CITY OF FAIRVIEW HEIGHTS, ILLINOIS

UNIT CODE 088-060-30

REPORT AND ANNUAL
FINANCIAL STATEMENTS

APRIL 30, 2018

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ADDITIONAL ANALYSIS

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, 2018, 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, 2018, 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, and pension information on pages 46-66 and 67-74 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 14, 2018, 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.

Scheffel Boyle

Belleville, Illinois

November 14, 2018

FINANCIAL SECTION

EXHIBIT "A"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2018

ASSETS

CURRENT ASSETS:		
Cash and Cash Equivalents	$ 7,580,678	
Certificates of Deposit	2,789,538	
Due from Fiduciary Fund	308,867	
Receivables	5,255,023	
Restricted Cash and Cash Equivalents	18,823,238	
Total Current Assets		$ 34,757,344
NONCURRENT ASSETS:		
Capital Assets, Net	70,009,965	
Total Noncurrent Assets		70,009,965
Total Assets		104,767,309

DEFERRED OUTFLOWS OF RESOURCES

DEFERRED OUTFLOWS OF RESOURCES:		
Related to Pensions	3,214,410	
Total Deferred Outflows of Resources		3,214,410

LIABILITIES

CURRENT LIABILITIES:		
Accounts Payable	2,087,933	
Accrued Payroll	348,352	
Accrued Interest Payable	219,455	
Compensated Absences, Current	31,143	
Bonds Payable, Current	739,700	
Total Current Liabilities		3,426,583
NONCURRENT LIABILITIES:		
Compensated Absences, Noncurrent	591,719	
Other Postemployment Benefit Obligation	2,377,107	
Bonds Payable, Noncurrent	18,488,431	
Net Pension Liability	15,122,225	
Total Noncurrent Liabilities		36,579,482
Total Liabilities		40,006,065

DEFERRED INFLOWS OF RESOURCES

DEFERRED INFLOWS OF RESOURCES:		
Unavailable Revenue - Property Tax	1,045,528	
Related to Pensions	5,276,851	
Total Deferred Inflows of Resources		6,322,379

NET POSITION

Net Investment in Capital Assets	50,781,834	
Restricted Net Position	22,913,959	
Unrestricted Net Position	(12,042,518)	
Total Net Position		$ 61,653,275

See accompanying notes to financial statements.

EXHIBIT "B"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
FUNCTIONS/PROGRAMS:					
Governmental Activities					
General Government					
Executive Department	$ 3,581,545	$ 326,717	$ -	$ -	$ (3,254,828)
Municipal Complex	735,123	64,291	-	-	(670,832)
Public Safety					
Police	8,545,939	893,996	41,831	-	(7,610,112)
Emergency Services and Disaster Agency	62,746	-	-	-	(62,746)
Street and Public Works					
Engineering/Streets	3,776,951	2,744	330,096	-	(3,444,111)
Public Works Maintenance	660,796	-	-	-	(660,796)
Land Use and Development	778,935	201,772	-	-	(577,163)
Sales Tax Rebates	552,900	-	-	-	(552,900)
Tax Increment Financing	1,033,611	-	-	-	(1,033,611)
Culture and Recreation					
Parks	1,355,518	114,392	-	-	(1,241,126)
Library	704,753	33,486	1,107	-	(670,160)
Tourism	168,494	-	-	-	(168,494)
Interest on Long-Term Debt	246,526	-	-	-	(246,526)
Total Governmental Activities	$ 22,203,837	$ 1,637,398	$ 373,034	$ -	(20,193,405)
GENERAL REVENUES:					
Taxes					
Sales Tax					7,422,620
Home Rule Tax					6,326,215
Food and Beverage Tax					2,100,547
Hotel and Motel Tax					984,104
State Income Tax					1,553,632
Use Tax					451,517
Property Tax					1,014,287
Franchise Tax					275,175
Motor Fuel Tax					452,015
Business District Tax					76,579
Video Game Tax					138,584
Investment Earnings					174,904
Miscellaneous					445,681
Total General Revenues					21,415,860
Special Item - (Loss) on Disposition of Capital Assets					(46,075)
Change in Net Position					1,176,380
Net Position, Beginning of Year					60,476,895
Net Position, End of Year					$ 61,653,275

See accompanying notes to financial statements.

EXHIBIT "C"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2018

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	$ 4,042,524	$ 872,663	$ -	$ -	$ -	$ -	$ -	$ 2,665,491	$ 7,580,678
Certificates of Deposit	587,681	884,747	-	-	-	-	-	1,317,110	2,789,538
Receivables	2,137,242	1,294,041	-	440,682	311,967	370,059	319,516	381,516	5,255,023
Due from Other Funds	1,781,778	-	-	-	17,203	72,305	1,737	47,321	1,920,344
Due from Fiduciary Fund	308,867	-	-	-	-	-	-	-	308,867
Restricted Cash and Cash Equivalents	127,532	116,968	14,994,704	-	1,202,466	405,614	1,967,846	8,108	18,823,238
Total Assets	$ 8,985,624	$ 3,168,419	14,994,704	$ 440,682	$ 1,531,636	$ 847,978	$ 2,289,099	$ 4,419,546	$ 36,677,688
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES:									
Accounts Payable	$ 187,764	$ 191,426	$ 1,164,185	$ 437,905	$ -	$ 670	$ 15,263	$ 90,720	$ 2,087,933
Accrued Payroll	334,208	-	-	-	-	-	-	14,144	348,352
Due to Other Funds	289,700	731,184	17,280	-	103,448	-	124,297	654,435	1,920,344
Total Liabilities	811,672	922,610	1,181,465	437,905	103,448	670	139,560	759,299	4,356,629
DEFERRED INFLOWS OF RESOURCES:									
Unavailable Revenue - Property Taxes	28,122	-	-	-	311,967	370,059	319,514	15,866	1,045,528
Total Deferred Inflows of Resources	28,122	-	-	-	311,967	370,059	319,514	15,866	1,045,528
FUND BALANCES:									
Restricted for:									
Rebate and Financing Agreements	127,532	116,968	-	2,777	-	-	1,830,025	-	2,077,302
Sewer Improvements	-	-	-	-	1,116,221	-	-	-	1,116,221
Infrastructure	-	-	-	-	-	-	-	526,246	526,246
Special Revenue Funds	-	2,128,841	13,813,239	-	-	-	-	3,252,110	19,194,190
Unassigned:									
General Funds	8,018,298	-	-	-	-	-	-	-	8,018,298
Special Revenue Funds	-	-	-	-	-	477,249	-	(133,975)	343,274
Total Fund Balances	8,145,830	2,245,809	13,813,239	2,777	1,116,221	477,249	1,830,025	3,644,381	31,275,531
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,985,624	$ 3,168,419	$ 14,994,704	$ 440,682	$ 1,531,636	$ 847,978	$ 2,289,099	$ 4,419,546	$ 36,677,688

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, 2018

Total fund balance - total governmental funds		$ 31,275,531
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets of $115,016,009 net of accumulated depreciation of $45,006,044 are not financial resources and, therefore, are not reported in the funds.		70,009,965
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, 2018, were:		
Compensated absences	$ (622,862)	
Accrued interest on bonds payable	(219,455)	
Other post employment benefit obligation	(2,377,107)	
Net pension liability	(15,122,225)	
Bonds payable	(19,228,131)	(37,569,780)
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)		3,214,410
Deferred inflows of resources (related to pensions)		(5,276,851)
Net position of governmental activities		$ 61,653,275

See accompanying notes to financial statements.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	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	$ 7,008,356	$ -	$ -	$ 414,264	$ -	$ -	$ -	$ -	$ 7,422,620
Food and Beverage Taxes	1,610,996	-	-	-	-	-	-	489,551	2,100,547
Home Rule Taxes	3,806,625	2,161,005	-	358,585	-	-	-	-	6,326,215
Income Taxes	1,553,632	-	-	-	-	-	-	-	1,553,632
Property Taxes	39,058	-	-	-	299,423	364,117	304,317	7,372	1,014,287
Use Taxes	451,517	-	-	-	-	-	-	-	451,517
Hotel and Motel Taxes	580,214	-	-	-	-	-	-	403,890	984,104
Utility/Franchise Taxes	275,175	-	-	-	-	-	-	-	275,175
Video Game Taxes	138,584	-	-	-	-	-	-	-	138,584
Motor Fuel Taxes	-	-	-	-	-	-	-	452,015	452,015
Business District Taxes	-	-	-	76,579	-	-	-	-	76,579
Licenses and Permits	292,347	-	-	-	-	-	-	-	292,347
Grant	36,301	330,096	-	-	-	-	-	-	366,397
Fines and Fees	426,357	-	-	-	-	-	-	427,856	854,213
Rental	64,290	-	-	-	-	-	-	-	64,290
Donations	5,530	-	-	-	-	-	-	1,107	6,637
Interest Income	27,879	48,686	-	4,914	14,515	7,101	24,977	46,832	174,904
OPEB Insurance Contributions	-	-	-	-	-	-	-	236,069	236,069
Miscellaneous	235,009	4,995	-	-	-	393,898	-	2,258	636,160
Total Revenues	16,551,870	2,544,782	-	854,342	313,938	765,116	329,294	2,066,950	23,426,292
EXPENDITURES:									
Current									
General Government									
Mayor's Department	421,015	-	-	-	-	-	-	-	421,015
Clerk's Department	767,924	-	-	-	-	-	-	140,996	908,920
Finance Department	354,906	-	-	-	-	-	-	-	354,906
Administration Department	1,815,384	-	-	-	-	-	-	20,642	1,836,026
Municipal Complex	576,216	22,005	-	-	-	-	-	-	598,221
Public Safety									
Police	7,418,955	175,485	-	-	-	-	-	270,497	7,864,937
Emergency Services and									-
Disaster Agency	17,655	510	-	-	-	-	-	-	18,165
Streets and Public Works									
Engineering/Streets	1,891,180	347,385	-	-	-	-	-	-	2,238,565
Public Works									
Maintenance	649,592	-	-	-	-	-	-	-	649,592
Land Use and									
Development	752,199	18,168	-	-	-	-	-	-	770,367
Sales Tax Rebates	-	-	-	552,900	-	-	-	-	552,900
Tax Increment Financing	-	-	-	-	86,245	322,259	97,928	527,179	1,033,611
Culture and Recreation									
Parks	596,784	319,386	312,531	-	-	-	-	4,071	1,232,772
Library	96,616	-	-	-	-	-	-	555,465	652,081
Tourism	-	-	-	-	-	-	-	92,451	92,451
Debt Service									
Principal	-	-	-	-	-	-	-	515,050	515,050
Interest	-	-	-	-	-	-	-	40,608	40,608
Capital Outlay	-	2,806,787	4,014,620	-	-	-	39,895	-	6,861,302
Total Expenditures	15,358,426	3,689,726	4,327,151	552,900	86,245	322,259	137,823	2,166,959	26,641,489
Excess (Deficiency) of Revenues Over Expenditures	1,193,444	(1,144,944)	(4,327,151)	301,442	227,693	442,857	191,471	(100,009)	(3,215,197)
OTHER FINANCING SOURCES (USES):									
Transfers Out	(2,119,908)	-	-	-	-	-	-	-	(2,119,908)
Transfers In	1,299,996	-	-	189,198	29,955	36,427	30,445	533,887	2,119,908
Bond Proceeds	-	-	18,140,390	-	-	-	-	-	18,140,390
Total Other Financing Sources (Uses)	(819,912)	-	18,140,390	189,198	29,955	36,427	30,445	533,887	18,140,390
Net Change in Fund Balances	373,532	(1,144,944)	13,813,239	490,640	257,648	479,284	221,916	433,878	14,925,193
Fund Balances (Deficit), Beginning of Year	7,772,298	3,390,753	-	(487,863)	858,573	(2,035)	1,608,109	3,210,503	16,350,338
Fund Balances, End of Year	$ 8,145,830	$ 2,245,809	$ 13,813,239	$ 2,777	$ 1,116,221	$ 477,249	$ 1,830,025	$ 3,644,381	$ 31,275,531

