

CITY OF BLUE ISLAND, ILLINOIS COOK COUNTY

Annual Financial Report

For the Year Ended April 30, 2009

Administrative Office

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Blue Island, Illinois 60406

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Michael A. Anastasia – Finance Director
Pamela Frasor – City Clerk
Carmine Bilotto – City Treasurer
Peter Murphy – City Attorney
Douglas E. Hoglund – Police Chief
Robert Copp – Fire Chief
Terrance R. Sullivan – Risk Manager

Mayor

Donald E. Peloquin

Aldermen

Ward 1: Jerry Natalino
Raymond Cantelo
Ward 2: Cathie Spizzirri
Leticia Vieyra
Ward 3: Rose Rita
Mark Patoska
Ward 4: Marcia Stone
Mark L. Ruthenberg
Ward 5: Janice Ostling
Michael Janko
Ward 6: Dexter R. Johnson
Gerald A. Hall
Ward 7: Russell D. Elton
Domingo Vargas

Prepared by:

Department of Finance
Carmine Bilotto – Treasurer

**City of Blue Island
Audit Report
For the Year Ended April 30, 2009**

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Blue Island, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Blue Island, Illinois** as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Blue Island's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Blue Island, Illinois, as of April 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the accompanying table of contents is presented for purposes of additional analysis, and is not a required part of the basic financial statements of the City of Blue Island, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical information and continuing bond disclosures listed in the table of contents were not audited by us and, accordingly, we do not express an opinion thereon.

Selden Fox, Ltd.

October 30, 2009

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MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Blue Island, Illinois
Management's Discussion and Analysis
April 30, 2009

The City of Blue Island offers readers of the City's financial statements this narrative overview and analysis of the financial activity of the City of Blue Island for the fiscal year ended April 30, 2009.

Financial Highlights

The assets of the City of Blue Island exceeded its liabilities at the close of the most recent fiscal year by \$38,595,072 (*net assets*). Of this amount, \$42,106,674 is invested in capital assets net of related debt, and \$1,791,694 is restricted for other purposes. The City's unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors, were at a deficit of \$5,303,296. Included within this deficit are amounts that will be needed to make future principal and interest payments on refunding bond issues, which will be funded through future tax levies. The liability for the debt is included in the statement of net assets, but only the portion of the future tax receipts already levied has been included.

- The government's total net assets increased due to current year operations by \$1,190,133 based on planned cost cutting measures being enforced.
- As of the close of the current fiscal year, the City of Blue Island's governmental funds reported combined ending fund deficit of \$498,591, a decrease of \$1,411,200 in comparison with the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was at a deficit of \$8,637,076.
- The City of Blue Island's total general obligation and alternate revenue bonds decreased by \$1,632,500 (10.31 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Blue Island's basic financial statements. The City of Blue Island's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Blue Island's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of the City of Blue Island's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Blue Island is improving or deteriorating.

Overview of the Financial Statements (cont'd)

Government-wide Financial Statements (cont'd)

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Blue Island that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the City of Blue Island include general government, public safety, public works, civil defense, culture and recreation, and senior citizens' programs. The business-type activities of the City of Blue Island include water and sewer, golf course, and commuter parking lots.

The government-wide financial statements include not only the City of Blue Island itself (known as the primary government), but also a legally separate component unit, the City of Blue Island Public Library, for which the City of Blue Island is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 through 15 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Blue Island, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Blue Island can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Overview of the Financial Statements (cont'd)

Governmental Funds (cont'd)

The City of Blue Island maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, and one Special Revenue Fund, the Special Tax Increment Allocation II Fund, which are considered to be major funds. Data from the other fourteen governmental funds (Motor Fuel Tax Fund, Special Tax Increment Allocation I Fund, Special Tax Increment Allocation III Fund, Special Tax Increment Allocation Fund IV, Police Pension Fund, Fire Pension Fund, individual Debt Service Funds for seven different bond issues, and the Community Development Block Grant Fund) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Blue Island adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 through 24 of this report.

Proprietary Funds – The City of Blue Island maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Blue Island uses enterprise funds to account for its water and sewer, golf course and commuter parking lots.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, golf course and commuter parking lots, which are considered to be major funds of the City of Blue Island.

The basic proprietary fund financial statements can be found on pages 25 through 29 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 63 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Blue Island's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 64 and 65 of this report.

General Fund detailed schedules of revenues and expenditures – budget and actual, the combining statements referred to earlier in connection with nonmajor governmental funds, schedules of revenues and expenses – budget and actual for nonmajor governmental funds with legally adopted budgets, a schedule of specific community development block grant projects prepared on a cash basis, detailed schedules of expenses – budget and actual for the Water and Sewer, and Golf Course Funds, detail schedules of long-term assets and liabilities,

Overview of the Financial Statements (cont'd)

Other Information (cont'd)

and a balance sheet and schedule of revenues, expenditures and changes in fund balance – budget and actual for the Public Library are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 66 through 105 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Blue Island, assets exceeded liabilities by \$38,595,072 at the close of the most recent fiscal year.

By far the largest portion of the City of Blue Island's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Blue Island uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Blue Island's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Blue Island
Statement of Net Assets
As of April 30, 2009
(in millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 5.6	\$ 2.7	\$ 8.3
Capital assets	33.1	16.2	49.3
Total assets	\$ 38.7	\$ 18.9	\$ 57.6
Long-term liabilities	\$ 11.4	\$ 4.6	\$ 16.0
Other liabilities	2.7	.3	3.0
Total liabilities	\$ 14.1	\$ 4.9	\$ 19.0
Net assets:			
Invested in capital assets, net of related debt	\$ 30.4	\$ 11.7	\$ 42.1
Restricted	1.6	.2	1.8
Unrestricted	(7.4)	2.1	(5.3)
Total net assets	\$ 24.6	\$ 14.0	\$ 38.6

Government-wide Financial Analysis (cont'd)

An additional portion of the City of Blue Island's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current and prior fiscal years, the City of Blue Island is able to report a positive balance in both the governmental and business-type activities net assets. In the prior year, the City capitalized previously unrecorded infrastructure in the governmental activities in accordance with GASB Statement 34, resulting in an increase in net assets of governmental activities of \$24,718,533, all of which is considered invested in capital assets, net of related debt.

A summary of the statement of net assets at April 30, 2008 is below:

City of Blue Island Statement of Net Assets As of April 30, 2008 (in millions)			
	Governmental Activities	Business-type Activities	Primary Government
Current and other assets	\$ 6.1	\$ 2.9	\$ 9.0
Capital assets	32.9	16.3	49.2
Total assets	\$ 39.0	\$ 19.2	\$ 58.2
Noncurrent liabilities	\$ 13.2	\$ 4.8	\$ 18.0
Other liabilities	2.5	.3	2.8
Total liabilities	\$ 15.7	\$ 5.1	\$ 20.8
Net assets:			
Invested in capital assets, net of related debt	\$ 29.6	\$ 11.7	\$ 41.3
Restricted	1.6	.2	1.8
Unrestricted	(7.9)	2.2	(5.7)
Total net assets	\$ 23.3	\$ 14.1	\$ 37.4

Governmental Activities. Governmental activities increased the City of Blue Island's net assets by \$1,249,260. Key elements of this increase are an increase in property tax revenue as the City abated less of the taxes levied to make debt service payments with the 2008 levy. Expenses remained nearly unchanged from the prior year, as the City continues to closely monitor all potential costs in lieu of declining sales, income and other tax revenues.

Government-wide Financial Analysis (cont'd)

Business-type Activities. Business-type activities decreased the City of Blue Island's net assets by \$59,127, as water and sewer expenses increased. The increase came primarily from the cost of water purchased from Chicago, employee medical insurance, and maintenance and operating supplies.

City of Blue Island
Changes in Net Assets
For the Fiscal Year Ended April 30, 2009
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$ 4.8	26.1 %	\$ 5.0	100 %	\$ 9.8	41.9 %
Operating grants	.4	2.2	-	-	.4	1.7
Capital grants	.1	.5	-	-	.1	.4
General revenue:						
Property taxes	6.4	34.8	-	-	6.4	27.4
Other taxes	6.2	33.7	-	-	6.2	26.5
Other revenues	.5	2.7	-	-	.5	2.1
Total revenues	18.4		5.0		23.4	
Expenses:						
Governmental activities:						
General government	4.9	26.6	-	-	4.9	20.9
Public safety	7.2	39.1	-	-	7.2	30.8
Public works	4.1	22.3	-	-	4.1	17.5
Culture and recreation	.2	1.1	-	-	.2	.9
Senior citizens	.1	.5	-	-	.1	.4
Interest	.6	3.3	-	-	.6	2.6
Business-type:						
Water and sewer	-	-	3.9	78.0	3.9	16.7
Golf course	-	-	1.1	22.0	1.1	4.7
Commuter parking	-	-	.1	2.0	.1	.4
Total expenses	17.1		5.1		22.2	
Change in net assets	\$ 1.3		\$ (.1)		\$ 1.2	

Revenues:

- Property taxes available for operations (i.e., net of tax receipts for payment of principal and interest on general obligation debt and pension funds) was consistent with prior years.
- Incremental tax revenues in the three Tax Increment Financing Districts remained constant.
- Enterprise Fund operating revenues remained constant.

Government-wide Financial Analysis (cont'd)

For the most part, changes in expenses reflected the strict adherence to budget and the changes in the demand for services.

City of Blue Island
Changes in Net Assets
For the Fiscal Year Ended April 30, 2008
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$ 4.5	26.6 %	\$ 4.9	94.2 %	\$ 9.4	42.5 %
Operating grants	.3	1.8	-	-	.3	1.4
Capital grants	.1	.6	.2	3.8	.3	1.4
General revenue:						
Property taxes	4.9	29.0	-	-	4.9	22.2
Other taxes	6.7	39.6	-	-	6.7	30.3
Other revenues	.4	2.4	.1	2.0	.5	2.2
Total revenues	16.9		5.2		22.1	
Expenses:						
Governmental activities:						
General government	4.4	26.0	-	-	4.4	19.9
Public safety	7.7	45.6	-	-	7.7	34.8
Public works	4.1	24.3	-	-	4.1	18.6
Culture and recreation	.2	1.2	-	-	.2	.9
Senior citizens	.1	.6	-	-	.1	.5
Interest	.6	3.6	-	-	.6	2.7
Business-type:						
Water and sewer	-	-	3.6	69.2	3.6	16.3
Golf course	-	-	1.1	21.1	1.1	5.0
Commuter parking	-	-	.1	1.9	.1	.5
Total expenses	17.1		4.8		21.9	
Change in net assets	\$ (.2)		\$.4		\$.2	

Financial Analysis of the Government's Funds

As noted earlier, the City of Blue Island uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Blue Island's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Blue Island's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Financial Analysis of the Government's Funds (cont'd)

Proprietary Funds. The City of Blue Island's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water and Sewer, Golf Course and Commuter Parking Lot funds at the end of the year amounted to \$2,121,741. The total decrease in net assets for the funds was \$59,127. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Blue Island's business-type activities.

General Fund Budgetary Highlights

There were no amendments made to the originally adopted budget by the City during the current fiscal year. During the year, however, revenues did not exceed budgetary estimates, and resulted in an additional draw on existing fund balance.

	General Fund (in millions)		
	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 2.6	\$ 2.6	\$ 2.9
Intergovernmental	6.5	6.5	5.5
Other	9.4	9.4	6.1
Total revenues	18.5	18.5	14.5
Expenditures:			
Current:			
General government	4.1	4.1	3.5
Building	.5	.5	.4
Planning	1.1	1.1	.3
Police	6.3	6.3	5.6
Fire	2.6	2.6	2.1
Public works	7.3	7.3	3.1
Playground and recreation	.3	.3	.2
Insurance loss	2.1	2.1	.4
Marketing	1.7	1.7	.2
Debt service	.2	.2	.3
Total expenditures	26.2	26.2	16.1
Other financing sources	-	-	.1
Change in fund balance	\$ (7.7)	\$ (7.7)	\$ (1.5)

Property and intergovernmental tax revenue shortfalls continue to put pressure on the operations of the City. The City demonstrated fiscal restraint to minimize the effect of these shortfalls.

Capital Asset and Debt Administration

Capital Assets. The City of Blue Island's investment in capital assets for its governmental and business-type activities as of April 30, 2009 amounts to \$49,251,674 (\$49,176,633 at April 30, 2008), which is net of accumulated depreciation. This investment in capital assets includes land, buildings, utility system and improvements, and equipment, including vehicles. The total change in the City of Blue Island's investment in capital assets between the current fiscal year and the prior year's annual report was an increase of \$75,041. This included an increase in the governmental activities of \$217,654 and a decrease of \$142,613 in the business-type activities.

Major capital asset events during the current fiscal year included the following:

- Continued participation in the Community Development Block Grant Program and to use grant proceeds for renovation and repair to streets throughout the City.
- Purchase of seven new vehicles for use in the police, fire and building departments to replace older vehicles; and a fire rescue engine and significant improvements to the 9-1-1 system, both financed through capital leases.

