:											
General Government											
Administration Department	-	-	-	-	38,097	-	-	-	-	-	38,097
Clerk's Department	-	-	-	1,964	-	-	50,329	-	-	-	52,293
Public Safety											
Police	84,779	33,635	-	-	-	-	-	-	-	-	118,414
Streets and Public Works											
Tax Increment Financing	-	-	-	-	-	251,316	-	525	525	525	252,891
Culture and Recreation											
Parks	-	-	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	5,009	-	-	-	-	-	5,009
Library	-	-	-	-	86,903	-	-	-	-	-	86,903
Debt Service	-	-	593,663	-	-	-	-	-	-	-	593,663
Principal	-	-	-	239,587	500,000	-	-	-	-	-	739,587
Interest	-	-	-	2,938	631,645	-	-	-	-	-	634,583
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	84,779	33,635	593,663	244,489	1,261,654	251,316	50,329	525	525	525	2,521,440
Excess (Deficiency) of Revenues Over Expenditures	55,453	28,695	(529,500)	325,178	(886,613)	218,640	101,489	3,940	10,910	(525)	(672,333)
OTHER FINANCING SOURCES:											
Transfer In	-	-	407,104	-	-	-	-	447	1,140	-	408,691
Total Other Financing Sources	-	-	407,104	-	-	-	-	447	1,140	-	408,691
Net Change in Fund Balance	55,453	28,695	(122,396)	325,178	(886,613)	218,640	101,489	4,387	12,050	(525)	(263,642)
Fund Balance (Deficit), Beginning of Year	312,277	193,130	565,704	1,108,421	833,200	526,247	239,376	(14,182)	(119,294)	(500)	3,644,379
Funds Balance (Deficit), End of Year	\$ 367,730	\$ 221,825	\$ 443,308	\$ 1,433,599	\$ (53,413)	\$ 744,887	\$ 340,865	\$ (9,795)	\$ (107,244)	\$ (1,025)	\$ 3,380,737

See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINIOS
COMBINING BALANCE SHEET
ALL GENERAL FUND ACCOUNTS
APRIL 30, 2019

ASSETS

	GENERAL	PARKS PROGRAMS	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
Cash and Cash Equivalents	\$ 3,111,801	\$ 139,735	\$ 10,694	\$ 5,390	\$ 266,184	\$ 3,533,804
Certificates of Deposit	-	-	-	-	99,461	99,461
Investments (at fair value)					518,960	518,960
Receivables	2,213,866	-	-	-	-	2,213,866
Due From Other Funds	2,572,317	-	-	-	-	2,572,317
Due From Fiduciary Fund	-	-	120,748	-	-	120,748
Restricted Cash and Cash Equivalents	127,532	-	-	-	-	127,532
Total Assets	<u>\$ 8,025,516</u>	<u>\$ 139,735</u>	<u>\$ 131,442</u>	<u>\$ 5,390</u>	<u>\$ 884,605</u>	<u>\$ 9,186,688</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

LIABILITIES:

Accounts Payable	\$ 363,807	\$ 1,096	\$ -	\$ -	\$ -	\$ 364,903
Accrued Payroll	362,713	624	-	-	-	363,337
Due to Other Funds	151,986	-	-	-	-	151,986
Total Liabilities	<u>878,506</u>	<u>1,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>880,226</u>

DEFERRED INFLOWS OF RESOURCES:

Unavailable Revenue - Property Taxes	<u>27,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,659</u>
Total Deferred Inflows of Resources	<u>27,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,659</u>

FUND BALANCE:

Restricted for:						
Rebate and Financing Agreements	127,532	-	-	-	-	127,532
Unassigned						
General Funds	<u>6,991,819</u>	<u>138,015</u>	<u>131,442</u>	<u>5,390</u>	<u>884,605</u>	<u>8,151,271</u>
Total fund balance	<u>7,119,351</u>	<u>138,015</u>	<u>131,442</u>	<u>5,390</u>	<u>884,605</u>	<u>8,278,803</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,025,516</u>	<u>\$ 139,735</u>	<u>\$ 131,442</u>	<u>\$ 5,390</u>	<u>\$ 884,605</u>	<u>\$ 9,186,688</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, 2019