See accompanying notes to financial statements.

EXHIBIT "F"

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, 2018

Net change in fund balances - total governmental funds		$ 14,925,193
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 $6,990,113 exceeded depreciation of $2,280,231 in the current period.		4,709,882
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.		(46,075)
Proceeds from debt issuance is other financing sources in the governmental funds, but a debt issue increases long-term liabilities in the statement of net position		(17,395,000)
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.		(733,430)
Payment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		515,050
Some income/expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the following:		
Decrease in compensated absences	$ 46,036	
Pension income (expense)	(420,798)	
(Increase) in accrued interest	(205,918)	
(Increase) in other postemployment benefit and pension obligation	(218,560)	
		(799,240)
Change in net position of governmental activities		$ 1,176,380

See accompanying notes to financial statements.

EXHIBIT "G"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
APRIL 30, 2018

ASSETS	PENSION TRUST FUND
Pooled Cash and Cash Equivalents	$ 971,639
Total Cash	971,639
Interest and Dividends Receivable	53,918
Investments, at Fair Value	
Common Stock	13,604,305
Mutual Funds	4,780,216
Government Securities/Fixed Income	9,295,243
Total Investments	27,679,764
Total Assets	28,705,321
LIABILITIES	
Due to General Fund	97,773
Total Liabilities	97,773
NET POSITION	
Held in Trust for Pension Benefits	$ 28,607,548

See accompanying notes to financial statements.

EXHIBIT "H"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
POLICE PENSION TRUST FUND
FOR THE YEAR ENDED APRIL 30, 2018

	PENSION TRUST FUND
ADDITIONS:	
Contributions	
Employer	$ 1,299,996
Plan Members	357,669
Total Contributions	1,657,665
Investment Income	
Net Appreciation in Fair Value of Investments	1,356,705
Interest	221,579
Dividends	347,844
	1,926,128
Less: Investment Expense	119,911
Total Investment Income	1,806,217
Total Additions	3,463,882
DEDUCTIONS:	
Retirement Benefits	1,680,222
Disability	126,593
Taxes Withheld	72
Administrative Expenses	30,574
Total Deductions	1,837,461
Change in Net Position	1,626,421
Beginning of Year	26,981,127
End of Year	$ 28,607,548

See accompanying notes to financial statements.

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)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

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

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

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.

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.

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

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

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

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

2. The same element of the individual governmental fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental funds combined.

3. In addition, any other governmental fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

General Fund

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

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

FUND	BRIEF DESCRIPTION
Home Rule Fund	A fund established by City ordinance to account for home rule tax revenues and expenditures as legally restricted for City use.
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.

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

FUND	BRIEF DESCRIPTION
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.

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

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

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

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

ASSET CLASS	ESTIMATED USEFUL LIVES
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.

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

J. Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

1. Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

2. Restricted Net Position - This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

3. Unrestricted Net Position - This is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

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

K. Program Revenues

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

1. General Government - Licenses, permits and administration fees. Rental of municipal buildings.

2. Public Safety - Fine revenue, outside employment; operating and capital grants includes U.S. Department of Justice, State of Illinois, Illinois Emergency Management Agency.

3. Streets and Public Works - Permit and developer fees; commercial vehicle and gasoline excise tax shared by the state; operating grants from Illinois Department of Revenue.

4. Culture and Recreation - Rental income, recreation fees and operating grants including state per capita tax.

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

L. Internal and Interfund Balances and Activities

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

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

Fund Financial Statements

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

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

2. Interfund Services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

3. Interfund Reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

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.

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

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.

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, 2018, the City, had the following certificates of deposit:

INVESTMENTS	MATURITY	COST
Bank of India - Certificate of Deposit	5/9/2018	$ 250,000
Medallion Bank - Certificate of Deposit	6/4/2018	244,924
Wells Fargo Bank - Certificate of Deposit	7/23/2018	239,832
Bank of Baroda - Certificate of Deposit	7/30/2018	149,991
Compass Bank - Certificate of Deposit	5/29/2018	244,949
Morton Community Bank - Certificate of Deposit	1/28/2019	244,091
Goldman Sachs Bank USA- Certificate of Deposit	6/3/2020	98,641
Bank of China - Certificate of Deposit	7/27/2018	179,993
Goldman Sachs Bank USA - Certificate of Deposit	6/3/2019	79,514
American Express Centurion Bank - Certificate of Deposit	5/29/2018	94,975
American Express Centurion Bank- Certificate of Deposit	5/29/2018	49,987
Investors Bank - Certificate of Deposit	7/30/2018	99,994
Goldman Sachs Bank USA - Certificate of Deposit	6/3/2019	44,726
American Express Centurion Bank - Certificate of Deposit	5/29/2018	89,976
Bank of China- Certificate of Deposit	7/27/2018	49,998
Investors Bank - Certificate of Deposit	7/30/2018	149,991
Peoples State Bank of Plainview - Certificate of Deposit	12/10/2019	89,135
Total		$ 2,400,717

As of April 30, 2018, the Library fund, a blended component unit of the City, had the following certificates of deposit:

INVESTMENTS	MATURITY	COST
Providence Bank- Certificate of Deposit	5/9/2018	$ 30,346
Providence Bank- Certificate of Deposit	7/9/2019	107,597
Providence Bank- Certificate of Deposit	11/1/2018	30,226
First Clover Leaf Bank - Certificate of Deposit	7/28/2018	112,120
First Clover Leaf Bank - Certificate of Deposit	3/25/2020	108,532
		$ 388,821

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.

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

At April 30, 2018, the book balance of the City's cash and investments was $26,403,563 and the bank balance was $27,040,953,. Of the bank balance, $3,629,492 was covered by federal depository insurance and $28,783,306 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.

	CARRYING AMOUNT	BANK VALUE
Cash on Hand	$ 396	$ -
Pooled Cash and Cash Equivalents	26,171,076	26,808,509
Certificates of Deposit	2,789,538	2,789,538
	28,960,614	29,598,047
External Investment Pool:		
The Illinois Funds - Money Market Fund	232,444	232,444
	$ 29,193,454	$ 29,830,491

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

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

Investment Policies

City Policy

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the 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.

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

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:

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

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

DESCRIPTION	VALUE	COST
Domestic Common Stocks	$ 13,604,305	$ 10,747,368
U.S. Treasury Notes	4,416,783	4,513,696
FHLMC	355,841	361,049
FNMA	1,098,055	1,129,140
Corporate Bonds	3,319,714	3,400,752
Municipal Bonds	104,850	105,637
Mutual Funds	4,780,216	4,232,118
	$ 27,679,764	$ 24,489,760

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

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, 2018.

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, 2018:

INVESTMENT BY FAIR VALUE	AMOUNT	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Brokered Certificates of Deposit	$ 2,400,717	$ -	$ 2,400,717	$ -

Level 1 Fair Value Measurements
The fair value for investments in this category is based on quoted prices in active markets for identical assets.

Level 2 Fair Value Measurements
The fair value of the brokered certificates of deposit are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information.

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

NOTE 4. PROPERTY TAXES RECEIVABLE (CONT'D)

assessment year. 2016 property taxes were payable in two installments; July 1, 2017 and September 1, 2017. 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 2016 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, 2017	ADDITIONS	RETIREMENTS	BALANCE AT APRIL 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 9,922,892	$ -	$ -	$ 9,922,892
Construction in Progress	2,331,884	5,287,033	(1,738,695)	5,880,222
Total Capital Assets Not Being Depreciated	12,254,776	5,287,033	(1,738,695)	15,803,114
Other Capital Assets				
Buildings	14,883,829	502,543	-	15,386,372
Other Improvements	3,985,438	156,572	-	4,142,010
Machinery and Equipment	10,030,301	420,192	(177,072)	10,273,421
Infrastructure	66,938,126	2,472,966	-	69,411,092
Total Other Capital Assets at Historical Costs	95,837,694	3,552,273	(177,072)	99,212,895
Less Accumulated Depreciation for				
Buildings	6,977,762	388,207	-	7,365,969
Other Improvements	2,446,064	125,384	-	2,571,448
Machinery and Equipment	7,501,822	573,631	(20,500)	8,054,953
Infrastructure	25,820,665	1,193,009	-	27,013,674
Total Accumulated Depreciation	42,746,313	2,280,231	(20,500)	45,006,044
Governmental Activities Capital Assets, Net	$ 65,346,157	$ 6,559,075	$ (1,895,267)	$ 70,009,965

NOTE 5. CAPITAL ASSETS (CONT'D)

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

PRIMARY GOVERNMENT:	
Governmental Activities	
General Government	
Executive	$ 44,215
Municipal Complex	112,081
Police Safety	
Police	306,272
EDSA	44,408
Street and Public Works	
Engineering/Streets	1,514,206
Public Works Maintenance	7,209
Land Use and Development	-
Culture and Recreation	
Parks	129,219
Library	46,578
Tourism	76,043
Total Depreciation for Governmental Activities	$ 2,280,231

NOTE 6. LONG-TERM DEBT

Long-Term Debt Supporting Governmental Activities

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

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2018:

DESCRIPTION AND PURPOSE	BALANCE MAY 1, 2017	ISSUED	RETIRED	BALANCE APRIL 30, 2018	DUE WITHIN ONE YEAR
Governmental Activities					
Compensated Absences	$ 484,714	$ 693,561	$ 555,413	$ 622,862	$ 31,143
General Obligation Bonds	1,614,750	17,395,000	515,050	18,494,700	739,700
Bond Premiums	-	745,390	11,959	733,431	-
Total	$ 2,099,464	$ 18,833,951	$ 1,082,422	$ 19,850,993	$ 770,843

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

The City has general obligation debt service requirements at April 30, 2018, on bond issues as follows:

1. A general obligation bond issue of $2,080,000 dated December 23, 2014 provides for the serial retirement of the principal at varying rates annually over the life of the issue with final payment on January 1, 2019. Interest is payable on these bonds on January 1 and July 1 of each year at a rate of 1.29 percent per annum. The proceeds from this issue were used to advance refund $2,045,000 of General Obligation Bonds Series 2005 dated September 15, 2015.