City of Blue Island
Capital Assets at Year End
Net of Depreciation
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 20.0	\$ 20.0	\$ 1.0	\$ 1.0	\$ 21.0	\$ 21.0
Buildings and land improve- ments	6.4	6.7	3.6	3.7	10.0	10.4
Infrastructure	4.8	4.7	11.5	11.2	16.3	15.9
Construction in progress	-	.2	-	.3	-	.5
Equipment	1.9	1.3	.1	.1	2.0	1.4
Total	\$ 33.1	\$ 32.9	\$ 16.2	\$ 16.3	\$ 49.3	\$ 49.2

Additional information on the City of Blue Island's capital assets can be found in Note III.D. on pages 42 through 44 of this report.

Capital Asset and Debt Administration (cont'd)

Long-term Debt. At the end of fiscal year 2009, the City of Blue Island had total bonded debt outstanding of \$14,194,500 (\$15,827,000 at 2008). The balance at April 30, 2009 included only general obligation bonds. All of this bonded debt is backed by the full faith and credit of the government. An additional \$185,400 note payable outstanding at April 30, 2008 was repaid in full in the current fiscal year. In the current year, the City entered into a capital lease to finance the purchase of equipment for the 9-1-1 system (the City entered into two capital leases in the prior year). In April 2007, the City issued \$1,000,000 general sales tax/revenue sharing receipts alternate revenue source bonds.

City of Blue Island's Outstanding Debt Outstanding General Obligation Debt (000's)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 9.8	\$ 11.2	\$ 4.4	\$ 4.6	\$ 14.2	\$ 15.8
Alternate revenue source bonds	1.0	1.0	-	-	1.0	1.0
	<u>\$ 10.8</u>	<u>\$ 12.2</u>	<u>\$ 4.4</u>	<u>\$ 4.6</u>	<u>\$ 15.2</u>	<u>\$ 16.8</u>

The City of Blue Island's total debt, including notes payable and capital leases, decreased by \$1,811,405 during the current fiscal year.

The City of Blue Island is limited in the amount of general obligation debt a governmental entity may issue per state statute. The City's legal debt margin at April 30, 2009 was \$22,896,551.

Additional information on the City of Blue Island's long-term debt can be found in Note III.G. on pages 46 through 52 of this report.

Summary and Future Considerations

The City intends to continue to closely monitor expenditures and allocate resources to areas that best meet the needs of its citizenry. The City will continue to actively seek out grants and all other available revenue sources. The City intends to continue to participate in the Community Development Block Grant Program to obtain additional resources to help maintain the infrastructure of the City.

Request for Information

This financial report is designed to provide a general overview of the City of Blue Island's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Chief of Staff, 13051 South Greenwood Avenue, Blue Island, Illinois 60406.

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BASIC FINANCIAL STATEMENTS

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City of Blue Island
Statement of Net Assets
April 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
Assets				
Cash and investments	\$ 1,653,442	\$ 169,252	\$ 1,822,694	\$ 861,038
Receivables	5,376,568	482,587	5,859,155	722,174
Due from primary government	-	-	-	10,175
Internal balances	(1,788,063)	1,788,063	-	-
Restricted cash	326,981	164,672	491,653	-
Prepaid items	24,340	2,116	26,456	-
Inventory	-	23,496	23,496	-
Deferred bond issuance costs	13,642	102,489	116,131	-
Capital assets not depreciated:				
Land	20,000,000	968,470	20,968,470	-
Capital assets (net of accumulated depreciation):				
Buildings and land improvements	6,443,561	3,556,268	9,999,829	15,835
Infrastructure	4,799,322	11,518,111	16,317,433	-
Equipment	1,837,561	128,381	1,965,942	43,478
Total assets	38,687,354	18,903,905	57,591,259	1,652,700
Liabilities				
Accounts payable and other accrued expenses	962,121	238,962	1,201,083	5,133
Accrued interest expense	200,634	83,422	284,056	-
Due to component unit	10,175	-	10,175	-
Deferred revenue	486,111	-	486,111	-
Tax anticipation warrants payable	1,000,000	-	1,000,000	-
Noncurrent liabilities:				
Due within one year	2,538,195	3,156	2,541,351	-
Due in more than one year	8,917,689	4,555,722	13,473,411	-
Total liabilities	14,114,925	4,881,262	18,996,187	5,133
Net Assets				
Invested in capital assets, net of related debt	30,370,444	11,736,230	42,106,674	59,313
Restricted for grant purposes	13,117	-	13,117	-
Restricted for public safety	313,864	-	313,864	-
Restricted for debt service	1,300,041	164,672	1,464,713	-
Unrestricted	(7,425,037)	2,121,741	(5,303,296)	1,588,254
Total net assets	\$ 24,572,429	\$ 14,022,643	\$ 38,595,072	\$ 1,647,567

See accompanying notes.

**City of Blue Island
Statement of Activities
For the Year Ended April 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,928,788	\$ 1,511,262	\$ 417,295	\$ -
Public safety	7,199,003	1,997,690	-	-
Public works	4,080,581	1,186,596	-	121,733
Civil defense	22,372	-	-	-
Culture and recreation	198,229	35,000	-	-
Senior citizens	110,448	11,984	-	-
Interest on long-term debt	560,291	-	-	-
Total governmental activities	17,099,712	4,742,532	417,295	121,733
Business-type activities:				
Water and sewer	3,877,090	3,904,890	-	48,086
Golf course	1,174,302	1,003,696	-	-
Commuter parking lot	42,339	68,014	-	-
Total business-type activities	5,093,731	4,976,600	-	48,086
Total primary government	\$22,193,443	\$9,719,132	\$ 417,295	\$ 169,819
Component unit - public library	\$ 1,324,331	\$ 29,529	\$ 117	\$ -

General revenues:
Property taxes
Replacement taxes
Sales taxes
Income taxes
Motor fuel taxes
Utility taxes
Local use and foreign fire taxes
Rental income/reimbursements/miscellaneous
Unrestricted investment earnings

Total general revenues

Change in net assets

Net assets, beginning of the year

Net assets, end of the year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Public Library
\$ (3,000,231)	\$ -	\$ (3,000,231)	\$ -
(5,201,313)	-	(5,201,313)	-
(2,772,252)	-	(2,772,252)	-
(22,372)	-	(22,372)	-
(163,229)	-	(163,229)	-
(98,464)	-	(98,464)	-
(560,291)	-	(560,291)	-
(11,818,152)	-	(11,818,152)	-
-	75,886	75,886	-
-	(170,606)	(170,606)	-
-	25,675	25,675	-
-	(69,045)	(69,045)	-
(11,818,152)	(69,045)	(11,887,197)	-
-	-	-	(1,294,685)
6,437,966	-	6,437,966	1,332,905
247,904	-	247,904	53,321
1,280,807	-	1,280,807	-
1,947,746	-	1,947,746	-
624,915	-	624,915	-
1,724,411	-	1,724,411	-
340,957	-	340,957	-
448,193	5,718	453,911	26,795
14,513	4,200	18,713	4,091
13,067,412	9,918	13,077,330	1,417,112
1,249,260	(59,127)	1,190,133	122,427
23,323,169	14,081,770	37,404,939	1,525,140
\$ 24,572,429	\$ 14,022,643	\$ 38,595,072	\$ 1,647,567

City of Blue Island
Balance Sheet - Governmental Funds
April 30, 2009

Assets	Primary Government		
	General	Special Tax Increment Allocation Fund II	Other Governmental Funds
Cash and investments	\$ 271,493	\$ 616,897	\$ 765,052
Receivables:			
Property taxes	1,775,790	538,181	1,319,482
Customers	167,141	-	-
Grants	-	-	484,027
Other	-	-	46,854
Due from other governmental agencies	1,045,093	-	-
Due from other funds	3,551,229	2,920,350	4,126,358
Interfund receivables	-	64,776	-
Restricted cash	326,981	-	-
Prepaid items	24,340	-	-
Advances to other funds	-	162,420	-
Total assets	\$ 7,162,067	\$ 4,302,624	\$ 6,741,773
Liabilities and Fund Balance (Deficit)			
Liabilities:			
Accounts payable	\$ 289,512	\$ -	\$ 28,747
Accrued expenses	512,020	-	-
Due to other funds	11,828,268	-	557,732
Due to component unit	10,175	-	-
Deferred revenue and other liabilities	1,775,790	538,181	1,805,592
Interfund payables	64,776	-	-
Claims incurred and unreported	131,842	-	-
Advances from other funds	162,420	-	-
Tax anticipation warrants payable	1,000,000	-	-
Total liabilities	15,774,803	538,181	2,392,071
Fund balance (deficit):			
Reserved for prepaid items	24,340	-	-
Unreserved, reported in:			
General Fund	(8,637,076)	-	-
Special Revenue Funds	-	3,764,443	3,049,661
Debt Service Funds	-	-	1,300,041
Total fund balance (deficit)	(8,612,736)	3,764,443	4,349,702
Total liabilities and fund balance	\$ 7,162,067	\$ 4,302,624	\$ 6,741,773

See accompanying notes.

**Total
Governmental
Funds**

\$ 1,653,442

3,633,453

167,141

484,027

46,854

1,045,093

10,597,937

64,776

326,981

24,340

162,420

\$ 18,206,464

\$ 318,259

512,020

12,386,000

10,175

4,119,563

64,776

131,842

162,420

1,000,000

18,705,055

24,340

(8,637,076)

6,814,104

1,300,041

(498,591)

\$ 18,206,464

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City of Blue Island
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
April 30, 2009

Total fund deficit - governmental funds (page 17)	\$ (498,591)
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,080,444
Bond issuance costs are amortized over the life of the issue for governmental activities, but expensed in the period paid in the governmental funds.	13,642
Interest expense is not subject to accrual in the governmental funds.	(200,634)
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net assets.	3,633,452
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(11,455,884)</u>
Net assets of governmental activities (page 13)	<u>\$ 24,572,429</u>

See accompanying notes.

City of Blue Island
Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficit) - Governmental Funds
For the Year Ended April 30, 2009

	General	Primary Special Tax Increment Allocation Fund II
Revenues:		
Property taxes	\$ 2,852,377	\$ 1,090,859
Personal property and replacement taxes	199,033	-
Other taxes	5,290,788	-
Licenses	563,050	-
Permits	146,484	-
State allotments	-	-
Fines	623,720	-
Grants	417,295	-
Interest	6,073	839
9-1-1 system fees	753,742	-
Sanitation fees	1,186,596	-
Other	2,508,943	-
Total revenues	14,548,101	1,091,698
Expenditures:		
Current:		
General government	3,502,078	4,045
Building	416,815	-
Planning	290,149	-
Police	5,598,310	-
Fire	2,111,850	-
Public works	3,066,977	-
Playground and recreation	198,570	-
Street	-	-
Insurance loss	456,168	-
Civil Service Commission	22,372	-
Marketing	188,834	-
Debt service	285,485	-
Capital outlay	-	-
Total expenditures	16,137,608	4,045

(cont'd)

<u>Government</u>	
<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,861,665	\$ 5,804,901
48,870	247,903
-	5,290,788
-	563,050
-	146,484
624,915	624,915
-	623,720
121,733	539,028
7,601	14,513
-	753,742
-	1,186,596
-	2,508,943
<u>2,664,784</u>	<u>18,304,583</u>
108,433	3,614,556
-	416,815
-	290,149
-	5,598,310
-	2,111,850
-	3,066,977
-	198,570
1,111,456	1,111,456
-	456,168
-	22,372
-	188,834
2,106,261	2,391,746
384,495	384,495
<u>3,710,645</u>	<u>19,852,298</u>

City of Blue Island
Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficit) - Governmental Funds (cont'd)
For the Year Ended April 30, 2009

	General	Primary Special Tax Increment Allocation Fund II
Revenues over (under) expenditures before other financing sources (uses)	<u>\$ (1,589,507)</u>	<u>\$ 1,087,653</u>
Other financing sources (uses):		
Proceeds from sale of capital assets	1,511	-
Capital lease obligations	135,004	-
Transfers in	-	-
Transfers out	-	(754,314)
Total other financing sources (uses)	<u>136,515</u>	<u>(754,314)</u>
Net changes in fund balances (deficit)	(1,452,992)	333,339
Fund balances (deficit), beginning of the year	<u>(7,159,744)</u>	<u>3,431,104</u>
Fund balances (deficit), end of the year	<u>\$ (8,612,736)</u>	<u>\$ 3,764,443</u>

See accompanying notes.

<u>Government</u>	
<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>\$ (1,045,861)</u>	<u>\$ (1,547,715)</u>
-	1,511
-	135,004
1,637,317	1,637,317
<u>(883,003)</u>	<u>(1,637,317)</u>
<u>754,314</u>	<u>136,515</u>
(291,547)	(1,411,200)
<u>4,641,249</u>	<u>912,609</u>
<u>\$ 4,349,702</u>	<u>\$ (498,591)</u>

City of Blue Island
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances (Deficit)
of Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2009

Amounts reported for governmental activities in the statement of activities (pages 14 and 15) are different because:

Net change in fund balance - total governmental funds (page 22)	\$ (1,411,200)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	82,650
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	633,067
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	1,796,263
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	<u>148,480</u>
Change in net assets of governmental activities (page 15)	<u>\$ 1,249,260</u>

Note: The City acquired capital assets with a total cost of \$135,004 by incurring a capital lease obligation.