	GENERAL	PARKS PROGRAM	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
REVENUES:						
Sales Taxes	\$ 6,650,038	\$ -	\$ -	\$ -	\$ -	\$ 6,650,038
Food and Beverage Taxes	1,601,580	-	-	-	-	1,601,580
Home Rule Taxes	3,714,582	-	-	-	-	3,714,582
Income Taxes	1,766,395	-	-	-	-	1,766,395
Property Taxes	37,628	-	-	-	-	37,628
Use Taxes	528,220	-	-	-	-	528,220
Hotel and Motel Taxes	556,359	-	-	-	-	556,359
Utility/Franchise Taxes	276,316	-	-	-	-	276,316
Video Game Taxes	155,151	-	-	-	-	155,151
Licenses and Permits	339,654	-	-	-	-	339,654
Grant	41,619	-	-	-	-	41,619
Fines and Fees	286,508	90,982	-	-	-	377,490
Rental	68,747	596	-	-	-	69,343
Donations	28,650	-	75	5,160	-	33,885
Interest Income	39,846	760	16	95	11,575	52,292
Miscellaneous	177,917	-	(6,123)	-	-	171,794
Total Revenues	16,269,210	92,338	(6,032)	5,255	11,575	16,372,346
EXPENDITURES:						
Current						
General Government						
Mayor's Department	354,504	-	-	-	-	354,504
Clerk's Department	520,529	-	-	-	-	520,529
Finance Department	351,084	-	-	-	-	351,084
Administration Department	1,509,632	-	-	-	-	1,509,632
Municipal Complex	565,671	-	-	-	-	565,671
Public Safety						
Police	6,557,701	-	1,299,996	6,549	-	7,864,246
Emergency Services and Disaster Agency						
	33,698	-	-	-	-	33,698
Streets and Public Works						
Engineering/Streets	2,244,208	-	-	-	-	2,244,208
Public Works Maintenance	681,220	-	-	-	-	681,220
Land use and Development	779,012	-	-	-	-	779,012
Culture and Recreation						
Parks	664,608	43,444	-	-	-	708,052
Library	118,992	-	-	-	-	118,992
Capital Outlay	-	-	-	-	-	-
Total Expenditures	14,380,859	43,444	1,299,996	6,549	-	15,730,848
Excess (Deficiency) of Revenues Over Expenditures (Carried Forward)						
	\$ 1,888,351	\$ 48,894	\$ (1,306,028)	\$ (1,294)	\$ 11,575	\$ 641,498

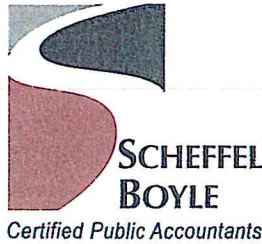
See notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED APRIL 30, 2019

	<u>GENERAL</u>	<u>PARKS PROGRAM</u>	<u>POLICE PENSION</u>	<u>POLICE YOUTH</u>	<u>CAPITAL RESERVE</u>	<u>TOTAL GENERAL FUND</u>
Excess (Deficiency) of Revenues Over Expenditures (Brought Forward)	\$ 1,888,351	\$ 48,894	\$ (1,306,028)	\$ (1,294)	\$ 11,575	\$ 641,498
OTHER FINANCING SOURCES (USES):						
Transfers Out	(1,808,521)	-	-	-	-	(1,808,521)
Transfers In	-	-	1,299,996	-	-	1,299,996
Total Other Financing Sources (Uses)	(1,808,521)	-	1,299,996	-	-	(508,525)
Net Change in Fund Balances	79,830	48,894	(6,032)	(1,294)	11,575	132,973
Fund Balances, Beginning of Year	7,039,521	89,121	137,474	6,684	873,030	8,145,830
Fund Balances, End of Year	\$ 7,119,351	\$ 138,015	\$ 131,442	\$ 5,390	\$ 884,605	\$ 8,278,803

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, as of and for the year ended April 30, 2019, 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 November 13, 2019.

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) to determine the 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 have not been identified. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

2019-001: 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.

2019-002: 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.

2019-003: The City did not reconcile their pooled bank account at the fund level with Associated Bank in a timely manner.

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 determination of financial statement amounts. 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

The City of Fairview Height's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Fairview Height's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The City of Fairview Height's response to the findings identified in our audit is described above. We did not audit the City of Fairview Height's response and, accordingly, we express no opinion on it.

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.

Schaffer Boyle
Belleville, Illinois

November 13, 2019

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED APRIL 30, 2019

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. 2019-1

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. 2019-2

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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED APRIL 30, 2019

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 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. 2019-3

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 isn't 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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED APRIL 30, 2018

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

Finding No. 2018-1

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.

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.

Finding No. 2018-2

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.

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 hiring staff with expertise to ensure the City's financial statements encompass the fixed asset recording.

Current Status: 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 PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED APRIL 30, 2018

Finding No. 2018-3

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 isn't 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.

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