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

3 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.

4 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, 2018:

PAYABLE DURING THE YEAR ENDED	GENERAL OBLIGATION BOND SERIES DTD 12/23/14		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2019	$ 242,846	$ 239,750	$ 3,096
	$ 242,846	$ 239,750	$ 3,096

PAYABLE DURING THE YEAR ENDED	GENERAL OBLIGATION BOND SERIES DTD 1/1/11		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2019	$ 306,167	$ 280,000	$ 26,167
April 30, 2020	302,769	285,000	17,769
April 30, 2021	304,219	295,000	9,219
	$ 913,155	$ 860,000	$ 53,155

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

	GENERAL OBLIGATION BOND SERIES DTD 11/9/17		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2019	$ 602,186	$ 220,000	$ 382,186
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 - 2028	2,913,625	1,385,000	1,528,625
April 30, 2029 - 2033	2,924,775	1,695,000	1,229,775
April 30, 2034 - 2038	2,942,075	2,095,000	847,075
April 30, 2039 - 2043	2,939,400	2,550,000	389,400
April 30, 2044	589,950	570,000	19,950
	$ 15,239,311	$ 9,470,000	$ 5,769,311

	GENERAL OBLIGATION BOND SERIES DTD 2/27/18		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2019	$ 223,291	$ -	$ 223,291
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 - 2028	2,491,480	1,225,000	1,266,480
April 30, 2029 - 2033	2,496,480	1,455,000	1,041,480
April 30, 2034 - 2038	2,485,420	1,755,000	730,420
April 30, 2039 - 2043	2,491,286	2,150,000	341,286
April 30, 2044	497,760	480,000	17,760
	$ 12,681,571	$ 7,925,000	$ 4,756,571

PAYABLE DURING THE YEAR ENDED	TOTAL ALL BONDS		
	TOTAL	PRINCIPAL	INTEREST
April 30, 2019	$ 1,374,490	$ 739,750	$ 634,740
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 - 2028	5,405,105	2,610,000	2,795,105
April 30, 2029 - 2033	5,421,255	3,150,000	2,271,255
April 30, 2034 - 2038	5,427,495	3,850,000	1,577,495
April 30, 2039 - 2043	5,430,686	4,700,000	730,686
April 30, 2044	1,087,710	1,050,000	37,710
	$ 29,076,883	$ 18,494,750	$ 10,582,133

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:

DUE FROM	DUE TO	AMOUNT
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
MFT	General Fund	416,667
TIF #1	General Fund	103,448
TIF #3	General Fund	124,297
TIF #4	General Fund	14,490
TIF #5	General Fund	127,093
TIF #6	General Fund	500
Recreation Center	General Fund	17,280
General Fund	Local Police Escrow	26,339
Federal Police Escrow	Local Police Escrow	20,982
Food and Beverage Fund	General Fund	74,703
Home Rule Fund	General Fund	731,184
		$ 1,748,228

DUE FROM	DUE TO	AMOUNT
	Governmental Activities/Major	
Fiduciary Funds	Governmental Funds	
Police Pension Fund	General Fund/Police Pension Fund	$ 308,867

The following is a summary of transfers during the year ended April 30, 2018:

TRANSFER FROM	TRANSFER TO	AMOUNT
General Fund	Sales Tax Rebates	$ 189,198
General Fund	Library	533,150
General Fund	Police Pension	1,299,996
General Fund	TIF #1 Bunkum Road	29,955
General Fund	TIF #2 Shoppes of St. Clair	36,427
General Fund	TIF #3 Lincoln Trail	30,445
General Fund	TIF #4 FH West	28
General Fund	TIF #5 Ludwig	709
		$ 2,119,908

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

The general fund transfer to the sales tax rebates fund was used to increase the equity in the sales tax rebates fund.

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 $500,760. 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, 2018, the amount of cash restricted for current and future payments under this agreement was $110,366. 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.

NOTE 8. TAX ABATEMENTS (CONT'D)

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, 2018. Current year payment is payable in the amount of $160,561 as of April 30, 2018. 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, 2018, the amount of cash restricted for current and future payments under this agreement was $43,645.

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 $214,444 in fiscal year 2018. 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, 2018, the amount of cash restricted for current and future payment under this agreement was $90,550. 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 $321,359 in fiscal year 2018. 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, 2018, the amount of cash restricted was $405,614. 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

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

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 $52,337 by April 30, 2018.

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, 2018, the amount of cash restricted for current and future payments under this agreement was $1,967,846.

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, 2018, the City rebated property taxes totaling $24,910 under this agreement with a remaining balance of $-0-.

The City has entered into a redevelopment plan with a local business as part of the Tax Increment Financing redevelopment agreements to rebate a total of $75,000 to the local business. For the fiscal year ended April 30, 2018, the City rebated property taxes totaling $25,000 under this agreement with a remaining balance of $50,000.

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 $792 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.

NOTE 10. LEASE REVENUE (CONT'D)

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:

5/1/18 - 4/30/19	$ 60,537
5/1/19 - 4/30/20	62,195
5/1/20 - 4/30/21	62,194
5/1/21 - 4/30/22	62,194
5/1/22 - 4/30/23	45,994

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, 2018, rentals approximated $53,900 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	$ 27,868
5/1/19 - 4/30/20	28,444
5/1/20 - 4/30/21	16,024
5/1/21 - 4/30/22	14,134
5/1/22 - 4/30/23	12,088

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 $2,626,068 represents amounts due and payable either currently or in the future based on the terms of these agreements. The funds are not available for use by the City until the rebates have been paid in full or the time period for payments has elapsed.

The City restricted a portion of the real estate tax collected under the TIF #1 Bunkum Road tax increment financing agreement for future sewer projects. At April 30, 2018, an amount of $1,202,466 was restricted to pay for the future sewer projects.

NOTE 12. RESTRICTED ASSETS (CONT'D)

The City restricted bond proceeds used for the construction of the new Recreation Center. At April 30, 2018 an amount of $14,994,764 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) 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.

NOTE 13. RETIREMENT PLANS (CONT'D)

Employees Covered by Benefit Terms - As of December 31, 2017, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	77
Inactive Plan Members entitled to but not yet receiving benefits	71
Active Plan Members	73
Total	221

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 2017 was 11.28 percent. For the calendar year December 31, 2017, the City contributed $496,412 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, 2017. 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, 2017:

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 7.50 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 2014 to 2016.

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.

NOTE 13. RETIREMENT PLANS (CONT'D)

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 %	6.85 %
International Equity	18	6.75
Fixed Income	28	3.00
Real Estate	9	5.75
Alternative Investments	7	2.65-7.35
Cash Equivalents	1	2.25
Total	100 %	

Single Discount Rate - A Single Discount Rate of 7.50 percent was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.31 percent, and the resulting single discount rate is 7.50 percent.

NOTE 13. RETIREMENT PLANS (CONT'D)

Changes in Net Pension Liability

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY (A)-(B)
Balance at December 31, 2016	$ 28,339,913	$ 24,859,836	$ 3,480,077
Changes for the year:			
Service Cost	424,597	-	424,597
Interest on the Total Pension Liability	2,086,136	-	2,086,136
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(32,548)	-	(32,548)
Changes of Assumptions	(874,741)	-	(874,741)
Contributions - Employer	-	442,475	(442,475)
Contributions - Employees	-	176,531	(176,531)
Net Investment Income	-	4,472,559	(4,472,559)
Benefit Payments, Including Refunds of Employee Contributions	(1,474,127)	(1,474,127)	-
Other (Net Transfer)	-	(426,425)	426,425
Net Changes	129,317	3,191,013	(3,061,696)
Balance at December 31, 2017	$ 28,469,230	$ 28,050,849	$ 418,381

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 6.50%	CURRENT SINGLE DISCOUNT RATE 7.50%	1% INCREASE 8.50%
Net Pension Liability	$ 3,810,238	$ 418,381	$ (2,389,110)

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

For the year ended December 31, 2017 the City recognized pension expense of $606,408. At April 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 13. RETIREMENT PLANS (CONT'D)

DEFERRED AMOUNTS RELATED TO PENSIONS	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Deferred Amounts to Be Recognized in Pension Expense in Future Periods:		
Difference Between Expected and Actual Experience	$ 198,055	$ 51,019
Changes of Assumption	7,871	675,222
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	756,838	2,124,903
Total Deferred Amounts to Be Recognized in Pension Expense in Future Periods	962,764	2,851,144
Pension Contributions Made Subsequent to the Measurement Date	238,481	-
Total Deferred Amounts Related to Pensions	$ 1,201,245	$ 2,851,144

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
2018	$ (98,656)
2019	(331,766)
2020	(688,252)
2021	(531,225)
2022	-
Thereafter	-
Total	$ (1,649,899)

B. Police Officers' Pension

Plan Description

Plan Administration

The Plan is administered by a Board of Trustees comprised of:
Two members appointed by the City,
Two active members of the Police Department elected by the Membership and one retired Member of the Police Department elected by the Membership.

At April 30, 2018, the Police Pension membership consisted of:

Active plan members	42
Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	10
Total	81

NOTE 13. RETIREMENT PLANS (CONT'D)

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.

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.