See accompanying notes.

**City of Blue Island
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Deficit - Budget and Actual
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Revenues:		
Taxes:		
Property taxes	\$ 2,648,423	\$ 2,852,377
Personal property replacement tax	300,000	199,033
Other taxes	6,150,000	5,290,788
Licenses	570,000	563,050
Permits	220,000	146,484
Fines	640,000	623,720
Grants	2,400,000	417,295
Interest	-	6,073
Other	5,565,000	4,449,281
Total revenues	18,493,423	14,548,101
Expenditures:		
Current:		
General government	4,132,900	3,502,078
Building	490,800	416,815
Planning	1,108,150	290,149
Police	6,272,100	5,598,310
Fire	2,557,800	2,111,850
Public works	7,316,100	3,066,977
Playground and recreation	253,400	198,570
Insurance loss	2,130,300	456,168
Civil Service Commission	54,000	22,372
Marketing	1,714,150	188,834
Debt service	185,400	285,485
Total expenditures	26,215,100	16,137,608
Revenues under expenditures before other financing sources	(7,721,677)	(1,589,507)
Other financing sources:		
Proceeds from sale of assets	-	1,511
Capital lease obligations	-	135,004
Total other financing sources	-	136,515
Net changes in fund deficit	\$ (7,721,677)	(1,452,992)
Fund deficit, beginning of the year		(7,159,744)
Fund deficit, end of the year		\$ (8,612,736)

See accompanying notes.

**City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Net Assets
April 30, 2009**

Assets	<u>Water</u>	<u>Commuter Parking Lot</u>	<u>Golf Course</u>	<u>Total</u>
Current assets:				
Cash and investments	\$ 130,008	\$ 19,060	\$ 20,184	\$ 169,252
Accounts receivable:				
Customers	497,587	-	-	497,587
Less allowance for doubtful accounts	(15,000)	-	-	(15,000)
Due from other funds	4,901,198	475,666	-	5,376,864
Prepaid items	2,116	-	-	2,116
Inventory	-	-	23,496	23,496
Total current assets	<u>5,515,909</u>	<u>494,726</u>	<u>43,680</u>	<u>6,054,315</u>
Restricted assets - cash - bond reserve accounts	<u>164,672</u>	<u>-</u>	<u>-</u>	<u>164,672</u>
Property and equipment:				
Land	8,958	289,512	670,000	968,470
Buildings and land improvements	31,830	2,153,768	4,633,326	6,818,924
Infrastructure	18,962,892	-	-	18,962,892
Equipment	866,008	155,690	455,495	1,477,193
Less accumulated depreciation	(8,296,856)	(1,941,388)	(1,818,005)	(12,056,249)
Total capital assets	<u>11,572,832</u>	<u>657,582</u>	<u>3,940,816</u>	<u>16,171,230</u>
Other assets - deferred revenue bond issuance costs	<u>102,489</u>	<u>-</u>	<u>-</u>	<u>102,489</u>
Total other assets	<u>102,489</u>	<u>-</u>	<u>-</u>	<u>102,489</u>
Total assets	<u>\$17,355,902</u>	<u>\$ 1,152,308</u>	<u>\$ 3,984,496</u>	<u>\$ 22,492,706</u>

See accompanying notes.

Liabilities	<u>Water</u>	<u>Commuter Parking Lot</u>	<u>Golf Course</u>	<u>Total</u>
Current liabilities:				
Accounts payable	\$ 155,778	\$ -	\$ 20,125	\$ 175,903
Accrued salaries	43,515	-	17,189	60,704
Due to other funds	-	-	3,588,801	3,588,801
Bonds payable	10,000	-	-	10,000
Unamortized bond premium	3,156	-	-	3,156
Other liabilities	300	-	2,055	2,355
Total current liabilities	<u>212,749</u>	<u>-</u>	<u>3,628,170</u>	<u>3,840,919</u>
Current liabilities payable from restricted assets - accrued interest	83,422	-	-	83,422
Long-term liabilities (net of current maturities):				
Compensated absences payable	52,106	-	-	52,106
Bonds payable	4,425,000	-	-	4,425,000
Unamortized bond premium	68,616	-	-	68,616
Total noncurrent liabilities	<u>4,629,144</u>	<u>-</u>	<u>-</u>	<u>4,629,144</u>
Total liabilities	<u>4,841,893</u>	<u>-</u>	<u>3,628,170</u>	<u>8,470,063</u>
Net Assets				
Invested in capital assets, net of related debt	7,137,832	657,582	3,940,816	11,736,230
Restricted for debt service	164,672	-	-	164,672
Unrestricted	5,211,505	494,726	(3,584,490)	2,121,741
Total net assets	<u>12,514,009</u>	<u>1,152,308</u>	<u>356,326</u>	<u>14,022,643</u>
	<u>\$17,355,902</u>	<u>\$ 1,152,308</u>	<u>\$ 3,984,496</u>	<u>\$ 22,492,706</u>

City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended April 30, 2009

	Business-type Activities			Total
	Water	Commuter Parking Lot	Golf Course	
Operating revenues:				
Water	\$ 3,277,323	\$ -	\$ -	\$ 3,277,323
Sewer maintenance	610,674	-	-	610,674
Water meter	16,893	-	-	16,893
Parking fees	-	68,014	-	68,014
Golf course	-	-	704,586	704,586
Pro shop and concessions	-	-	299,110	299,110
Miscellaneous	1,668	-	975	2,643
 Total operating revenues	3,906,558	68,014	1,004,671	4,979,243
Operating expenses	3,667,954	42,339	1,174,302	4,884,595
 Operating income (loss)	238,604	25,675	(169,631)	94,648
Nonoperating income (expenses):				
Grant revenue	48,086	-	-	48,086
Interest income	3,434	634	132	4,200
Interest expense	(204,745)	-	-	(204,745)
Bond issuance costs amortization	3,075	-	-	3,075
Bond discount amortization	(4,391)	-	-	(4,391)
 Nonoperating income (expense)	(154,541)	634	132	(153,775)
 Changes in net assets	84,063	26,309	(169,499)	(59,127)
Net assets, beginning of the year	12,429,946	1,125,999	525,825	14,081,770
Net assets, end of the year	\$12,514,009	\$ 1,152,308	\$ 356,326	\$ 14,022,643

See accompanying notes.

City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Cash Flows
For the Year Ended April 30, 2009

	Water	Commuter Parking Lot	Golf Course	Total
Cash flows from operating activities:				
Receipts from customers	\$ 3,860,540	\$ 68,014	\$ 1,004,671	\$ 4,933,225
Payments to suppliers	(2,527,066)	-	(784,811)	(3,311,877)
Payments to employees	(701,557)	-	(268,113)	(969,670)
Net cash from operating activities	631,917	68,014	(48,253)	651,678
Cash flows from noncapital financing activities:				
Advances from (to) other funds	(319,650)	(84,955)	39,502	(365,103)
Grant received	280,000	-	-	280,000
Net cash from noncapital financing activities	(39,650)	(84,955)	39,502	(85,103)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(469,204)	-	(26,875)	(496,079)
Principal paid on capital debt	(190,000)	-	-	(190,000)
Interest paid on capital debt	(208,286)	-	-	(208,286)
Net cash from capital and related financing activities	(867,490)	-	(26,875)	(894,365)
Cash flows from investing activities:				
Purchase of investments	(3,179)	-	(23)	(3,202)
Proceeds from sale of investments	100,000	-	-	100,000
Interest income	3,434	634	132	4,200
Net cash from investing activities	100,255	634	109	100,998
Net decrease in cash	(174,968)	(16,307)	(35,517)	(226,792)
Cash and restricted cash, beginning of the year	285,169	35,367	53,746	374,282
Cash and restricted cash, end of the year	\$ 110,201	\$ 19,060	\$ 18,229	\$ 147,490

(cont'd)

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City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Cash Flows (cont'd)
For the Year Ended April 30, 2009

	Water	Commuter Parking Lot	Golf Course	Total
Cash	\$ (54,471)	\$ 19,060	\$ 18,229	\$ (17,182)
Investments	184,479	-	1,955	186,434
Cash and investments	\$ 130,008	\$ 19,060	\$ 20,184	\$ 169,252
Cash	\$ (54,471)	\$ 19,060	\$ 18,229	\$ (17,182)
Restricted cash	164,672	-	-	164,672
Cash and restricted cash	\$ 110,201	\$ 19,060	\$ 18,229	\$ 147,490
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 238,604	\$ 25,675	\$ (169,631)	\$ 94,648
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	462,787	42,339	133,566	638,692
Increase in receivables	(46,018)	-	-	(46,018)
Increase in prepaid items	(2,116)	-	-	(2,116)
Increase in inventory	-	-	(15,213)	(15,213)
Increase (decrease) in accounts payable	11,526	-	(6,303)	5,223
Increase (decrease) in accrued salaries and compensated absences	(20,722)	-	12,618	(8,104)
Decrease in other liabilities	(12,144)	-	(3,290)	(15,434)
Net cash from operating activities	\$ 631,917	\$ 68,014	\$ (48,253)	\$ 651,678

See accompanying notes.

City of Blue Island
Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. The Reporting Entity

The City of Blue Island, Cook County, Illinois is duly organized and existing under the provisions of the laws of the state of Illinois. The City is governed by an elected Council of fourteen Aldermen and a Mayor, and provides the following services: public safety (fire and police), streets, sanitation, water, public improvements, planning, recreation, zoning, and general administrative.

These financial statements present all the departments, commissions and fund types of the City (primary government) and a component unit based on financial accountability. Financial accountability includes appointment of the Organization's governing body, imposition of will and fiscal dependency. The Mayor is responsible for appointing two of the five Trustees to each of the City of Blue Island Police and Firefighters' Pension Boards, but the City's accountability for these Funds does not extend beyond making these appointments, and making contributions to the Funds as actuarially determined. The financial statements of these Funds have not been included within the financial statements.

Complete financial statements may be obtained from the Police Pension Board at 130531 South Greenwood Avenue, Blue Island, Illinois 60406. Financial information may be obtained from the Firefighters' Pension Board at 2450 Vermont Street, Blue Island, Illinois 60406.

Discretely Presented Component Unit – A discretely presented component unit is presented in a separate column in the combined financial statements to emphasize that it is legally separate from the City. The Blue Island Public Library is governed by an eight member Board appointed by the City's Mayor. Although it is legally separate from the City, the Library may not issue debt without the City's approval, and its property tax levy request is subject to the City's approval.

Complete financial statements may be obtained from the Library's administrative office at 2433 York Street, Blue Island, Illinois 60406.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component unit. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

City of Blue Island
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

B. Government-wide and Fund Financial Statements (cont'd)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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 proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Tax Increment Allocation Fund II – A Special Revenue Fund used to account for the accumulation of incremental tax revenues from the City's second Tax Increment Financing (TIF) District and related expenditures incurred in connection with this TIF.

The City reports the following major proprietary funds:

Water Fund – Accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this Fund including, but not limited to, administration, operations, maintenance, finance, and billing and collection.

Commuter Parking Lot Fund – Accounts for the operation of the City-owned commuter parking lots. Activities necessary to provide such services are accounted for in this Fund including, but not limited to, administration, operations, maintenance and collections.

Golf Course Fund – Accounts for the operation and maintenance of the City-owned 18-hole golf course. Activities necessary to provide such services are accounted for in this Fund including, but not limited to, administration, operations and maintenance.

City of Blue Island
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. 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 proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures and expenditures related to compensated absences payable and claims and judgments are recorded only when payment is due.

Governmental fund property taxes, franchise taxes, interest, licenses and charges for services are susceptible to accrual. Replacement income tax, state income tax, and sales tax collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts become measurable and available when cash is received by the City, and are recognized as revenue at that time.

The City's proprietary funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as relevant Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails.

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

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

City of Blue Island
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (cont'd)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods, in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates – The preparation of government-wide and proprietary fund financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenue and expenses during the accounting period. Within the Water Fund, the City grants unsecured credit to its customers, monitors exposure for credit losses, and maintains an allowance for uncollectible accounts (\$15,000 at April 30, 2009).

Certain Significant Concentrations – Approximately 78%, or \$3,960,000, of revenue of proprietary funds is from water and sewer operations, and 20%, or \$1,005,000, of revenues is from golf club operations.

D. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for depreciation in the proprietary funds. Annual appropriated budgets are adopted at the function level for the General, Special Revenue, and Enterprise Funds, except where indicated below. Debt Service Funds have initially been covenanted on a multi-year basis. Projects in the Capital Projects Fund are budgeted by grant agreement on a multi-year basis. No budget is adopted for the Special Tax Increment Allocation Funds (Special Revenue Funds) and the Commuter Parking Lot Fund (Enterprise Fund). All annual appropriations lapse at fiscal year end.