NOTE 13. RETIREMENT PLANS (CONT'D)

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of April 30, 2018:

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	100 %

Rate of Return:

For the year ended April 30, 2018, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 6.68 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, 2018 were as follows:

Total Pension Liability	$ 43,311,492
Plan Fiduciary Net Position	(28,607,608)
Employer's Net Pension Liability	$ 14,703,884
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.05%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of May 1, 2018 using the following actuarial assumptions:

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

NOTE 13. RETIREMENT PLANS (CONT'D)

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, 2018 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, 2018 are summarized in the following table:

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN
Cash	1.10 %
US Taxable Fixed Income	2.50
US Large-Cap Value Stocks	6.90
US Large-Cap Growth Stocks	6.90
US Mid-Cap Core Stocks	7.50
US Small-Cap Core Stocks	8.00
International Equities	6.50
Emerging Markets	9.10

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.

NOTE 13. RETIREMENT PLANS (CONT'D)

For purpose of this valuation, the expected rate of return on pension plan investments is 6.50 percent; the municipal bond rate is 3.97 percent (based on the weekly rate closest to but not later than the measurement 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, 2017	$ 41,549,365	$ 26,982,582	$ 14,566,783
Changes For a Year:			
Service Cost	917,006	-	917,006
Interest	2,701,593	-	2,701,593
Differences Between Expected and Actual Experience	386,736	-	386,736
Changes of Assumptions	(436,393)	-	(436,393)
Changes of Benefit Terms	-	-	-
Contributions - Employer	-	1,299,996	(1,299,996)
Contributions - Employee	-	357,669	(357,669)
Contributions - Buy Back	-	-	-
Net Investment Income	-	1,806,326	(1,806,326)
Benefit Payments, Including Refunds of Employee Contributions	(1,806,815)	(1,806,815)	-
Administrative Expenses	-	(30,695)	30,695
Net Changes	1,762,127	1,626,481	135,646
Adjustment to Beginning of Year	-	(1,455)	1,455
Balances at April 30, 2018	$ 43,311,492	$ 28,607,608	$ 14,703,884

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	$ 20,962,253	$ 14,703,884	$ 9,599,114

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

NOTE 13. RETIREMENT PLANS (CONT'D)

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

For the year ended April 30, 2018, the employer will recognize pension expense of $1,572,193. On April 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Difference Between Expected and Actual Experience	$ 620,723	$ 1,480,692
Changes of Assumptions	647,116	374,052
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	174,363	-
Total	$ 1,442,202	$ 1,854,744

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,	
2019	$ 28,588
2020	28,588
2021	(344,075)
2022	(169,302)
2023	50,753
Thereafter	(7,094)

NOTE 14. OTHER POSTEMPLOYMENT BENEFIT PLAN

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

Funding Policy - The Plan makes available to all employees who retire and their dependents the option to continue healthcare coverage under the City's group health program by contributing the monthly premium. Retirees contribute 100 percent of the premium for the level and type of coverage. The City pays 100 percent of the premium for duty-disabled police officers and their families. For the 2018 fiscal year, the annual pay-as-you-go cost is approximately $221,679 (2.6 percent of payroll).

As of April 30, 2016, the Plan has ten retirees and five disabled officers receiving benefits and ninety-eight active participants.

NOTE 14. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Annual OPEB Cost and Net OPEB Obligation - Every three years the City engages an actuarial firm to determine the estimated obligation associated with OPEB. The last valuation was done as of April 30, 2016, as well as the annual required contribution (ARC) for funding this obligation in accordance with the parameters of GASB Statement No. 45 for employers with more than one hundred total plan members. Based on this report, including assumptions that the ARC is not fully funded, the ARC for the City in fiscal year 2017 was $473,925. The City's annual OPEB cost is calculated based on the ARC. The ARC represents a level of funding, that if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year ended April 30, 2018, the actual amount contributed to the plan, and changes in the City's net OPEB obligation to the plan:

	POLICE	MUNICIPAL	TOTAL
Annual Required Contribution	$ 399,390	$ 74,535	$ 473,925
Interest on OPEB Obligation	80,464	5,878	86,342
Adjustment to Annual Required Contribution	(111,856)	(8,172)	(120,028)
Annual OPEB Cost (Expense)	367,998	72,241	440,239
Contributions Made	(170,571)	(51,108)	(221,679)
Increase in Net OPEB Obligation	197,427	21,133	218,560
Net OPEB obligation - May 1, 2017	2,011,590	146,957	2,158,547
Net OPEB Obligation - April 30, 2018	$ 2,209,017	$ 168,090	$ 2,377,107

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended April 30, 2018 and the two preceding years are as follows:

YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
04/30/18	$ 440,239	50.40 %	$ 2,377,107
04/30/17	443,965	46.20	2,158,547
04/30/16	448,004	42.20	1,919,840

Funded Status and Funding Progress - The funded status of the Plan based on the most recent actuarial valuation as of April 30, 2018 is as follows:

	POLICE	MUNICIPAL	TOTAL
Actuarial accrued liability (AAL)	$ 4,649,771	$ 814,727	$ 5,464,498
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	$ 4,649,771	$ 814,727	$ 5,464,498

NOTE 14. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

	POLICE	MUNICIPAL	TOTAL
Funded ratio (actuarial value of plan assets / AAL)	0.00%	0.00%	0.00%
Covered payroll (active plan members)	$ 4,181,252	$ 3,022,505	$ 7,203,757
UAAL as a percentage of covered payroll	111.2%	27.0%	75.9%

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

Actuarial Methods and Assumptions - The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the City and employees) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs to the City to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the actuarial valuation for the fiscal year ended April 30, 2016, the entry age normal cost method was used.

The following simplifying assumptions were made:

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

Mortality - Probabilities of death for participants were according to RP2000 Blue-Collar table projected to 2016 using scale AA for Police. For all others the RP2000 table projected to 2016 using scale AA was used. No additional provision was included for mortality improvements beyond 2016.

Healthcare Cost Trend Rate - An annual healthcare cost trend rate of 8.5 percent initially, reduced to an ultimate rate of 4.5 percent after eight years. Rates include a 2.5 percent general inflation assumption.

Health Insurance Premiums - Health insurance premiums for employees for the year ended April 30, 2018 were used as the basis for the calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4 percent was used.

NOTE 14. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

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

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.

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.

NOTE 16. DEFERRED COMPENSATION PLAN (CONT'D)

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 2018.

NOTE 19. SUBSEQUENT EVENTS

The City entered into contracts totaling $866,923 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.

NOTE 20. EXPENDITURES OVER BUDGET

The City operated within the legal confines of the budget during the fiscal year ended April 30, 2018 except the following:

TIF #1 Bunkum Road	$ 29,225
Recreation Center	3,162,967

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE "1"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
REVENUE:				
Permits				
Building Permits	$ 50,000	$ 50,000	$ 45,433	$ (4,567)
Plumbing Permits	700	700	758	58
Electric Permits	3,500	3,500	3,574	74
Demo, Satellite and Grade	1,000	1,000	375	(625)
Sign Permits	9,000	9,000	6,422	(2,578)
Building Maintenance Permits	45,000	45,000	50,035	5,035
Total Permits	109,200	109,200	106,597	(2,603)
Income Tax				
Income Tax	1,666,000	1,666,000	1,808,570	142,570
Interest	8,000	8,000	27,879	19,879
Total Income Taxes	1,674,000	1,674,000	1,836,449	162,449
Miscellaneous Revenue				
Liquor Licenses	45,000	45,000	68,094	23,094
Miscellaneous	-	-	44,531	44,531
Total Miscellaneous Revenue	45,000	45,000	112,625	67,625
Other Taxes				
Food and Beverage Tax	1,575,000	1,575,000	1,610,996	35,996
Hotel and Motel Collection Tax	350,000	350,000	580,214	230,214
Video Gaming Tax	90,000	90,000	136,819	46,819
Total Other Taxes	2,015,000	2,015,000	2,328,029	313,029
Use Taxes				
Sales Tax	7,500,000	7,500,000	7,049,783	(450,217)
Home Rule Tax	4,406,792	4,406,792	3,806,625	(600,167)
Use Tax	323,000	323,000	442,919	119,919
Road and Bridge Allotments	38,000	38,000	39,571	1,571
Total Use Taxes	$ 12,267,792	$ 12,267,792	$ 11,338,898	$ (928,894)

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, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
Grants				
Franchises	$ 200,000	$ 200,000	$ 275,363	$ 75,363
Special Grants	100,000	100,000	36,301	(63,699)
Library Grant	1,000	1,000	-	(1,000)
E.S.D.A. Grant	4,000	4,000	-	(4,000)
Total Grants	305,000	305,000	311,664	6,664
Charges for Service				
School Resource Officer Duty	70,000	70,000	133,898	63,898
Police Reports	5,000	5,000	5,895	895
Use of Copy/Fax Equipment	250	250	73	(177)
Total Charges for Services	75,250	75,250	139,866	64,616
Police Revenue				
Police Fines	125,000	125,000	95,955	(29,045)
Residential Rental License Fee	100,000	100,000	94,875	(5,125)
Police Outside Employment	200,050	200,050	101,106	(98,944)
Licenses - Other Than Liquor	25,000	25,000	22,481	(2,519)
Towing Fees	200,000	200,000	181,175	(18,825)
Fugitive Failure to Appear Fee	15,000	15,000	7,525	(7,475)
Bail Bond Fee	22,000	22,000	17,173	(4,827)
Sex Offender Registration	1,000	1,000	1,025	25
Donations	-	-	5,530	5,530
Total Police Revenue	688,050	688,050	526,845	(161,205)
Other Sources				
Zoning Permits	1,000	1,000	300	(700)
Waste Haulers' Fee	-	-	2,744	2,744
Users' Fees - Parks	15,000	15,000	114,392	99,392
Rents, Leases, Sharecrop	85,000	85,000	64,290	(20,710)
Interfund Transfer	-	-	1,299,996	1,299,996
Total Other Sources	101,000	101,000	1,481,722	1,380,722
Total Revenue	$ 17,280,292	$ 17,280,292	$ 18,182,695	$ 902,403

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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES:				
Executive Department				
Semi-Monthly Salaries	$ 177,612	$ 177,612	$ 177,799	$ (187)
Elected and Appointed Officials	9,600	9,600	9,600	-
Christmas Bonus	600	600	600	-
Unemployment Insurance	1,400	1,400	525	875
Social Security	11,012	8,812	8,723	89
Medicare	2,576	2,576	2,730	(154)
Retirement Funds	20,035	20,035	20,423	(388)
Health and Life Insurance	27,000	18,317	18,317	-
OPEB Employer Contribution	3,800	3,800	3,116	684
Education	2,000	2,000	760	1,240
Legal Fees	400	400	321	79
Travel and Meeting Expense	3,100	3,100	2,913	187
Bonds and Notary Fees	50	50	30	20
Membership Dues	2,175	2,175	2,000	175
Advertising and Public Notice	15,000	14,965	11,021	3,944
Public Relations	3,800	3,800	105	3,695
Equipment Rental	1,000	1,000	795	205
Technical and Outside Services	5,500	5,500	2,185	3,315
Insurance Liability	425,000	425,000	474,220	(49,220)
Insurance Deductible	20,000	30,883	30,785	98
Postage	12,000	12,000	12,000	-
Office Furniture and Equipment	500	500	-	500
Petty Cash	75	75	75	-
Subscriptions-Books	200	235	236	(1)
Election Expenses	200	200	214	(14)
Supplies	12,000	12,000	8,452	3,548
Total Executive Department	$ 756,635	$ 756,635	$ 787,945	$ (31,310)

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, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
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	3,050	-	-	-
Legal Fees	264,500	273,254	276,493	(3,239)
Travel and Meeting Expense	22,000	16,296	16,295	1
Membership Dues	400	528	528	-
Public Relations	200	72	27	45
Technical and Outside Services	3,000	3,000	1,113	1,887
Office Furniture and Equipment	700	700	-	700
Transfer to Sales Tax Rebates	-	-	189,198	(189,198)
Transfer to Library Fund	533,150	533,150	533,150	-
Total Mayor's Department	953,650	953,650	1,143,400	(189,750)
Finance Department				
Semi-Monthly Salaries	200,313	200,313	201,269	(956)
Elected and Appointed Officials	12	12	-	12
Christmas Bonus	600	600	600	-
Unemployment Insurance	900	900	350	550
Social Security	12,500	12,500	12,334	166
Medicare	3,000	3,000	2,884	116
Retirement Funds	23,637	23,637	22,889	748
Health and Life Insurance	36,950	36,050	32,265	3,785
OPEB Employer Contribution	3,600	3,600	2,666	934
Audit Fees	61,500	58,000	46,400	11,600
Travel and Meeting Expense	3,000	3,000	338	2,662
Membership Dues	500	500	-	500
Technical and Outside Services	1,400	2,300	945	1,355
IT Software	19,775	23,275	12,773	10,502
Supplies	5,500	5,500	2,842	2,658
Total Finance Department	$ 373,187	$ 373,187	$ 338,555	$ 34,632

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, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
Police Department				
Semi-Monthly Salaries	$ 4,181,065	$ 4,181,065	$ 4,040,283	$ 140,782
Overtime Compensation	256,000	256,000	246,043	9,957
Shift Premium	9,500	9,500	8,042	1,458
Allowances	4,320	4,320	2,700	1,620
Christmas Bonus	10,450	10,450	9,450	1,000
Unemployment Insurance	22,000	22,000	10,475	11,525
Social Security	30,909	30,909	28,821	2,088
Medicare	66,093	66,093	63,350	2,743
9-1-1 Consolidation	598,800	598,800	506,759	92,041
Retirement Funds	65,008	65,008	1,347,392	(1,282,384)
Health and Life Insurance	820,000	820,000	760,524	59,476
OPEB Employer Contribution	85,000	85,000	77,305	7,695
Boards and Committees	15,000	9,900	13,757	(3,857)
Educational Expense	34,300	37,600	17,926	19,674
Travel and Meeting Expense	16,000	16,000	19,605	(3,605)
Bonds and Notary Fees	2,200	2,200	1,769	431
Membership Dues	3,210	3,610	3,432	178
Public Relations	12,075	12,075	11,154	921
Buildings Rental	5,000	5,000	5,000	-
Equipment Rental	28,700	28,700	21,342	7,358
Technical and Outside Services	35,950	35,950	24,094	11,856
Bad Debt Expense	-	-	7,514	(7,514)
Uniform Cleaning	4,300	4,300	3,500	800
Postage	6,800	6,800	6,628	172
Petty Cash	300	300	172	128
Uniform Purchase	26,160	26,160	16,828	9,332
Subscriptions-Books	1,200	1,200	716	484
IT Software	65,500	65,500	63,000	2,500
Maintenance to Equipment	51,200	51,200	34,117	17,083
Minor Equipment	14,000	14,000	8,070	5,930
Supplies	31,450	32,850	33,931	(1,081)
Transfer to Police Pension	1,300,000	1,300,000	1,299,996	4
Total Police Department	$ 7,802,490	$ 7,802,490	$ 8,693,695	$ (891,205)

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, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
Administration				
Semi-Monthly Salaries	$ 472,267	$ 472,267	$ 445,048	$ 27,219
Overtime Compensation	6,000	6,000	383	5,617
Allowances	4,200	4,800	4,720	80
Christmas Bonus	26,200	26,200	850	25,350
Unemployment Insurance	3,500	3,500	1,541	1,959
Social Security	34,671	34,671	27,775	6,896
Medicare	8,108	8,108	6,496	1,612
Retirement Funds	63,703	63,703	49,502	14,201
Health and Life Insurance	129,800	129,800	94,235	35,565
OPEB Employer Contribution	9,698	9,698	7,851	1,847
Economic Development Commission	1,000	1,000	-	1,000
Survey and Engineer Fees	267,001	178,101	-	178,101
Educational Expense	2,750	2,750	-	2,750
Travel and Meeting Expense	25,000	25,000	4,700	20,300
Membership Dues	6,740	6,740	6,456	284
Safety Program	400	400	240	160
Advertising and Public Notices	9,500	9,500	6,280	3,220
Public Relations	5,000	6,300	6,036	264
Equipment Rental	78,760	78,760	66,252	12,508
Telephone Utility	77,500	77,500	56,547	20,953
Technical and Outside Services	65,000	89,000	84,823	4,177
Insurance Liability	830,400	876,400	874,592	1,808
Bad Debt Expense	-	-	2,667	(2,667)
Postage	1,500	1,500	-	1,500
Office Furniture and Equipment	5,500	7,300	8,734	(1,434)
Renovation or Remodeling	10,000	10,000	614	9,386
Computers	10,000	11,200	12,285	(1,085)
IT Hardware	45,250	45,250	34,960	10,290
IT Software	56,000	70,000	56,548	13,452
Supplies	1,600	1,600	1,799	(199)
Total Administration	$ 2,257,048	$ 2,257,048	$ 1,861,934	$ 395,114

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, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
Public Works - Engineering				
Semi-Monthly Salaries	$ 1,051,320	$ 1,051,320	$ 1,145,810	$ (94,490)
Overtime Compensation	30,000	30,000	25,090	4,910
Shift Premium	-	-	29	(29)
Christmas Bonus	4,500	4,500	3,650	850
Unemployment Insurance	8,500	8,500	5,022	3,478
Social Security	89,850	89,850	83,494	6,356
Medicare	25,000	25,000	19,527	5,473
Retirement Funds	163,800	163,800	140,136	23,664
Health and Life Insurance	390,000	390,000	301,839	88,161
OPEB Employer Contribution	25,500	25,500	23,975	1,525
Survey and Engineer Fees	10,000	10,000	3,119	6,881
Educational Expense	4,000	4,000	234	3,766
Travel and Meeting Expense	1,000	1,000	393	607
Bonds and Notary Fees	200	200	103	97
Membership Dues	1,500	1,500	615	885
Public Relations	1,000	1,000	-	1,000
Equipment Rental	34,000	34,000	28,433	5,567
Electric Utility	18,000	18,000	55	17,945
Technical and Outside Services	97,000	97,000	58,296	38,704
Petty Cash	100	100	60	40
Uniform Purchase	10,000	10,000	10,214	(214)
Minor Equipment	4,000	4,000	3,683	317
Supplies	151,100	151,100	49,500	101,600
Total Public Works - Engineering	$ 2,120,370	$ 2,120,370	$ 1,903,277	$ 217,093

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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
	ORIGINAL	FINAL		
Public Works - Maintenance				
Semi-Monthly Salaries	$ 249,794	$ 249,794	$ 244,205	$ 5,589
Overtime Compensation	5,000	5,000	611	4,389
Shift Premium	300	300	-	300
Christmas Bonus	800	800	800	-
Unemployment Insurance	1,500	1,500	700	800
Social Security	16,100	16,100	15,115	985
Medicare	3,750	3,750	3,535	215
Retirement Funds	29,200	29,200	27,712	1,488
Health and Life Insurance	70,000	70,000	68,937	1,063
OPEB Employer Contribution	4,250	4,250	4,261	(11)
Educational Expense	1,800	1,800	843	957
Travel and Meeting Expense	750	750	-	750
Membership Dues	180	180	165	15
Equipment Rental	200	200	-	200
Technical and Outside Services	6,000	6,000	4,951	1,049
Uniform Rental	4,000	4,000	1,956	2,044
Vehicle Operations Costs	220,000	220,000	151,099	68,901
Uniform Purchase	1,500	1,500	641	859
Subscriptions-Books	500	500	-	500
Maintenance to Equipment	2,500	2,500	137	2,363
Maintenance to Rolling Stock	59,500	59,500	22,386	37,114
Minor Equipment	16,000	16,000	16,243	(243)
Supplies	114,600	114,600	78,515	36,085
Total Public Works - Maintenance	$ 808,224	$ 808,224	$ 642,812	$ 165,412

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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
	ORIGINAL	FINAL		
Parks Department				
Semi-Monthly Salaries	$ 288,610	$ 288,610	$ 293,370	$ (4,760)
Overtime Compensation	5,000	5,000	3,129	1,871
Christmas Bonus	1,000	1,000	850	150
Unemployment Insurance	3,000	3,000	1,153	1,847
Social Security	17,894	17,894	18,129	(235)
Medicare	4,185	4,185	4,240	(55)
Retirement Funds	42,000	35,200	29,385	5,815
Health and Life Insurance	40,000	41,400	41,388	12
OPEB Employer Contribution	5,000	5,700	5,675	25
Educational Expense	10,000	10,000	8,494	1,506
Travel and Meeting Expense	3,100	3,100	1,195	1,905
Membership Dues	850	850	349	501
Safety Program	1,500	1,500	383	1,117
Public Relations	18,800	18,800	17,826	974
Equipment Rental	1,500	1,500	-	1,500
Sewer Utility	5,000	5,000	3,655	1,345
Water Utility	11,000	12,100	12,003	97
Sanitation Service	14,500	18,100	16,910	1,190
Technical and Outside Services	13,425	13,425	20,547	(7,122)
Bad Debt Expense	-	-	1,200	(1,200)
Office Furniture and Equip	250	250	-	250
Uniform Purchase	500	500	60	440
Minor Equipment	1,800	1,800	55	1,745
Renovation or Remodeling	-	-	14,942	(14,942)
Supplies	70,000	70,000	97,098	(27,098)
Postage	-	-	4,128	(4,128)
Total Parks Department	$ 558,914	$ 558,914	$ 596,164	$ (37,250)