E. Cash and Investments

Investments are stated at fair value. Fair value for the investment in Illinois Funds is the same as the value of the pool shares. State statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act.

City of Blue Island
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

F. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are classified as "interfund receivables/payables."

G. Inventories and Prepaid Items

Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Bond covenants of the 2006 Water Fund Revenue Bonds and 1995 Golf Course Refunding Bonds require portions of the debt proceeds, as well as other resources, to be set aside for various purposes. These amounts are reported as restricted assets. The "Operation and Maintenance Account" segregates cash and investments for operations and maintenance for the next succeeding month. The "Debt Service Sub Account" accumulates funds for the payment of current bond and interest maturities becoming due on the next payment dates. Requirements under the Water Fund Revenue Bonds provide for monthly deposits of not less than one-sixth of the next interest payment due, and not less than one-twelfth of the next principal payment due. Funds accumulated in the "Bond Reserve Account" are available for the payment of maturing bond principal or interest, whenever funds are not available for that purpose in the "Bond and Interest Account." Requirements under the Golf Course Refunding Bonds provide for deposits, as may be required in any applicable ordinance by which any outstanding Junior Parity Bonds are authorized and issued.

Funds accumulated in the "Depreciation Account" are available for the payment of maturing bond principal or interest, whenever sufficient funds are not available. Also, such funds may be used to pay the cost of any extraordinary repairs, maintenance or improvements. Requirements under both the Water Fund Revenue Bonds and the Golf Course Refunding Bonds provide for deposits as determined by corporate authorities. No amounts have been determined for deposit to this account.

City of Blue Island
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

I. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (\$25,000 for buildings, land improvements and infrastructure) and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available, or at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The City included retroactive reporting of infrastructure assets of governmental activities as an adjustment to beginning net assets in the current year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is capitalized.

Property and equipment of the primary government, as well as the component units, is depreciated using the straight-line method.

The following estimated useful lives are used to compute depreciation on a straight-line basis:

Buildings and land improvements	20 – 50 years
Infrastructure	40 – 60 years
Equipment	5 – 10 years

J. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Payments of compensated absences are made by the governmental funds for which the eligible employee salary is recorded.

Employees with a minimum of twenty years of service, who are eligible to retire, are eligible to receive payment for their accumulated sick time upon leaving the employment of the City. The amount received is limited to sixty days at full pay, and an additional sixty days at half pay, assuming the employee has accumulated the requisite number of unused sick days. All vacation earned for a fiscal year must be used within the same fiscal year. Sick pay is accrued when earned, in proprietary funds, and reported as a fund liability.

City of Blue Island
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

K. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a straight-line method that approximates the interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and any premium received with the proceeds is reported as another financing source. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Deferred Revenue

Revenue from 100% reimbursable federal grants (Community Development Block Grants) is recorded as earned in an amount equal to expenditures incurred. Therefore, the amount of grants receivable, as well as a portion of grants received, is deferred in the accompanying financial statements until such time as the corresponding expenditures are incurred.

M. Fund Equity and Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

City of Blue Island
Notes to the Financial Statements (cont'd)

II. Stewardship, Compliance and Accountability (cont'd)

A. Budgetary Information (cont'd)

- The Appropriation Ordinance is prepared in tentative form by the Finance Director, reviewed and approved by the City Aldermen, and is made available for public inspection at least ten days prior to final Board action. A public hearing is held on the tentative Appropriation Ordinance to obtain taxpayer comments.
- Prior to August 1, the appropriation is legally enacted through the passage of an Appropriation Ordinance. All actual expenditures contained herein have been compared to the annual appropriation.
- The City Aldermen may:
 - By two-thirds vote transfer within any department amounts appropriated for an object or purpose to another object or purpose. No object or purpose can be reduced below an amount sufficient to provide for all obligations incurred or to be incurred against the appropriation.
 - Adopt a supplemental Appropriation Ordinance in an amount not to exceed any additional revenue available, including unappropriated fund balances, or amounts estimated to be received after adoption of the annual Appropriation Ordinance.
- No other appropriation can be adopted during the fiscal year, unless approved by a petition signed by fifty (50) percent of the number of individuals who voted for Mayor at the last general municipal election, or by a majority of individuals voting on the question in a regular general election or an emergency referendum.
- Management cannot amend the Appropriation Ordinance. However, expenditures may exceed appropriations at the subobject level. The City Aldermen, as outlined above, must approve expenditures that exceed individual appropriations at the object level.
- Expenditures exceeded budget in the Motor Fuel Tax Fund by \$101,456, the Police Pension Fund by \$35,806, and the Firefighters' Pension Fund by \$7,027. In all cases, the excess was funded by the existing fund balance.

For the year ended April 30, 2009, there were no supplemental appropriations.

B. Deficit Fund Equity

The General Fund has a deficit fund balance of \$8,612,736. Funding of this deficit is expected from future tax revenues and transfers from other funds.

City of Blue Island
Notes to the Financial Statements (cont'd)

II. Stewardship, Compliance and Accountability (cont'd)

C. General Obligation Bond Series 1995 - Alternate Bond Fund Junior Bond and Interest Account - Funding Requirement

On a monthly basis, the City is required to fund the Junior Bond and Interest Account of the General Obligation Bond Series 1995 - Alternate Bond Fund ("Junior Bond and Interest Account") for an amount not less than 1/5 of the interest becoming due on the next interest payment date. At April 30, 2009, the Junior Bond and Interest Account was underfunded by \$53,712. Funds are being accumulated in the City's general checking account to meet the next interest payment.

III. Detailed Notes For All Activities and Fund Types

A. Deposits and Investments

Statutes authorize the City to invest in the following:

- Bonds, notes, certificates of indebtedness, Treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
- Bonds, notes, debentures or similar obligations of the United States of America or its agencies.
- Savings accounts, certificates of deposit, time accounts, or any other investment constituting direct obligations of a bank, as defined by the Illinois Banking Act. Securities legally issuable by savings and loan associations incorporated under the laws of any state of the United States of America. Share accounts and share certificates of a credit union chartered under the laws of the state of Illinois or United States of America, provided the principal office of the credit union is located within the state of Illinois. Short-term discount obligations of the Federal National Mortgage Association (FNMA). Investments may be made only in financial institutions which are insured by either the Federal Deposit Insurance Corporation, or other applicable law for credit unions.
- Short-term obligations (maturing within 180 days of date of purchase) of corporations with assets exceeding five hundred million dollars (\$500,000,000). Such obligations must be rated, at the time of purchase, at one of the three highest classifications established by at least two standard rating services. This type of obligation is limited to one-third of the City's funds available for investment, and cannot exceed 10% of the corporation's outstanding obligation.

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

A. Deposits and Investments (cont'd)

- Money market mutual funds registered under the Investment Company Act of 1940 which invest only in bonds, notes, certificates of indebtedness, Treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest, and agrees to repurchase such obligations. In addition, the City may also invest in a fund managed, operated and administered by a bank.
- Repurchase agreements of government securities subject to The Government Securities Act of 1986.
- Illinois Funds, a money market fund overseen by the Treasurer of the state of Illinois.

Investments with maturities of one year or more from the date of purchase are stated at market value based on quoted market prices. Investments with maturities of one year or less from the date of purchase are stated at amortized cost. Investment income has been allocated to each fund based on investments held by the fund.

At year end, the carrying amount of the City's deposits was \$1,959,888, and the bank balance was \$2,362,054 (\$72,640 and \$105,985, respectively for the City's component unit). Cash on hand totaled \$775 for the City and \$235 for the City's component unit. Of the bank balance, \$500,000 was covered by Federal Depository Insurance (\$105,985 for the City's component unit). The remaining balance of the City's deposits of \$1,862,054 was uninsured and uncollateralized. Collateral with a market value of approximately \$1,500,000 has been placed in safekeeping with a third party bank, to secure certain deposits; however, this collateral is not in the name of the City.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the City or its agent in the City's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
3. Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent, but not in the City's name.

At year end, the City had no investments subject to these categories. Investments which are not subject to classification consisted of the following at April 30, 2009:

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

A. Deposits and Investments (cont'd)

	<u>Carrying Amount</u>	<u>Market Value</u>
Illinois Funds:		
Primary Government	\$ 353,684	\$ 353,684
Component Unit	\$ 788,163	\$ 788,163

A reconciliation of cash and investments, as shown on the statement of net assets, follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Cash on hand	\$ 775	\$ 235
Carrying amount of deposits	1,959,888	72,640
Carrying amount of investments	353,684	788,163
Total cash and investments	\$ 2,314,347	\$ 861,038

Interest Rate Risk – This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City’s investment policy does not specifically address interest rate risk; however, in practice the City manages its interest rate risk by investing idle funds in the Illinois Funds, a money market account which allows for immediate access to existing balances.

Credit Risk – Generally, credit risk is the risk that an issuer of a debt type instrument will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The City’s investments are unrated.

Custodial Credit Risk – For deposits, this is the risk that, in the event of a bank failure, a government will not be able to recover its deposits. The City’s deposits in excess of the federally insured limit are subject to custodial credit risk, because even though collateral with a market value of approximately \$1,500,000 has been placed in safekeeping with a third party bank, to secure certain deposits, this collateral is not in the name of the City. For investments, this is the risk that in the event of the failure of the counterparty, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City’s investments at April 30, 2009 are with the Illinois Funds. These investments are pooled along with other participants’ monies, and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury.

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

B. Receivables

The City levies property tax each calendar year on all taxable real property located in the City. The City must file its tax levy ordinance on or before the last Tuesday in December of each year. Taxes levied in one year become due and payable in two installments, due March 1 and September 1 during the following year. The first installment is an estimated bill, and is one-half of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. The levy becomes an enforceable lien against the property as of January 1 immediately following the levy year.

Property taxes collected by the City that are due within the current year are recognized as revenue, and net taxes receivable are reflected as deferred revenue. For governmental funds, it is the City's policy to recognize collections for 60 days after fiscal year end as revenues of the current fiscal year.

Based upon collection histories, the City has provided an allowance for uncollectible property taxes equivalent to 5% and 3% of the current year's levy for Debt Service Funds and all other funds, respectively. All uncollected taxes relating to prior years' levies have been written off.

Trade accounts receivable, consisting of amounts due from residents for water, sewer and refuse service, are recorded net of uncollectible amounts, as determined by management. An allowance for uncollectible trade receivables of \$15,000 was recorded as of April 30, 2009, and trade receivables outstanding for greater than 90 days were not considered material at April 30, 2009.

C. Restricted Assets

Total restricted assets are comprised of the following:

General Fund:	
Unspent grant proceeds	\$ 12,881
Unspent narcotic asset forfeiture funds	313,864
Restricted for special events	<u>236</u>
Total General Fund	<u>\$ 326,981</u>
 Water Fund – bond reserve accounts - bond and interest reserve	 <u>\$ 164,672</u>

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

D. Capital Assets

Capital asset activity for the year ended April 30, 2009 is as follows:

	Balances May 1, 2008	Additions	Transfer	Balances April 30, 2009
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 20,000,000	\$ -	\$ -	\$ 20,000,000
Construction in progress	201,848	-	(201,848)	-
Total capital assets not being depreciated	20,201,848	-	(201,848)	20,000,000
Capital assets being depreciated:				
Buildings and land improvements	11,587,426	176,340	-	11,763,766
Infrastructure	14,210,000	119,788	201,848	14,531,636
Equipment	6,557,790	807,283	-	7,365,073
Total capital assets being depreciated	32,355,216	1,103,411	201,848	33,660,475
Less accumulated depreciation for:				
Buildings and land improvements	4,926,426	393,779	-	5,320,205
Infrastructure	9,491,467	240,847	-	9,732,314
Equipment	5,276,381	251,131	-	5,527,512
Total accumulated depreciation	19,694,274	885,757	-	20,580,031
Total capital assets being depreciated, net	12,660,942	217,654	201,848	13,080,444
Governmental activities, capital assets, net	\$ 32,862,790	\$ 217,654	\$ -	\$ 33,080,444

Depreciation expense was charged to functions/programs of the governmental activities of the primary government as follows:

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

D. Capital Assets (cont'd)

General government	\$ 650,323
Public safety	192,344
Highways and streets	<u>43,090</u>
 Total depreciation – governmental activities	 <u>\$ 885,757</u>

	Balances May 1, 2008	Additions	Transfers	Balances April 30, 2009
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 968,470	\$ -	\$ -	\$ 968,470
Construction in progress	<u>351,900</u>	<u>-</u>	<u>(351,900)</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,320,370</u>	<u>-</u>	<u>(351,900)</u>	<u>968,470</u>
Capital assets being depreciated:				
Buildings and land improvements	6,812,801	6,125	-	6,818,926
Infrastructure	18,174,742	436,248	351,900	18,962,890
Equipment	<u>1,423,486</u>	<u>53,706</u>	<u>-</u>	<u>1,477,192</u>
Capital assets being depreciated	<u>26,411,029</u>	<u>496,079</u>	<u>351,900</u>	<u>27,259,008</u>
Less accumulated depreciation for:				
Buildings and land improvements	3,122,664	139,994	-	3,262,658
Infrastructure	6,998,609	446,170	-	7,444,779
Equipment	<u>1,296,283</u>	<u>52,528</u>	<u>-</u>	<u>1,348,811</u>
Total accumulated depreciation	<u>11,417,556</u>	<u>638,692</u>	<u>-</u>	<u>12,056,248</u>
Capital assets being depreciated, net	<u>14,993,473</u>	<u>(142,613)</u>	<u>351,900</u>	<u>15,202,760</u>
Capital assets, net	<u>\$ 16,313,843</u>	<u>\$ (142,613)</u>	<u>\$ -</u>	<u>\$ 16,171,230</u>

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

D. Capital Assets (cont'd)

	Balances May 1, 2008	Additions	Retirements	Balances April 30, 2009
Component Unit				
Capital assets being depreciated:				
Buildings and land improvements	\$ 19,000	\$ -	\$ -	\$ 19,000
Equipment	72,363	-	-	72,363
Capital assets being depreciated	91,363	-	-	91,363
Less accumulated depreciation for:				
Buildings and land improvements	2,532	633	-	3,165
Equipment	22,619	6,266	-	28,885
Total accumulated depreciation	25,151	6,899	-	32,050
Capital assets being depreciated, net	\$ 66,212	\$ (6,899)	\$ -	\$ 59,313

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of April 30, 2009 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Golf Course	\$ 3,551,229
Motor Fuel Tax	General	524,229
Special Tax Increment Allocation Fund I	General	540,303
Special Tax Increment Allocation Fund II	General	2,711,222
Special Tax Increment Allocation Fund III	General	451,218
Police Pension	General	307,943
Firefighters' Pension	General	133,563
Community Development Block Grant	General	2,083
Water	General	4,863,626
Commuter Parking Lot	General	475,666
Alternate Bond Fund – Series 1995	General	336,114

(cont'd)

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

E. Interfund Receivables, Payables and Transfers (cont'd)

Receivable Fund	Payable Fund	Amount
1997 TIF General Obligation	General	\$ 194,345
1998 TIF General Obligation	General	1,043,413
2003 TIF General Obligation	General	100,430
General Obligation Bond Fund – Series 2005	General	43,083
General Obligation Bond Fund – Series 2007	General	101,030
Water	Golf Course	37,572
Special Tax Increment Allocation Fund II	Special Tax Increment Allocation Fund I	39,358
Special Tax Increment Allocation Fund II	1998 TIF General Obligation	169,770
Special Tax Increment Allocation Fund III	1998 TIF General Obligation	<u>348,604</u>
		<u>\$ 15,974,801</u>
Interfund receivable/payable:		
Special Tax Increment Allocation Fund II	General	<u>\$ 64,776</u>
Advances to/from other funds:		
Special Tax Increment Allocation Fund II	General	<u>\$ 162,420</u>

The interfund balances represent amounts deposited into one fund, but recorded as a revenue in another fund, expenditures paid on behalf of one fund by another fund, for which reimbursement has not yet taken place, or temporary borrowings of one fund by another. Balances are being repaid as funds become available. The “interfund receivable/payable” represents the current portion of a formal borrowing agreement between the Special Tax Increment Allocation Fund II and the General Fund. The long-term portion of this agreement is shown as “advances to/from other funds.”

Transfers between funds for the year ended April 30, 2009 are as follows:

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

E. Interfund Receivables, Payables and Transfers (cont'd)

Transfer In Fund	Transfer Out Fund	Amount
Special Tax Increment Allocation Fund III	1994 TIF General Obligation	\$ 275,450
1997 TIF General Obligation	Special Tax Increment Allocation Fund II	498,145
2003 TIF General Obligation	Special Tax Increment Allocation Fund II	256,169
1998 TIF General Obligation	Special Tax Increment Allocation Fund III	607,553
		<u>\$ 1,637,317</u>

Transfers were made to fund debt service payments as they became due.

F. Operating Lease Obligations

The City leases various equipment. The leases are classified as operating leases. The lease payments for the year ended April 30, 2009 and future scheduled lease payments are not considered material to the financial statements.

G. Long-term Debt

General Obligation Bonds – The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations, and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

**City of Blue Island
Notes to the Financial Statements (cont'd)**

III. Detailed Notes For All Activities and Fund Types (cont'd)

G. Long-term Debt (cont'd)

General Obligation Bonds (cont'd)

<u>Issues</u>	<u>Balances May 1, 2008</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balances April 30, 2009</u>
General Obligation Bonds:				
1995 Golf Course Refunding Bonds (Alternate Revenue Source), original principal \$6,240,000, annual principal due December 1 at amounts ranging from \$395,000 to \$515,000 through December 1, 2024, interest at 5.10% to 5.30%.	\$ 3,085,000	\$ -	\$ 375,000	\$ 2,710,000
2005 General Obligation (Limited Tax) Bonds, original principal \$350,000, annual principal due December 1 at amounts ranging from \$75,500 to \$79,000 through December 1, 2010, interest at 3.95%.	227,000	-	72,500	154,500
General Obligation Tax Increment Bonds:				
1997 Tax Increment Refunding Series, original principal \$3,070,000, due annually on December 15 at amounts ranging from \$415,000 to \$475,000 through December 15, 2012, interest at 4.90% to 5.10%.	2,165,000	-	390,000	1,775,000
1998 Tax Increment Refunding Series, original principal \$6,250,000, due annually on December 15 at amounts ranging from \$520,000 to \$750,000 through December 15, 2014, interest at 4.50% to 4.90%.	4,185,000	-	410,000	3,775,000
2003 Tax Increment Refunding Series, original principal \$2,175,000, due annually on December 15 at amounts ranging from \$215,000 to \$330,000 through December 15, 2013, interest at 3.625% to 4.375%.	1,540,000	-	195,000	1,345,000

(cont'd)

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

G. Long-term Debt (cont'd)

General Obligation Bonds (cont'd)

Issues	Balances May 1, 2008	Issuances	Retirements	Balances April 30, 2009
2006 Waterworks and Sewerage Bonds (Alternate Revenue Source), original principal \$4,635,000, annual principal due December 1 at amounts ranging from \$10,000 to \$380,000 through December 1, 2024, interest at 4.25% to 4.75%.	\$ 4,625,000	\$ -	\$ 190,000	\$ 4,435,000
	<u>\$ 15,827,000</u>	<u>\$ -</u>	<u>\$ 1,632,500</u>	<u>\$ 14,194,500</u>
General sales tax/revenue sharing receipts alternate revenue source bonds: Original principal \$1,000,000, due semiannually on June 1 and December 1 at amounts ranging from \$50,000 to \$232,000 plus interest at 4.75%.	\$ 1,000,000	\$ -	\$ 50,000	\$ 950,000
Note payable: 2006 Fire Truck Promissory Note Agreement, original principal of \$285,400, balance due at maturity on December 21, 2008, including interest at 4.75% per annum.	\$ 185,400	\$ -	\$ 185,400	\$ -

The 2006 Waterworks and Sewerage Refunding Bonds are recorded as a liability of the Water Fund (an Enterprise Fund).

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

G. Long-term Debt (cont'd)

General Obligation Bonds (cont'd)

The annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	General Obligation Bonds		
	Total	Principal	Interest
Governmental activities due in 2010:			
1995 Golf Course	\$ 537,010	\$ 395,000	\$ 142,010
2005 Limited Tax	81,603	75,500	6,103
1997 Tax Increment	504,035	415,000	89,035
1998 Tax Increment	699,102	520,000	179,102
2003 Tax Increment	269,587	215,000	54,587
2010	2,091,337	1,620,500	470,837
2011	2,120,183	1,724,000	396,183
2012	2,030,106	1,715,000	315,106
2013	2,137,107	1,905,000	232,107
2014	1,668,864	1,530,000	138,864
2015	1,329,045	1,265,000	64,045
Totals	\$ 11,376,642	\$ 9,759,500	\$ 1,617,142
Fiscal Year Ending April 30	General Obligation Bonds		
	Total	Principal	Interest
Business-type activities (Waterworks and Sewerage Series 2006):			
2010	\$ 395,213	\$ 195,000	\$ 200,213
2011	396,925	205,000	191,925
2012	398,212	215,000	183,212
2013	399,075	225,000	174,075
2014	394,512	230,000	164,512
2015 – 2019	1,987,237	1,325,000	662,237
2020 – 2024	1,991,519	1,660,000	331,519
2025	398,050	380,000	18,050
Totals	\$ 6,360,743	\$ 4,435,000	\$ 1,925,743

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

G. Long-term Debt (cont'd)

The annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	2007 General Sales Tax/Revenue Sharing Receipts Alternate Revenue Source Bonds		
	Total	Principal	Interest
Governmental activities:			
2010	\$ 232,964	\$ 190,000	\$ 42,964
2011	237,725	204,000	33,725
2012	237,916	214,000	23,916
2013	355,632	342,000	13,632
Totals	\$ 1,064,237	\$ 950,000	\$ 114,237

General obligation bonds are backed by the full faith and credit of the City, and are subject to an annual property tax levy for the payment of principal and interest. In addition, tax increment bonds provide for a pledge of all incremental property taxes upon property located in the Tax Incremental Financing District.

Alternate revenue source bonds issued in 1995 are also secured by a pledge of operation and maintenance expenses and required credits to various restricted accounts, in an amount up to 1.25 times current debt. At April 30, 2008, the City had not met the funding requirements for the alternate revenue source bonds, as sufficient Golf Course Fund revenues were not available. The 1995 Golf Course Refunding Bonds require disclosure of the occurrence of a "Listed Event," as identified in the Continuing Disclosure Certificate and Agreement dated December 28, 1995.

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

G. Long-term Debt (cont'd)

Capital Leases

Capital lease obligations currently outstanding are as follows:

Issues	Balances May 1, 2008	Issuances	Retirements	Balances April 30, 2009
Four 2008 Crown Victoria police cars, 36 monthly payments of \$2,491.40 commencing June 15, 2007 including interest at 6.9%, secured by vehicles with a net book value of \$67,971 at April 30, 2009.	\$ 56,931	\$ -	\$ 26,310	\$ 30,621
9-1-1 Phone system, 6 semiannual payments of \$46,171 commencing January 20, 2008 including interest at 5.925%, secured by equipment with a net book value of \$205,684 at April 30, 2009.	211,933	-	81,132	130,801
9-1-1 Phone answering equipment, 6 semiannual payments of \$24,872 commencing January 20, 2009 including interest at 5.980%, secured by equipment with a net book value of \$128,254 at April 30, 2009.	-	135,004	21,067	113,937
	<u>\$ 268,864</u>	<u>\$ 135,004</u>	<u>\$ 128,509</u>	<u>\$ 275,359</u>

The annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	Capital Lease Obligations		
	Total	Principal	Interest
Governmental activities:			
2010	\$ 171,502	\$ 157,695	\$ 13,807
2011	98,365	93,514	4,851
2012	24,872	24,150	722
Totals	<u>\$ 294,739</u>	<u>\$ 275,359</u>	<u>\$ 19,380</u>

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

G. Long-term Debt (cont'd)

Noncurrent liability summary:

	<u>May 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2009</u>
Governmental Activities				
General obligation bonds	\$ 11,202,000	\$ -	\$ 1,442,500	\$ 9,759,500
Notes and contracts	185,400	-	185,400	-
Sales tax/revenue sharing receipts (ARS) bonds	1,000,000	-	50,000	950,000
Capital lease obligations	268,864	135,004	128,509	275,359
Compensated absences	543,591	78,078	162,205	459,464
Refunding bond premium	13,874	-	2,313	11,561
Subtotal	<u>13,213,729</u>	<u>213,082</u>	<u>1,970,927</u>	<u>11,455,884</u>
Water Fund				
General obligation bonds	4,625,000	-	190,000	4,435,000
Compensated absences	79,964	6,625	34,483	52,106
Reoffering premium	74,846	-	3,074	71,772
Subtotal	<u>4,779,810</u>	<u>6,625</u>	<u>227,557</u>	<u>4,558,878</u>
Total	<u>\$ 17,993,539</u>	<u>\$ 219,707</u>	<u>\$ 2,198,484</u>	<u>\$ 16,014,762</u>

H. Tax Anticipation Warrants

On January 8, 2008, the City approved Tax Anticipation Warrants for 2008 up to a maximum principal amount of \$2,000,000, with the first draw (Series 2008) having a maturity date of May 15, 2008, in anticipation of the first installment of taxes. The City made a draw of \$1,000,000 in January 2008. The amount was repaid including interest at 4.5% in May 2008, prior to the maturity date. The City drew down an additional \$1,000,000 in June 2008 (Series 2008A) with a maturity date on December 15, 2008, including interest at 4.5%, in anticipation of the second installment of taxes. The amount was repaid including interest at 4.5% in December 2008, prior to the maturity date.