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, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
Municipal Complex				
Semi-Monthly Salaries	$ 221,795	$ 221,795	$ 201,677	$ 20,118
Overtime Compensation	5,000	5,000	2,505	2,495
Shift Premium	300	300	394	(94)
Christmas Bonus	1,200	1,200	550	650
Unemployment Insurance	2,000	2,000	893	1,107
Social Security	14,790	14,790	12,802	1,988
Medicare	3,468	3,468	2,994	474
Retirement Funds	27,540	27,540	21,894	5,646
Health and Life Insurance	60,000	60,000	56,389	3,611
OPEB Employer Contribution	4,000	4,000	3,602	398
Educational Expense	1,000	1,000	-	1,000
Travel and Meeting Expense	500	500	-	500
Membership Dues	150	150	-	150
Public Relations	7,500	7,500	7,500	-
Equipment Rental	1,000	1,000	-	1,000
Electric Utility	155,000	155,000	136,101	18,899
Sewer Utility	6,000	6,000	5,720	280
Water Utility	17,000	17,000	16,825	175
Gas Utility	2,000	2,000	1,653	347
Technical and Outside Services	93,000	93,000	64,862	28,138
Office Furniture and Equipment	1,000	1,000	-	1,000
Renovation or Remodeling	30,000	30,000	12,594	17,406
Uniform Purchase	1,500	1,500	1,232	268
Maintenance to Equipment	10,500	10,500	5,493	5,007
Supplies	35,000	35,000	31,691	3,309
Total Municipal Complex	$ 701,243	$ 701,243	$ 587,371	$ 113,872

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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
	ORIGINAL	FINAL		
Land Use and Development				
Semi-Monthly Salaries	$ 466,685	$ 466,685	$ 470,381	$ (3,696)
Elected and Appointed Officials	29,000	29,000	30,770	(1,770)
Overtime Compensation	1,200	1,200	725	475
Shift Premium	100	100	-	100
Allowances	1,800	1,800	1,800	-
Christmas Bonus	2,000	2,000	1,600	400
Unemployment Insurance	3,500	3,500	1,882	1,618
Social Security	31,284	31,284	31,257	27
Medicare	7,316	7,316	7,310	6
Retirement Funds	59,491	59,491	53,379	6,112
Health and Life Insurance	90,000	90,000	88,992	1,008
OPEB Employer Contribution	8,830	8,830	7,548	1,282
Boards and Committees	2,585	2,585	-	2,585
Educational Expense	2,000	2,000	1,111	889
Legal Fees	1,600	1,600	1,175	425
Travel and Meeting Expense	2,700	2,700	801	1,899
Membership Dues	1,800	1,800	838	962
Advertising and Public Notice	1,000	1,000	-	1,000
Technical and Outside Services	31,150	31,150	1,350	29,800
Bad Debt Expense	-	-	41,212	(41,212)
Office Furniture and Equipment	750	750	304	446
Petty Cash	60	60	-	60
Renovation or Remodeling	-	-	381	(381)
Uniform Purchase	1,500	1,500	1,078	422
Subscriptions-Books	1,000	1,000	210	790
IT Software	10,000	10,000	-	10,000
G.I.S. Expenses	11,500	11,500	5,000	6,500
Supplies	3,175	3,175	3,506	(331)
Transfer to TIF #1	24,000	24,000	29,955	(5,955)
Transfer to TIF #2	34,000	34,000	36,427	(2,427)
Transfer to TIF #3	30,000	30,000	30,445	(445)
Transfer to TIF #4	-	-	28	(28)
Transfer to TIF #5	-	-	709	(709)
Total Land Use and Development	$ 860,026	$ 860,026	$ 850,174	$ 9,852

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, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
Library Department				
Semi-Monthly Salaries	$ 22,440	$ 22,440	$ 15,828	$ 6,612
Shift Premium	140	140	-	140
Christmas Bonus	2,200	2,200	600	1,600
Unemployment Insurance	4,100	4,100	2,313	1,787
Social Security	3,800	3,800	886	2,914
Medicare	700	700	207	493
Retirement Funds	6,200	6,200	1,651	4,549
Health and Life Insurance	39,000	39,000	37,251	1,749
OPEB Employer Contribution	6,200	6,200	7,678	(1,478)
Electric Utility	28,000	28,000	23,201	4,799
Sewer Utility	700	700	569	131
Water Utility	5,400	5,400	5,039	361
Technical and Outside Services	-	-	59	(59)
Supplies	2,100	2,100	1,823	277
Total Library Department	120,980	120,980	97,105	23,875
Emergency Services and Disaster Agency				
Elected and Appointed Officials	10,000	10,000	10,096	(96)
Educational Expenses	500	500	-	500
Travel and Meeting Expense	1,000	1,000	596	404
Membership Dues	130	130	-	130
Public Relations	250	250	170	80
Telephone Utility	1,650	1,650	1,330	320
Technical and Outside Services	17,200	17,200	-	17,200
Postage	150	150	-	150
Maintenance to equipment	6,000	6,000	199	5,801
Supplies	1,500	1,500	28	1,472
Total Emergency Services and Disaster Agency	38,380	38,380	12,419	25,961
Total Expenditures	$ 17,351,147	$ 17,351,147	$ 17,514,851	$ (163,704)

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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITVE (NEGATIVE)
	ORIGINAL	FINAL		
Total Expenditures (Brought Forward)	$ 17,351,147	$ 17,351,147	$ 17,514,851	$ (163,704)
Net Change in Fund Balance	$ (70,855)	$ (70,855)	667,844	$ 738,699
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			(330,839)	
Effect of Unrecorded Liabilities			36,527	
Beginning Fund Balance			7,772,298	
Ending Fund Balance			$ 8,145,830	

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

SCHEDULE "2"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
HOME RULE FUND
FOR THE YEAR ENDED APRIL 30, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Home Rule Tax Revenues	$ 2,362,888	$ 2,362,888	$ 2,247,448	$ (115,440)
Interest	10,000	10,000	48,686	38,686
Special Grants	932,000	932,000	330,096	(601,904)
Sale of Surplus Property	-	-	4,994	4,994
Total Revenue	3,304,888	3,304,888	2,631,224	(673,664)
EXPENDITURES:				
Police Department				
Tech and Outside Services	-	-	2,347	(2,347)
Equipment and Rolling Stock	136,000	136,000	85,248	50,752
Buildings and Structures	-	-	17,575	(17,575)
Streets and Alleys	25,000	25,000	29,946	(4,946)
Other Capital Improvements	-	-	60,393	(60,393)
Total Police Department	161,000	161,000	195,509	(34,509)
ESDA				
Building and Structures	77,000	77,000	-	77,000
Equipment and Rolling Stock	-	-	17,310	(17,310)
Total ESDA	77,000	77,000	17,310	59,690
Public Works - Engineering				
Easements	177,500	177,500	122,428	55,072
Equipment and Rolling Stock	260,000	260,000	229,814	30,186
Survey/Engineering - Capital	446,500	446,500	364,177	82,323
Buildings and Structures	65,000	65,000	36,281	28,719
Streets and Alleys	2,195,000	2,195,000	802,449	1,392,551
Storm Drainage	950,000	950,000	288,551	661,449
Other Debt Service	62,024	62,024	31,490	30,534
Total Public Works - Engineering	$ 4,156,024	$ 4,156,024	$ 1,875,190	$ 2,280,834

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, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Parks Department				
Survey/Engineering - Capital	$ -	$ -	$ 19,539	$ (19,539)
Buildings and Structures	1,460,000	1,460,000	1,638,134	(178,134)
Other Capital Improvements	380,000	380,000	140,717	239,283
Total Parks Department	1,840,000	1,840,000	1,798,390	41,610
Public Works Building Maintenance				
Survey/Engineer - Capital	20,000	20,000	35,846	(15,846)
Buildings and Structures	265,000	265,000	288,012	(23,012)
Other Capital Improvements	20,000	20,000	18,390	1,610
Total Municipal Complex Department	305,000	305,000	342,248	(37,248)
Land Use and Development				
Demolition Service	45,000	45,000	17,394	27,606
Survey/Engineering - Capital	-	-	2,389	(2,389)
Buildings and Structures	-	-	774	(774)
Total Land Use and Development	45,000	45,000	20,557	24,443
Total Expenditures	6,584,024	6,584,024	4,249,204	2,334,820
Net Change in Fund Balance	$ (3,279,136)	$ (3,279,136)	(1,617,980)	$ 1,661,156
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			(86,443)	
Effect of Unrecorded Liabilities			559,478	
Beginning Fund Balance			3,390,753	
Ending Fund Balance			$ 2,245,808	

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

SCHEDULE "3"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
RECREATION FUND
FOR THE YEAR ENDED APRIL 30, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Bond Proceeds	$ -	$ -	$ 18,140,390	$ 18,140,390
Total Revenues	-	-	18,140,390	18,140,390
EXPENDITURES:				
Legal Fees	-	-	312,531	(312,531)
Buildings and Structures	-	-	2,850,436	(2,850,436)
Total Expenditures	-	-	3,162,967	(3,162,967)
Net Change in Fund Balance	$ -	$ -	14,977,423	$ 14,977,423
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			-	
Effect of Unrecorded Liabilities			(1,164,184)	
Beginning Fund Balance			-	
Ending Fund Balance			$ 13,813,239	

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

SCHEDULE "4"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TAX REBATES FUND
FOR THE YEAR ENDED APRIL 30, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUE:				
Sales Tax	$ 825,000	$ 825,000	$ 436,192	$ (388,808)
Home Rule Sales Tax	800,000	800,000	367,208	(432,792)
Business District Sales Tax	85,000	85,000	78,002	(6,998)
Interest	1,200	1,200	4,914	3,714
Interfund Transfers	-	-	189,198	189,198
Total Revenue	1,711,200	1,711,200	1,075,514	(635,686)
EXPENDITURES:				
Sales Tax Rebate	1,605,000	1,605,000	715,032	889,968
Intergovernmental Agreements	65,000	65,000	52,004	12,996
Total Expenditures	1,670,000	1,670,000	767,036	902,964
Net Change in Fund Balance	$ 41,200	$ 41,200	308,478	$ 267,278
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			(31,976)	
Effect of Unrecorded Liabilities			214,138	
Beginning Fund Balance			(487,863)	
Ending Fund Balance			$ 2,777	