On November 11, 2008, the City approved Tax Anticipation Warrants for 2008 up to a maximum principal amount of \$2,000,000, with the first draw (Series 2008C) having a maturity date of May 15, 2009, in anticipation of the first installment of taxes. The City made a draw of \$1,000,000 in November 2008. The amount was repaid including interest at 4% in May 2009, subsequent to year end but prior to the maturity date. The City drew down an additional \$1,000,000 in June 2008 (Series 2008D) with a maturity date of December 15, 2009, including interest at 4%, in anticipation of the second installment of taxes.

City of Blue Island
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Activities and Fund Types (cont'd)

I. Reconciliation of Government-wide and Fund Financial Statements

On the statement of net assets, receivables of governmental activities consist of property taxes (67%), other taxes (20%), grants and other (10%), and customer accounts (3%). Receivables of business-type activities consist of billed and unbilled utilities receivable.

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that: “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$	968,407
Depreciation		<u>(885,757)</u>
Net decrease to net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities	\$	<u>82,650</u>

Another element of the reconciliation states: “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” This amount represents the recognition of property taxes on the full accrual basis net of the effect of full accrual recognition in the prior year.

Another element of the reconciliation states: “Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” This difference is the net effect of recording both compensated absences payable, and interest expense on the City’s general obligation bonds on the full accrual basis in both the current and prior year.

City of Blue Island
Notes to the Financial Statements (cont'd)

IV. Other Information

A. Risk Management

The City is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. Property damage losses, with a minor deductible for total replacement value, are insured with a commercial insurance company. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years. There has been no significant reduction in insurance coverage. Workers' compensation, general liability and employee health claims are self-funded.

Self-funding of risk management activities is being reported in the General Fund. All claims activities are reported in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred, but not reported of \$131,842 for employee health.

This liability is the City's best estimate based on recent claim settlement trends, including frequency, the amount of payout, and other economic factors. Changes in the reported liability since April 30, 2006 resulted in the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
Workers' compensation and general liability:				
2006 – 2007	\$ -	\$ 1,287,910	\$ (287,910)	\$ 1,000,000
2007 – 2008	1,000,000	573,585	(1,573,585)	-
2008 – 2009	-	268,411	268,411	-
Health claims:				
2006 – 2007	131,842	1,595,568	(1,595,568)	131,842
2007 – 2008	131,842	1,575,001	(1,575,001)	131,842
2008 – 2009	131,842	2,194,336	(2,194,336)	131,842

B. Commitments and Contingent Liabilities

Grant Programs – The City participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies is not expected to be material.

City of Blue Island
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

C. Tax Increment Redevelopment Project

The City has established Tax Increment Financing Districts I, II, and III in November 1989, December 1992, and January 1994, respectively.

A redevelopment plan was adopted to make improvements on certain blighted areas, which will be funded by property taxes attributable to the increase in the equalized assessed valuation of each taxable lot in the Project Area.

The base equalized assessed valuation (EAV), as well as the incremental change equalized assessed valuation for these districts (2007 EAV latest available), is as follows:

	Base EAV	2007 EAV
District I	\$ 1,523,341	\$ 2,151,715
District II	9,578,727	20,199,740
District III	1,473,597	9,752,467
District IV	4,090,525	3,949,569

D. Deferred Compensation Plan

The City offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All funds are held in trust and administered by an outside third party trustee for the exclusive benefit of participants and their beneficiaries. The City is not required to make a contribution to the plan.

E. Pension and Retirement Plan Commitments

The City participates in three contributory retirement plans. Law enforcement officers are covered under the Police Pension Fund (a single-employer plan administered by a separate Police Pension Board of Trustees). Fire sworn personnel are covered under the Firefighters' Pension Fund (a single-employer plan administered by a separate Firefighters' Pension Board of Trustees). The Illinois Municipal Retirement Fund (a statewide plan) covers substantially all full-time employees, except law enforcement officers and firefighters. The City has two plans under the Illinois Municipal Retirement Fund, one for regular employees, and a Sheriff Law Enforcement Personnel ("SLEP") Plan. In addition, the City offers its employees a deferred compensation plan.

City of Blue Island
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

E. Pension and Retirement Plan Commitments (cont'd)

1. Illinois Municipal Retirement Fund ("IMRF")

Plan Description – The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with IMRF, an agent-multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. Benefit provisions are established by state statute and can only be changed by the General Assembly of the State of Illinois. The IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy – As set by statute, Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statutes require the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer rate for calendar year 2008 was 8.23% of payroll (0.0% for SLEP). The City also contributes for disability benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost – For 2008, the City's annual pension cost of \$355,910 for the Regular Plan (\$0 for SLEP) was equal to the City's required and actual contributions.

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed
Regular:		
12/31/08	\$ 355,910	100 %
12/31/07	334,161	100
12/31/06	350,762	100
SLEP:		
12/31/08	-	100
12/31/07	-	100
12/31/06	-	100

City of Blue Island
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

E. Pension and Retirement Plan Commitments (cont'd)

1. Illinois Municipal Retirement Fund ("IMRF") (cont'd)

Annual Pension Cost (cont'd)

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value of the IMRF's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period using a 20% corridor. The City's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2006 valuation was 24 years. The City's SLEP plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2008 valuation was 28 years.

Funding Status and Funding Progress – As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 76.87% funded. The actuarial accrued liability for benefits was \$11,091,513 and the actuarial value of assets was \$8,526,178, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,565,335. The covered payroll (annual payroll of active employees covered by the plan) was \$4,324,540 and the ratio of the UAAL to the covered payroll was 59%.

As of December 31, 2008, the most recent actuarial valuation date, the SLEP plan was 229.71% funded. The actuarial accrued liability for benefits was \$34,554 and the actuarial value of assets was \$79,374, resulting in an overfunded actuarial accrued liability (OAAL) of \$44,820. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and since the plan is overfunded, there is no ratio of UAAL to the covered payroll.

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

City of Blue Island
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

E. Pension and Retirement Plan Commitments (cont'd)

2. Police Pension

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer plan, the defined benefits, as well as the employee and employer contribution levels, are governed by Illinois Compiled Statutes, and may be amended only by the Illinois legislature. The latest actuarial report available for the police pension plan is for the year ended April 30, 2007. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2006 was \$2,239,621. At April 30, 2007, the Police Pension Plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	27
Current employees	<u>40</u>
Total	<u>67</u>

The Police Pension Plan provides retirement benefits, as well as death and disability benefits. Employees attaining the age of fifty or more, with twenty or more years of creditable service, are entitled to receive an annual retirement benefit of 2.5% of final salary for each year of service up to 30 years, to a maximum of 75% of such salary. Employees with at least eight years, but less than twenty years, of credited service may retire at or after age sixty, and receive a reduced benefit of 2.5% of final salary for each year of credited service. Surviving spouses receive the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

The monthly pension of a police officer who retired with twenty or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement, and be paid upon reaching the age of at least 55 years, by 3% of the original granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3% of the amount of the pension payable at the time of the increase.

**City of Blue Island
Notes to the Financial Statements (cont'd)**

IV. Other Information (cont'd)

E. Pension and Retirement Plan Commitments (cont'd)

2. Police Pension (cont'd)

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than twenty years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Plan, as actuarially determined by an enrolled actuary. By the year 2034, the City's contributions must accumulate to the point where the unfunded liability for the Police Pension Plan is fully funded.

As of April 30, 2007 (date of most recent actuarial valuation), the annual required contribution of the City necessary to cover normal cost was calculated to be \$254,740, and the annual required contribution necessary to amortize the unfunded actuarial accrued liability over a period of 26 years was calculated to be \$639,177. It is the City's policy to fund annual pension cost as accrued. Property taxes levied on behalf of the Police Pension Fund by the City are now paid directly to the pension fund, beginning with the 2007 levy. In the current fiscal year, the City contributed property taxes collected of \$448,485 to the Police Pension Fund. In addition, the City contributed \$23,035 to the Firefighters' Pension Fund representing the Plan's share of replacement taxes received by the City.

The actuarial accrued liability and net assets held in trust for pension benefits at April 30, 2007 (date of most recent actuarial valuation) is presented below:

Actuarial accrued liability:	
Retirees and beneficiaries currently receiving benefits, and terminated employees not yet receiving benefits	\$ 11,473,043
Current employees:	
Accumulated employee contributions, including allocated investment earnings	-
Employer-financed, vested	-
Employer-financed, nonvested	<u>9,137,495</u>
Total actuarial accrued liability	20,610,538
Net assets available for benefits, at market	<u>7,325,846</u>
Unfunded actuarial accrued liability	<u>\$ 13,284,692</u>

City of Blue Island
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

E. Pension and Retirement Plan Commitments (cont'd)

2. Police Pension (cont'd)

Information regarding actuarial present value of vested and nonvested accumulated benefits is not available. Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Trend information for the three Plan years ended April 30, 2007, 2006 and 2004, respectively, is as follows:

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed
4/30/07	\$ 876,426	82.2 %
4/30/06	829,557	78.0
4/30/04	689,731	124.2

Complete financial statements for the Police Pension Fund, including ten-year trend information, can be obtained from the Fund's Administrative Offices at 13051 South Greenwood Avenue, Blue Island, Illinois 60406.

As of April 30, 2007, the most recent actuarial valuation date, the Police Pension Plan was 35.54% funded. The actuarial accrued liability for benefits was \$20,610,538 and the actuarial value of assets was \$7,352,846, resulting in an underfunded actuarial accrued liability (UAAL) of \$13,284,692. The covered payroll (annual payroll of active employees covered by the plan) was \$2,239,621 and the ratio of the UAAL to the covered payroll was 539.17%.

The required supplementary information, a schedule of funding progress for the last six years, may be found on page 65.

3. Firefighters' Pension

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits, as well as the employee and employer contribution levels, are governed by the Illinois legislature. The latest actuarial report available for the firefighters' pension plan is for the year ended April 30, 2007. The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended April 30, 2007 was \$1,074,155. At April 30, 2007, the Firefighters' Pension Plan membership consisted of:

City of Blue Island
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

E. Pension and Retirement Plan Commitments (cont'd)

3. Firefighters' Pension (cont'd)

Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	17
Current employees:	
Vested	10
Nonvested	<u>11</u>
Total	<u>38</u>

The Firefighters' Pension Plan provides retirement benefits, as well as death and disability benefits. Employees attaining the age of fifty or more with twenty or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over twenty years of service through thirty years of service, to a maximum of 75% of such monthly salary. Employees with at least ten years, but less than twenty years, of credited service may retire at or after age sixty and receive a reduced retirement benefit, ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greater of 54% of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary.

The monthly pension of a firefighter who retired with twenty or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement, and be paid upon reaching the age of at least 55 years, by 3% of the amount of the pension payable at the time of the increase.

City of Blue Island
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

E. Pension and Retirement Plan Commitments (cont'd)

3. Firefighters' Pension (cont'd)

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than twenty years of service, accumulated employee contributions may be refunded without interest. The City is required to contribute the remaining amounts necessary to finance the Plan, as actuarially determined by an enrolled actuary. By the year 2034, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

As of April 30, 2007 (date of most recent actuarial valuation), the annual required contribution of the City necessary to cover normal cost, and to amortize the unfunded actuarial accrued liability over a period of 26 years, was calculated to be \$499,841. It is the City's policy to fund annual pension cost as accrued. Property taxes levied on behalf of the Firefighters' Pension Fund by the City are now paid directly to the pension fund. In addition, the City contributed \$23,035 to the Firefighters' Pension Fund representing the Plan's share of replacement taxes received by the City.

The actuarial accrued liability and net assets held in trust for pension benefits at April 30, 2007 is presented below:

Actuarial accrued liability:	
Retirees and beneficiaries currently receiving benefits, and terminated employees not yet receiving benefits	\$ 6,748,922
Current employees:	
Accumulated employee contributions, including allocated investment earnings	-
Employer-financed, vested	-
Employer-financed, nonvested	<u>5,284,204</u>
Total actuarial accrued liability	12,033,126
Net assets available for benefits, at market	<u>5,488,895</u>
Unfunded actuarial accrued liability	<u>\$ 6,544,231</u>

City of Blue Island
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

E. Pension and Retirement Plan Commitments (cont'd)

3. Firefighters' Pension (cont'd)

Information regarding the actuarial present value of vested and nonvested accumulated benefits is not available. Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Trend information for the three plan years ended April 30, 2007, 2006, and 2004, respectively, is as follows:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
4/30/07	\$ 468,998	112.3%
4/30/06	468,061	88.1
4/30/04	412,660	125.3

Financial information for the Firefighters' Pension Fund can be obtained from the Fund's Administrative Offices at 2450 Vermont Street, Blue Island, Illinois 60406.

As of April 30, 2007, the most recent actuarial valuation date, the Firefighters' Pension Plan was 45.61% funded. The actuarial accrued liability for benefits was \$12,033,126 and the actuarial value of assets was \$5,488,895, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,544,231. The covered payroll (annual payroll of active employees covered by the plan) was \$1,074,155 and the ratio of the UAAL to the covered payroll was 609.24%.

The required supplementary information, a schedule of funding progress for the last six years, may be found on page 65.

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REQUIRED SUPPLEMENTARY INFORMATION

**City of Blue Island
Illinois Municipal Retirement Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2009**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Regular						
12/31/08	\$ 8,526,178	\$11,091,513	\$ 2,565,335	76.87%	\$4,324,540	59.32%
12/31/07	11,384,160	11,282,312	(101,848)	100.90%	3,949,895	0.00%
12/31/06	11,203,057	11,107,626	(95,431)	100.86%	3,692,228	0.00%
12/31/05	10,981,314	10,985,213	3,899	99.96%	3,657,807	0.11%
12/31/04	10,775,783	11,245,673	469,890	95.82%	3,691,467	12.73%
12/31/03	10,340,904	10,318,126	(22,778)	100.22%	3,644,917	0.00%
SLEP						
12/31/08	79,374	34,554	(44,820)	229.71%	-	0.00%
12/31/07	79,802	32,143	(47,659)	248.27%	-	0.00%
12/31/06	73,241	29,900	(43,341)	244.95%	-	0.00%
12/31/05	68,195	27,814	(40,381)	245.18%	-	0.00%
12/31/04	63,424	25,873	(37,551)	245.14%	-	0.00%
12/31/03	61,182	24,069	(37,113)	254.19%	16,447	0.00%

See independent auditor's report.

**City of Blue Island
Police and Firefighters' Pension Funds
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2009**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police Pension Fund						
4/30/07	\$ 7,325,846	\$20,610,538	\$13,284,692	35.54%	\$2,239,621	593.17%
4/30/06	6,833,713	19,299,374	12,465,661	35.41%	2,116,563	588.96%
4/30/05	*					
4/30/04	5,775,733	17,240,890	11,465,157	33.50%	2,099,610	546.06%
4/30/03	5,001,285	16,188,383	11,187,098	30.89%	1,981,494	564.58%
Firefighters' Pension Fund						
4/30/07	\$ 5,488,895	\$12,033,126	\$ 6,544,231	45.61%	\$1,074,155	609.24%
4/30/06	5,126,919	10,712,291	5,585,372	47.86%	1,102,109	506.79%
4/30/05	*					
4/30/04	4,734,548	9,870,383	5,135,835	47.97%	1,061,352	483.90%
4/30/03	4,224,463	9,564,262	5,339,799	44.17%	1,059,570	503.96%

* Information not available

Digest of Changes

None

Analysis of the dollar amounts of the actuarial value of assets, actuarially accrued liability, and unfunded actuarially accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarially accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in unfunded actuarially accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarially accrued liability as a percentage of annually covered payroll approximately adjusts for the effects of inflation, and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

See independent auditor's report.

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SUPPLEMENTAL SECTION

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GENERAL FUND

**City of Blue Island
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Property taxes	\$ 2,648,423	\$ 2,852,377
Personal property replacement tax	300,000	199,033
Other taxes:		
State income	2,650,000	2,285,570
Utility	1,900,000	1,724,411
Municipal retailers' occupation tax	1,600,000	1,280,807
Total taxes	9,098,423	8,342,198
Licenses:		
Vehicle	400,000	393,370
Liquor	37,162	37,092
Business	74,824	74,683
Contractors	57,328	57,220
Animal	686	685
Total licenses	570,000	563,050
Permits:		
Building	159,428	106,153
Electrical	30,850	20,541
Sewer	901	600
Other	28,821	19,190
Total permits	220,000	146,484
Fines:		
Police	640,559	624,265
Building violations	4,366	4,255
Railroad	(4,925)	(4,800)
Total fines	640,000	623,720
Grants	2,400,000	417,295

(cont'd)

**City of Blue Island
General Fund
Schedule of Revenues - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Interest	\$ -	\$ 6,073
Other:		
Sanitation and recycling fees	1,300,000	1,186,596
Ambulance user fees	350,000	355,337
City parking lots	180,000	80,656
Insurance reimbursements	170,000	217,959
Maintenance of state roads and traffic signals	100,000	86,893
Miscellaneous	2,500,000	868,196
Motor fuel tax reimbursement	-	633,814
Television franchise fees	200,000	168,290
Telephone franchise fees	75,000	47,260
Telephone surcharges - 9-1-1 system	270,000	381,277
User fees - 9-1-1 system	420,000	372,465
Vital statistics	-	50,538
Total other	5,565,000	4,449,281
Total revenues	\$ 18,493,423	\$ 14,548,101

See independent auditor's report.

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
General government:		
Salaries and benefits:		
Mayor's office:		
Full-time salaries	\$ 130,000	\$ 45,449
Part-time salaries	20,000	30,462
Overtime salaries	1,000	-
Finance:		
Full-time salaries	198,000	201,025
Part-time salaries	20,000	10,372
Overtime salaries	1,000	-
Clerk's office:		
Full-time salaries	100,000	74,229
Part-time salaries	2,000	-
General government:		
Part-time salaries	30,000	28,175
Aldermen salaries	33,600	36,960
Seniors' program salaries	95,000	81,908
Salary reimbursements - grant funds	-	(43,633)
Illinois Municipal Retirement Fund	44,500	34,347
Payroll taxes - FICA and Medicare	51,600	37,906
Employee medical insurance	2,210,000	2,055,422
Life insurance	20,000	17,455
	<u>2,956,700</u>	<u>2,610,077</u>
Total salaries and benefits		
Services:		
Audit	20,000	23,227
Computers and software	97,000	40,433
Expenses of City officials	61,200	61,200
Legal	250,000	335,609
Other	7,500	3,178
Professional consulting and engineering	126,000	92,308
Telephone	126,500	162,782
Training	-	890
	<u>688,200</u>	<u>719,627</u>
Total services		

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
General government (cont'd):		
Supplies and materials:		
Maintenance supplies	\$ 8,300	\$ 9,038
Operating supplies	7,000	884
Printing, postage and office supplies	33,000	17,247
Small equipment	1,000	1,909
Uniforms	-	95
Vehicle sticker program	15,000	6,795
Total supplies and materials	64,300	35,968
Repairs and maintenance:		
Building	8,500	6,731
Equipment	10,000	10,438
Outside contractors	500	23,447
Vehicle	500	699
Total repairs and maintenance	19,500	41,315
Miscellaneous:		
Bank service charges	1,500	728
Community promotions	15,000	15,277
Dues and subscriptions	21,250	13,723
Employee/office services	4,700	3,079
Interest expense - tax anticipation warrants	315,000	34,306
Legal notices	8,000	4,221
Licenses/fees	8,000	4,531
Main Street Director and other expenses	15,000	11,100
Meetings and seminars	4,100	1,220
Other	4,100	3,225
Travel/transportation	2,550	3,038
Total miscellaneous	399,200	94,448
Capital expenditures	5,000	643
Total general government	\$ 4,132,900	\$ 3,502,078

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Building Department:		
Salaries and benefits:		
Full-time salaries	\$ 220,000	\$ 205,742
Part-time salaries	40,000	35,629
Illinois Municipal Retirement Fund	20,000	16,917
Payroll taxes - FICA and Medicare	20,500	18,307
Total salaries and benefits	300,500	276,595
Services:		
Computers and software	5,000	7,391
Engineering	70,000	48,619
Other contractual services	20,000	10,486
Telephone	500	1,852
Training	2,000	279
Total services	97,500	68,627
Supplies and materials:		
Board up expense	9,000	2,667
Buildings and street signs	600	90
Gasoline and oil for vehicles	10,000	6,527
Maintenance supplies	500	83
Operating supplies	500	205
Printing, postage and office supplies	7,500	4,433
Radio equipment	5,000	2,175
Uniforms	2,000	947
Total supplies and materials	35,100	17,127
Repairs and maintenance:		
Building	1,000	-
Equipment	1,000	691
Lot/property	10,000	7,987
Outside contractors	6,000	1,360
Vehicle	4,000	2,738
Total repairs and maintenance	22,000	12,776
Miscellaneous:		
Community promotions	-	240
Dues and subscriptions	3,200	265
Employee/office services	500	351
Legal notices	1,500	493
Licenses and fees	2,500	75
Meetings and seminars	1,000	-
Total miscellaneous	8,700	1,424

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Building Department (cont'd):		
Capital expenditures	\$ 27,000	\$ 40,266
Total Building Department	\$ 490,800	\$ 416,815
Planning Department:		
Salaries and benefits:		
Full-time salaries	\$ 97,500	\$ 101,320
Part-time salaries	10,000	2,326
Illinois Municipal Retirement Fund	10,000	8,332
Payroll taxes - FICA and Medicare	9,500	7,881
Total salaries and benefits	127,000	119,859
Services:		
Computers and software	20,600	5,589
Other contractual services	47,500	45,203
Professional consulting	880,000	111,515
Training	3,000	60
Total services	951,100	162,367
Supplies and materials:		
Film and photo processing	300	-
Operating supplies	500	-
Printing, postage and office supplies	10,700	3,414
Small equipment	750	-
Total supplies and materials	12,250	3,414
Repairs and maintenance - equipment	500	-
Miscellaneous:		
Advertising and marketing	3,400	-
Community promotions	1,000	-
Dues and subscriptions	4,750	420
Licenses and fees	100	-
Meetings and seminars	2,000	947
Miscellaneous	-	250
Travel/transportation	2,600	2,892
Total miscellaneous	13,850	4,509
Capital outlay - office equipment	3,450	-
Total Planning Department	\$ 1,108,150	\$ 290,149

(cont'd)

City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009

	Original and Final Budget	Actual
Police Department:		
Salaries and benefits:		
Officers:		
Full-time salaries	\$ 2,550,000	\$ 2,524,392
Overtime salaries	350,000	340,146
Records and desk clerks:		
Full-time salaries	375,000	380,329
Part-time salaries	75,000	63,397
Overtime salaries	20,000	31,624
9-1-1 Department:		
Full-time salaries	600,000	598,723
Part-time salaries	30,000	42,385
Overtime salaries	30,000	35,829
Crossing guards	70,000	71,641
Part-time police	150,000	158,856
Illinois Municipal Retirement Fund:		
Police clerks	35,000	35,149
9-1-1 Department	47,000	45,814
Payroll taxes - FICA and Medicare:		
Police	90,000	88,800
9-1-1 Department	43,500	45,048
Unemployment insurance:		
Police	10,000	2,130
9-1-1 Department	2,500	-
Total salaries and benefits	4,478,000	4,464,263
Services:		
Animal care	2,000	454
Computers and software	580,000	28,505
Other contractual services	5,000	3,418
Personnel hiring/exams	2,500	3,858
Prisoner care	7,500	6,619
Professional consulting	8,000	6,810
Telephone	62,000	48,097
Training	50,000	15,241
Total services	717,000	113,002

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Police Department (cont'd):		
Supplies and materials:		
Ammunition/guns	\$ 13,000	\$ 10,072
Asset forfeiture expense	-	179,256
Building and street signs	750	381
Equipment rental	-	1,084
Film and photo processing	2,000	1,172
Gasoline and oil for vehicles	200,000	183,793
Maintenance supplies	14,000	8,575
Operating supplies	8,000	5,805
Printing, postage and office supplies	46,800	51,302
Small equipment	208,500	172,750
Uniforms	44,000	42,579
Total supplies and materials	537,050	656,769
Repairs and maintenance:		
Building	52,000	16,344
Equipment	120,000	98,694
Outside contractors	2,000	49,765
Vehicle	100,000	110,824
Total repairs and maintenance	274,000	275,627
Miscellaneous:		
Collection services	17,500	20,013
Community promotions	4,000	4,121
Dues and subscriptions	2,950	2,650
Employee/office services	3,100	3,794
Licenses/fees	5,000	20,677
Meetings and seminars	2,500	477
Rentals and leasing fees	500	6,151
Travel/transportation	1,000	103
Total miscellaneous	36,550	57,986
Capital expenditures	229,500	30,663
Total Police Department	\$ 6,272,100	\$ 5,598,310

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Fire Department:		
Salaries and benefits:		
Full-time salaries	\$ 1,355,000	\$ 1,289,047
Part-time salaries	30,000	28,919
Overtime salaries	200,000	148,827
Illinois Municipal Retirement Fund	3,500	3,144
Payroll taxes - FICA and Medicare	19,200	19,828
Total salaries and benefits	1,607,700	1,489,765
Services:		
Ambulance processing fee	30,000	25,677
Computers and software	3,000	985
Other contractual services	1,500	189
Professional consulting	1,000	-
Telephone	3,500	2,442
Training	15,000	16,347
Total services	54,000	45,640
Supplies and materials:		
Film and photo processing	500	-
Gasoline and oil for vehicles	10,000	6,574
Maintenance supplies	15,000	6,136
Operating supplies	6,000	6,395
Printing, postage and office supplies	5,500	4,415
Small equipment	180,000	45,786
Uniforms	35,000	33,753
Total supplies and materials	252,000	103,059
Repairs and maintenance:		
Building	15,000	7,549
Equipment	10,000	7,615
Vehicle	40,000	91,715
Total repairs and maintenance	65,000	106,879
Miscellaneous:		
Community promotions	2,000	1,192
Dues and subscriptions	7,500	4,605
Employee/office services	2,500	1,847
Licenses/fees	1,000	75
Meetings and seminars	1,500	400
Payments to Foreign Fire Tax Board	17,000	-
Physical exams	10,000	3,240