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

SCHEDULE "5"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TIF #1 BUNKUM ROAD
FOR THE YEAR ENDED APRIL 30, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUE:				
TIF Revenue	$ 240,000	$ 240,000	$ 299,423	$ 59,423
Interfund Transfers	24,000	24,000	29,955	5,955
Interest	3,000	3,000	14,515	11,515
Total Revenue	267,000	267,000	343,893	76,893
EXPENDITURES:				
Audit Fees	2,020	2,020	2,000	20
TIF Expenditures	45,000	45,000	84,245	(39,245)
Right of Way	10,000	10,000	-	10,000
Total Expenditures	57,020	57,020	86,245	(29,225)
Net Change in Fund Balance	$ 209,980	$ 209,980	257,648	$ 47,668
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			-	
Beginning Fund Balance			858,573	
Ending Fund Balance			$ 1,116,221	

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

SCHEDULE "6"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TIF #2 SHOPPES OF ST. CLAIR
FOR THE YEAR ENDED APRIL 30, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE:				
TIF Revenue	$ 340,000	$ 340,000	$ 358,182	$ 18,182
Interfund Transfer	34,000	34,000	36,427	2,427
Interest	1,000	1,000	7,101	6,101
Total Revenue	375,000	375,000	401,710	26,710
EXPENDITURES:				
Audit Fees	2,020	2,020	2,000	20
TIF Expenditures	350,000	350,000	(72,533)	422,533
Total Expenditures	352,020	352,020	(70,533)	422,553
Net Change in Fund Balance	$ 22,980	$ 22,980	472,243	$ 449,263
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			5,938	
Effect of Unrecorded Liabilities			1,102	
Beginning Fund Balance			(2,035)	
Ending Fund Balance			$ 477,248	

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

SCHEDULE "7"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TIF #3 LINCOLN TRAIL
FOR THE YEAR ENDED APRIL 30, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUE:				
TIF Revenue	$ 300,000	$ 300,000	$ 269,820	$ (30,180)
Interfund Transfer	30,000	30,000	30,445	445
Interest	8,000	8,000	24,977	16,977
Total revenue	338,000	338,000	325,242	(12,758)
EXPENDITURES:				
Intergovernmental Agreements	45,000	45,000	41,283	3,717
Audit Fees	2,020	2,020	2,000	20
Minor Equipment	1,200	3,260	3,260	-
Contingencies	10,000	10,000	-	10,000
Easements	25,000	25,000	-	25,000
Survey Engineering - Capital	102,000	102,000	24,632	77,368
Streets and Alleys	707,000	707,000	-	707,000
Demolition Services	25,000	25,000	-	25,000
TIF Expenditures	210,000	207,940	51,386	156,554
Total Expenditures	1,127,220	1,127,220	122,561	1,004,659
Net Change in Fund Balance	$ (789,220)	$ (789,220)	202,681	$ 991,901
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			34,499	
Effect of Unrecorded Liabilities			(15,264)	
Beginning Fund Balance			1,608,109	
Ending Fund Balance			$ 1,830,025	

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, 2018

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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2018

OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE NORMAL COST (b)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
4/30/2018	$ -	$ 5,464,498	$ 5,464,498	- %	$ 7,203,757	75.86 %
4/30/2017	-	5,267,829	5,267,829	-	6,960,152	75.69
4/30/2016	-	5,070,614	5,070,614	-	6,724,784	75.40
4/30/2015	-	5,328,243	5,328,243	-	6,657,002	80.00
4/30/2014	-	5,078,491	5,078,491	-	6,431,886	78.96
4/30/2013	-	4,835,478	4,835,478	-	6,214,383	77.80

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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
POLICE PENSION TRUST FUND
APRIL 30, 2018
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - CURRENT YEAR
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM FISCAL YEAR 2015)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
TOTAL PENSION LIABILITY:										
Service Cost	$ 917,006	$ 963,518	$ 839,355	$ 865,338	$ -	$ -	$ -	$ -	$ -	$ -
Interest on the Total Pension Liability	2,701,593	2,562,213	2,532,522	2,218,469	-	-	-	-	-	-
Experience	386,736	404,930	(2,591,212)	(128,421)	-	-	-	-	-	-
Change of Assumptions	(436,393)	-	1,132,453	2,609,255	-	-	-	-	-	-
Contributions - Buy Back	-	-	69,871	-	-	-	-	-	-	-
Benefit Payments	(1,806,815)	(1,672,870)	(1,627,869)	(1,400,257)	-	-	-	-	-	-
Net Change in Total Pension Liability	1,762,127	2,257,791	355,120	4,164,384						
Total Pension Liability, Beginning of Period	41,549,365	39,291,574	38,936,454	34,772,070	-	-	-	-	-	-
Total Pension Liability, End of Period (a)	43,311,492	41,549,365	39,291,574	38,936,454	-	-	-	-	-	-
PLAN FIDUCIARY NET POSITION:										
Employer Contributions	1,299,996	1,336,663	1,300,000	1,260,000	-	-	-	-	-	-
Member Contributions	357,669	353,941	308,698	599,979	-	-	-	-	-	-
Contributions - Buy Back	-	-	69,871	-	-	-	-	-	-	-
Net Investment Income	1,806,326	2,467,647	(253,744)	1,549,494	-	-	-	-	-	-
Benefit Payments	(1,806,815)	(1,672,870)	(1,627,869)	(1,400,257)	-	-	-	-	-	-
Administrative Expense	(30,695)	(27,338)	(19,457)	-	-	-	-	-	-	-
Other (Net Transfer)	-	-	-	(20,957)	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,626,481	2,458,043	(222,501)	1,988,259	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	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)	28,607,608	26,982,582	24,524,539	24,747,040	-	-	-	-	-	-
Net Pension Liability - Ending (a)-(b)	$ 14,703,884	$ 14,566,783	$ 14,767,035	$ 14,189,414	$ -	$ -	$ -	$ -	$ -	$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.05%	64.94%	62.42%	63.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Valuation Payroll	$ 3,511,857	$ 3,469,400	$ 3,475,703	$ 3,234,164	$ -	$ -	$ -	$ -	$ -	$ -
Net Pension Liability as a Percentage of Covered Valuation Payroll	418.69%	419.86%	424.86%	438.74%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

SCHEDULE "11"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2018
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - CURRENT YEAR
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM CALENDAR YEAR 2014)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service Cost	$ 424,597	$ 427,355	$ 452,292	$ 446,254	$ -	$ -	$ -	$ -	$ -	$ -
Interest on the Total Pension Liability	2,086,136	1,983,146	1,915,308	1,756,883	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(32,548)	412,657	(111,131)	225,545	-	-	-	-	-	-
Change of Assumptions	(874,741)	(67,179)	32,279	874,212	-	-	-	-	-	-
Benefit Payments	(1,474,127)	(1,430,063)	(1,240,272)	(1,078,710)	-	-	-	-	-	-
Net Change in Total Pension Liability	129,317	1,325,916	1,048,476	2,224,184						
Total Pension Liability, Beginning of Period	28,339,913	27,013,997	25,965,521	23,741,337	-	-	-	-	-	-
Total Pension Liability, End of Period (a)	28,469,230	28,339,913	27,013,997	25,965,521	-	-	-	-	-	-
Plan Fiduciary Net Position										
Employer Contributions	442,475	480,680	496,412	507,379	-	-	-	-	-	-
Employee Contributions	176,531	186,042	189,470	199,290	-	-	-	-	-	-
Pension Plan Net Investment Income	4,472,559	1,619,400	119,149	1,398,908	-	-	-	-	-	-
Benefit Payments	(1,474,127)	(1,430,063)	(1,240,272)	(1,078,710)	-	-	-	-	-	-
Other	(426,425)	179,542	152,432	(38,765)	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	3,191,013	1,035,601	(282,809)	988,102						
Plan Fiduciary Net Position - Beginning	24,859,836	23,824,235	24,107,044	23,118,942	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	28,050,849	24,859,836	23,824,235	24,107,044	-	-	-	-	-	-
Net Pension Liability - (a)-(b)	$ 418,381	$ 3,480,077	$ 3,189,762	$ 1,858,477	$ -	$ -	$ -	$ -	$ -	$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.53%	87.72%	88.19%	92.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Valuation Payroll	$ 3,928,514	$ 4,056,371	$ 4,210,446	$ 4,193,206	$ -	$ -	$ -	$ -	$ -	$ -
Net Pension Liability as a Percentage of Covered Valuation Payroll	10.65%	85.79%	75.76%	44.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

SCHEDULE "12"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
POLICE PENSION TRUST FUND
APRIL 30, 2018
MULTIYEAR SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM FISCAL YEAR 2015)

FISCAL YEAR ENDING APRIL 30,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY	COVERED VALUATION PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION PAYROLL
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, 2018

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 4% 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.

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO SCHEDULE OF CONTRIBUTIONS - POLICE PENSION
APRIL 30, 2018

Termination

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

AGE	RATE OF WITHDRAWAL
15-24	0.1
25	0.0750
26-27	0.0625
28-31	0.05
32-34	0.04
35-37	0.03
38-49	0.02
>=50	0.035

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

Disability Rates

Incidence of disability amongst police officers eligible for disability benefits:

AGE	RATE
20	0.0005
25	0.0005
30	0.0022
35	0.0026
40	0.004
45	0.0065
50	0.0095
55	0.013

Retirement Age

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

AGE	RATE OF RETIREMENT
<=49	0
50-54	0.2
55-59	0.25
60-62	0.33
63-69	0.5
>=70	1.00

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.

SCHEDULE "14"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2018
MULTIYEAR SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM FISCAL YEAR 2014)

CALENDAR YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY	COVERED VALUATION PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION
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

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
NOTES TO SCHEDULE OF CONTRIBUTIONS -IMRF
APRIL 30, 2018

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 2017 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): 26-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 21 years for most employers (two employers were financed over 30 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.

ADDITIONAL ANALYSIS

CITY OF FAIRVIEW HEIGHTS, ILLINIOS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

ASSETS

	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	$ 489,000	$ 195,116	$ 608,422	$ 514,617	$ 616,454	$ 241,882	$ -	$ -	$ -	$ 2,665,491
Certificates of Deposit	-	388,821	379,101	194,707	354,481	-	-	-	-	1,317,110
Receivables	-	-	195,601	130,953	39,096	-	4,467	11,399	-	381,516
Due From Other Funds	47,321	-	-	-	-	-	-	-	-	47,321
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	307	7,801	-	8,108
Total Assets	$ 536,321	$ 583,937	$ 1,183,124	$ 840,277	$ 1,010,031	$ 241,882	$ 4,774	$ 19,200	$ -	$ 4,419,546

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

	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
LIABILITIES:										
Accounts Payable	$ 9,932	$ 4,088	$ -	$ 7,075	$ 67,118	$ 2,507	$ -	$ -	$ -	$ 90,720
Accrued Payroll	-	14,144	-	-	-	-	-	-	-	14,144
Due to Other Funds	20,982	-	74,703	-	416,667	-	14,490	127,093	500	654,435
Total liabilities	30,914	18,232	74,703	7,075	483,785	2,507	14,490	127,093	500	759,299
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	4,467	11,399	-	15,866
Total Deferred Inflows of Resources	-	-	-	-	-	-	4,467	11,399	-	15,866
FUND BALANCE:										
Restricted for:										
Infrastructure	-	-	-	-	526,246	-	-	-	-	526,246
Special Revenue Funds	-	-	-	833,202	-	-	-	-	-	833,202
Assigned:										-
Special Revenue Funds	505,407	565,705	1,108,421	-	-	239,375	-	-	-	2,418,908
Unassigned:										
Special Revenue Funds	-	-	-	-	-	-	(14,183)	(119,292)	(500)	(133,975)
Total Fund Balance (Deficit)	505,407	565,705	1,108,421	833,202	526,246	239,375	(14,183)	(119,292)	(500)	3,644,381
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 536,321	$ 583,937	$ 1,183,124	$ 840,277	$ 1,010,031	$ 241,882	$ 4,774	$ 19,200	$ -	$ 4,419,546

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 ENED APRIL 30, 2018

	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	$ -	$ -	$ -	$ -	$ 452,015	$ -	$ -	$ -	$ -	$ 452,015
Hotel and Motel Taxes	-	-	-	403,890	-	-	-	-	-	403,890
Property Taxes	-	-	-	-	-	-	279	7,093	-	7,372
Food and Beverage Tax	-	-	489,551	-	-	-	-	-	-	489,551
Fines and Fees	394,370	33,486	-	-	-	-	-	-	-	427,856
Donations	-	1,107	-	-	-	-	-	-	-	1,107
Interest Income	-	5,778	16,271	13,031	11,343	409	-	-	-	46,832
OPEB Insurance Contributions	-	-	-	-	-	236,069	-	-	-	236,069
Miscellaneous	-	2,258	-	-	-	-	-	-	-	2,258
Total Revenues	394,370	42,629	505,822	416,921	463,358	236,478	279	7,093	-	2,066,950
EXPENDITURES:										
General Government										
Administration Department	-	-	-	20,642	-	-	-	-	-	20,642
Clerk's Department	-	-	1,620	-	-	139,376	-	-	-	140,996
Public Safety										
Police	270,497	-	-	-	-	-	-	-	-	270,497
Streets and Public Works										
Tax Increment Financing	-	-	-	-	525,679	-	500	500	500	527,179
Culture and Recreation										
Parks	-	-	-	4,071	-	-	-	-	-	4,071
Tourism	-	-	-	92,451	-	-	-	-	-	92,451
Library	-	555,465	-	-	-	-	-	-	-	555,465
Debt Service										
Principal	-	-	240,050	275,000	-	-	-	-	-	515,050
Interest	-	-	6,189	34,419	-	-	-	-	-	40,608
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	270,497	555,465	247,859	426,583	525,679	139,376	500	500	500	2,166,959
Excess (Deficiency) of Revenues Over Expenditures	123,873	(512,836)	257,963	(9,662)	(62,321)	97,102	(221)	6,593	(500)	(100,009)
OTHER FINANCING SOURCES:										
Transfer In	-	533,150	-	-	-	-	28	709	-	533,887
Total Other Financing Sources	-	533,150	-	-	-	-	28	709	-	533,887
Net Change in Fund Balance	123,873	20,314	257,963	(9,662)	(62,321)	97,102	(193)	7,302	(500)	433,878
Fund Balance (Deficit), Beginning of Year	381,534	545,391	850,458	842,864	588,567	142,273	(13,990)	(126,594)	-	3,210,503
Funds Balance (Deficit), End of Year	$ 505,407	$ 565,705	$ 1,108,421	$ 833,202	$ 526,246	$ 239,375	$ (14,183)	$(119,292)	$ (500)	$ 3,644,381

See notes to financial statements.

SCHEDULE "18"

CITY OF FAIRVIEW HEIGHTS, ILLINIOS
COMBINING BALANCE SHEET
ALL GENERAL FUND ACCOUNTS
APRIL 30, 2018

ASSETS

	GENERAL	PARKS PROGRAMS	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
Cash and Cash Equivalents	$ 3,658,448	$ 91,321	$ 722	$ 6,684	$ 285,349	$ 4,042,524
Certificates of Deposit	-	-	-	-	587,681	587,681
Receivables	2,137,242	-	-	-	-	2,137,242
Due From Other Funds	1,781,778	-	-	-	-	1,781,778
Due From Fiduciary Fund	-	-	308,867	-	-	308,867
Restricted Cash and Cash Equivalents	127,532	-	-	-	-	127,532
Total Assets	$ 7,705,000	$ 91,321	$ 309,589	$ 6,684	$ 873,030	$ 8,985,624

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

	GENERAL	PARKS PROGRAMS	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
LIABILITIES:						
Accounts Payable	$ 185,710	$ 2,054	$ -	$ -	$ -	$ 187,764
Accrued Payroll	334,063	145	-	-	-	334,208
Due to Other Funds	289,700	-	-	-	-	289,700
Total Liabilities	809,473	2,199	-	-	-	811,672
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue - Property Taxes	28,122	-	-	-	-	28,122
Total Deferred Inflows of Resources	28,122	-	-	-	-	28,122
FUND BALANCE:						
Restricted for:						
Rebate and Financing Agreements	127,532	-	-	-	-	127,532
Unassigned						
General Funds	6,911,989	89,122	137,473	6,684	873,030	8,018,298
Total fund balance	7,039,521	89,122	137,473	6,684	873,030	8,145,830
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 7,877,116	$ 91,321	$ 137,473	$ 6,684	$ 873,030	$ 8,985,624

See notes to financial statements.

SCHEDULE "19"

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED APRIL 30, 2018

	GENERAL	PARKS PROGRAM	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
REVENUES:						
Sales Taxes	$ 7,008,356	$ -	$ -	$ -	$ -	$ 7,008,356
Food and Beverage Taxes	1,610,996	-	-	-	-	1,610,996
Home Rule Taxes	3,806,625	-	-	-	-	3,806,625
Income Taxes	1,553,632	-	-	-	-	1,553,632
Property Taxes	39,058	-	-	-	-	39,058
Use Taxes	451,517	-	-	-	-	451,517
Hotel and Motel Taxes	580,214	-	-	-	-	580,214
Utility/Franchise Taxes	275,175	-	-	-	-	275,175
Video Game Taxes	138,584	-	-	-	-	138,584
Licenses and Permits	292,347	-	-	-	-	292,347
Grant	36,301	-	-	-	-	36,301
Fines and Fees	333,164	93,193	-	-	-	426,357
Rental	64,290	-	-	-	-	64,290
Donations	-	-	-	5,530	-	5,530
Interest Income	22,437	478	10	60	4,894	27,879
Miscellaneous	232,209	2,800	-	-	-	235,009
Total Revenues	16,444,905	96,471	10	5,590	4,894	16,551,870
EXPENDITURES:						
Current						
General Government						
Mayor's Department	421,015	-	-	-	-	421,015
Clerk's Department	767,924	-	-	-	-	767,924
Finance Department	354,906	-	-	-	-	354,906
Administration Department	1,815,384	-	-	-	-	1,815,384
Municipal Complex	576,216	-	-	-	-	576,216
Public Safety						
Police	6,115,116	-	1,299,997	3,842	-	7,418,955
Emergency Services and Disaster Agency	17,655	-	-	-	-	17,655
Streets and Public Works						
Engineering/Streets	1,891,180	-	-	-	-	1,891,180
Public Works Maintenance	649,592	-	-	-	-	649,592
Land use and Development	752,199	-	-	-	-	752,199
Culture and Recreation						
Parks	530,956	65,828	-	-	-	596,784
Library	96,616	-	-	-	-	96,616
Capital Outlay	-	-	-	-	-	-
Total Expenditures	13,988,759	65,828	1,299,997	3,842	-	15,358,426
Excess (Deficiency) of Revenues Over Expenditures (Carried Forward)	$ 2,456,146	$ 30,643	$ (1,299,987)	$ 1,748	$ 4,894	$ 1,193,444

See accompanying notes to financial statements.

SCHEDULE "19" (CONT'D)

CITY OF FAIRVIEW HEIGHTS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED APRIL 30, 2018

	GENERAL	PARKS PROGRAM	POLICE PENSION	POLICE YOUTH	CAPITAL RESERVE	TOTAL GENERAL FUND
Excess (Deficiency) of Revenues Over Expenditures (Brought Forward)	$ 2,456,146	$ 30,643	$ (1,299,987)	$ 1,748	$ 4,894	$ 1,193,444
OTHER FINANCING SOURCES (USES):						
Transfers Out	(2,119,908)	-	-	-	-	(2,119,908)
Transfers In	-	-	1,299,996	-	-	1,299,996
Total Other Financing Sources (Uses)	(2,119,908)	-	1,299,996	-	-	(819,912)
Net Change in Fund Balances	336,238	30,643	9	1,748	4,894	373,532
Fund Balances, Beginning of Year	6,703,283	58,479	137,464	4,936	868,136	7,772,298
Fund Balances, End of Year	$ 7,039,521	$ 89,122	$ 137,473	$ 6,684	$ 873,030	$ 8,145,830

See accompanying notes to financial statements.

COMPLIANCE AUDIT

SCHEFFEL
BOYLE
Certified Public Accountants

ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSO

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, 2018, 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 14, 2018.

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

2018-001: 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.

2018-002: 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.

2018-003: 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.

Scheffel Boyle

Belleville, Illinois

November 14, 2018

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

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. 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.

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. 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.

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

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.

Finding No. 2018-2 (Continued)

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. 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.

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.