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Fire Department (cont'd):		
Miscellaneous (cont'd):		
Rentals and leasing fees	\$ 2,500	\$ 2,162
Travel/transportation	500	30
Total miscellaneous	44,500	13,551
Capital expenditures	534,600	352,956
Total Fire Department	\$ 2,557,800	\$ 2,111,850
Public Works Department:		
Salaries and benefits:		
Full-time salaries	\$ 1,020,000	\$ 1,025,433
Part-time salaries	40,000	26,838
Overtime salaries	100,000	57,641
Illinois Municipal Retirement Fund	95,000	88,799
Payroll taxes - FICA and Medicare	90,000	83,782
Total salaries and benefits	1,345,000	1,282,493
Services:		
Computers and software	2,000	498
Engineering	200,000	63,177
Garbage and recycling	955,000	990,284
Other	2,500	293
Snow removal	65,000	-
Telephone	2,500	1,270
Training	2,500	-
Utilities	265,000	264,634
Total services	1,494,500	1,320,156
Supplies and materials:		
Building and street signs	15,000	8,412
Concrete/asphalt/stone	40,000	15,902
Gasoline and oil for vehicles	85,000	59,836
Maintenance supplies	50,000	29,446
Operating supplies	17,000	7,573
Printing, postage and office supplies	3,000	1,234
Small equipment	5,500	2,723
Uniforms	11,000	11,700
Total supplies and materials	226,500	136,826

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Public Works Department (cont'd):		
Repairs and maintenance:		
Building	\$ 5,000	\$ 3,566
Equipment	45,000	32,222
Equipment rental	2,500	-
Lot/property maintenance	40,000	14,955
Outside contractors	500,000	17,538
Street lighting system	150,000	-
Street resurfacing/repairs	-	14,597
Traffic signals	50,000	33,404
Tree program	75,000	101,746
Vehicle	70,000	55,515
Total repairs and maintenance	937,500	273,543
Miscellaneous:		
Dues and subscriptions	1,100	26
Employee/office services	6,000	3,063
Meetings and seminars	-	395
Rentals and leasing fees	2,500	1,680
Total miscellaneous	9,600	5,164
Capital expenditures:		
Bridge improvement/maintenance	3,000,000	48,795
Curb and sidewalk improvements	103,000	-
Machinery and equipment	130,000	-
Office equipment	5,000	-
Vehicles	65,000	-
Total capital expenditures	3,303,000	48,795
Total Public Works Department	\$ 7,316,100	\$ 3,066,977

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Playground and Recreation Department:		
Salaries and benefits:		
Full-time salaries	\$ 57,200	\$ 57,398
Part-time salaries	65,000	71,303
Illinois Municipal Retirement Fund	8,000	7,292
Payroll taxes - FICA and Medicare	9,250	9,772
	<hr/>	<hr/>
Total salaries and benefits	139,450	145,765
 Services:		
Computers and software	2,000	81
Other contractual services	1,500	-
Telephone	2,000	2,100
Training	-	70
Utilities	-	1,238
	<hr/>	<hr/>
Total services	5,500	3,489
 Supplies and materials:		
Food for resale	20,000	8,408
Maintenance supplies	2,500	3,392
Material and supplies of fee-supporting recreational programs	3,500	28,365
Operating supplies	2,000	398
Printing, postage and office supplies	4,000	1,080
Uniforms	500	-
	<hr/>	<hr/>
Total supplies and materials	32,500	41,643
 Repairs and maintenance:		
Building	5,000	949
Equipment	1,500	1,177
Equipment rental	2,000	1,658
Lot/property	1,000	-
Outside contractors	-	1,909
	<hr/>	<hr/>
Total repairs and maintenance	9,500	5,693

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Playground and Recreation Department (cont'd):		
Miscellaneous:		
Advertising and marketing	\$ 1,500	\$ 325
Bank service charges	100	-
Community promotions	2,500	1,500
Dues and subscriptions	1,050	-
Employee/office services	300	155
Meetings and seminars	2,000	-
Rentals and leasing fees	2,000	-
	<hr/>	<hr/>
Total miscellaneous	9,450	1,980
	<hr/>	<hr/>
Capital expenditures	57,000	-
	<hr/>	<hr/>
Total Playground and Recreation Department	\$ 253,400	\$ 198,570
	<hr/>	<hr/>
Insurance Loss Department:		
Salaries and benefits:		
Full-time salaries	\$ 77,500	\$ 79,051
Illinois Municipal Retirement Fund	7,000	6,429
Payroll taxes - FICA and Medicare	6,500	5,981
	<hr/>	<hr/>
Total salaries and benefits	91,000	91,461
	<hr/>	<hr/>
Services:		
Auto/property damage claims	20,000	1,545
Insurance - buildings/vehicles	45,000	43,625
Insurance fees	45,000	51,876
Medical liability claim expense	275,000	85,438
Personal injury claims	1,500,000	45,000
Training	-	195
Workers' compensation disability medical claims	150,000	136,428
	<hr/>	<hr/>
Total services	2,035,000	364,107
	<hr/>	<hr/>

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Insurance Loss Department (cont'd):		
Supplies and materials - operating supplies	200	-
Miscellaneous:		
Licenses/fees	3,000	-
Meetings and seminars	500	-
Travel/transportation	600	600
Total miscellaneous	4,100	600
Total Insurance Loss Department	\$ 2,130,300	\$ 456,168
Civil Service Commission	\$ 54,000	\$ 22,372
Marketing Department:		
Salaries and benefits:		
Full-time salaries	\$ 53,500	\$ 50,217
Illinois Municipal Retirement Fund	5,350	4,129
Payroll taxes - FICA and Medicare	3,500	3,802
Total salaries and benefits	62,350	58,148
Services:		
Computers and software	1,800	-
Insurance	5,700	-
Other contractual services	5,000	14,950
Professional consulting/engineering	37,000	-
Telephone	-	1,461
Training	600	-
Total services	50,100	16,411

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Original and Final Budget	Actual
Marketing Department (cont'd):		
Supplies and materials:		
Film and photo processing	\$ 1,000	\$ -
Printing, postage and office supplies	21,000	2,325
Small equipment	500	-
	22,500	2,325
Total supplies and materials		
	3,000	-
Repairs and maintenance - outside contractors		
Miscellaneous:		
Advertising and marketing	8,000	3,207
Community promotions	148,000	107,294
Dues and subscriptions	1,500	159
Licenses and fees	500	200
Meetings and seminars	8,200	490
Pass through grant expenditures	1,400,000	-
Rentals and leasing fees	8,000	-
Travel/transportation	1,500	600
	1,575,700	111,950
Total miscellaneous		
Capital expenditures	500	-
Total Marketing Department	\$ 1,714,150	\$ 188,834
Debt service:		
Fire Department	\$ 185,400	\$ 193,143
Police Department	-	92,342
	185,400	285,485
Total Debt Service	\$ 185,400	\$ 285,485

See independent auditor's report.

NONMAJOR GOVERNMENTAL FUNDS

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Nonmajor Governmental Funds

Special Revenue Funds

Motor Fuel Tax Fund – Accounts for the operation of street maintenance programs and capital projects approved by the state of Illinois. Financing is provided from the City's share of gasoline taxes.

Special Tax Increment Allocation Fund I – Accounts for revenues and expenditures for projects related to a specific area of the community. Property taxes are frozen at the level of the initial agreement, and the increase in property taxes goes to pay off financing and capital improvements.

Special Tax Increment Allocation Fund III – Accounts for revenues and expenditures for projects related to a specific area of the community. Property taxes are frozen at the level of the initial agreement, and the increase in property taxes goes to pay off financing and capital improvements.

Special Tax Increment Allocation Fund IV – Accounts for revenues and expenditures for projects related to a specific area of the community. Property taxes are frozen at the level of the initial agreement, and the increase in property taxes goes to pay off financing and capital improvements.

Police Pension Fund – Accounts for the taxes levied and received on behalf of, and subsequent remittance to, the City of Blue Island Police Pension Fund, a separate entity.

Firefighters' Pension Fund – Accounts for the taxes levied and received on behalf of, and subsequent remittance to, the City of Blue Island Firefighters' Pension Fund, a separate entity.

Debt Service Funds

Debt Service Funds are governmental funds used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Payments are made from property taxes or alternate revenue sources, as defined in the individual bond ordinance. A separate fund is established for each general obligation bond issue.

Capital Projects Fund

Capital Projects Funds are governmental funds used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Community Development Block Grant – To account for grants received from the U.S. Department of Housing and Urban Development for community development activities, under the Community Development Act of 1974.

City of Blue Island
Combining Balance Sheet - Nonmajor Governmental Funds
April 30, 2009

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>
Assets		
Cash and investments	\$ 765,052	\$ -
Receivables:		
Property taxes receivable - net of allowance for uncollectible taxes	486,564	832,918
Grants receivable	-	-
Other	46,854	-
Due from other funds	<u>2,305,860</u>	<u>1,818,415</u>
Total assets	<u>\$3,604,330</u>	<u>\$2,651,333</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 28,747	\$ -
Due to other funds	39,358	518,374
Deferred revenue:		
Property taxes	486,564	832,918
Grant revenue	-	-
Total liabilities	<u>554,669</u>	<u>1,351,292</u>
Fund Balances		
Unreserved:		
Debt Service Funds	-	1,300,041
Special Revenue Funds	<u>3,049,661</u>	-
Total fund balances	<u>3,049,661</u>	<u>1,300,041</u>
Total liabilities and fund balances	<u>\$3,604,330</u>	<u>\$2,651,333</u>

See independent auditor's report.

Capital Projects - CDBG Fund	Total
\$ -	\$ 765,052
-	1,319,482
484,027	484,027
-	46,854
2,083	4,126,358
<u>\$ 486,110</u>	<u>\$ 6,741,773</u>
\$ -	\$ 28,747
-	557,732
-	1,319,482
486,110	486,110
<u>486,110</u>	<u>2,392,071</u>
-	1,300,041
-	3,049,661
<u>-</u>	<u>4,349,702</u>
<u>\$ 486,110</u>	<u>\$ 6,741,773</u>

City of Blue Island
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended April 30, 2009

	Special Revenue Funds	Debt Service Funds
Revenues:		
Property taxes	\$ 829,261	\$ 1,032,404
Personal property and replacement taxes	48,870	-
State allotments	624,915	-
Grants	-	-
Interest	7,094	-
	1,510,140	1,032,404
Expenditures:		
Current:		
General government	108,433	-
Street maintenance	1,111,456	-
Debt service:		
Principal	-	1,492,500
Interest	-	613,761
Capital outlay - redevelopment projects	262,255	-
	1,482,144	2,106,261
Revenues over (under) expenditures before other financing sources (uses)	27,996	(1,073,857)
Other financing sources (uses):		
Operating transfers in	275,450	1,361,867
Operating transfers out	(607,553)	(275,450)
	(332,103)	1,086,417
Net changes in fund balances	(304,107)	12,560
Fund balances, beginning of the year	3,353,768	1,287,481
Fund balances, end of the year	\$3,049,661	\$1,300,041

See independent auditor's report.

Capital Projects - CDBG Fund	Total
\$ -	\$1,861,665
-	48,870
-	624,915
121,733	121,733
507	7,601
<u>122,240</u>	<u>2,664,784</u>
-	108,433
-	1,111,456
-	1,492,500
-	613,761
122,240	384,495
<u>122,240</u>	<u>3,710,645</u>
-	(1,045,861)
-	1,637,317
-	(883,003)
-	754,314
-	(291,547)
-	4,641,249
<u>\$ -</u>	<u>\$4,349,702</u>

City of Blue Island
Combining Balance Sheet - Nonmajor Special Revenue Funds
April 30, 2009

Assets	<u>Motor Fuel Tax</u>	<u>Special Tax Increment Allocation Fund I</u>
Cash and investments	\$ 168,101	\$ 34,253
Receivables:		
Property taxes receivable - net of allowance for uncollectible taxes	-	34,063
Other	46,854	-
Due from other funds	<u>524,229</u>	<u>540,303</u>
Total assets	<u>\$ 739,184</u>	<u>\$ 608,619</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 1,595	\$ -
Due to other funds	-	39,358
Deferred revenue - property tax	-	<u>34,063</u>
Total liabilities	1,595	73,421
Fund balances - unreserved, undesignated	<u>737,589</u>	<u>535,198</u>
Total liabilities and fund balances	<u>\$ 739,184</u>	<u>\$ 608,619</u>

See independent auditor's report.

Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund IV	Police Pension Fund	Firefighters' Pension Fund	Total
\$ 559,287	\$ 3,411	\$ -	\$ -	\$ 765,052
448,918	3,583	-	-	486,564
-	-	-	-	46,854
799,822	-	307,943	133,563	2,305,860
<u>\$ 1,808,027</u>	<u>\$ 6,994</u>	<u>\$ 307,943</u>	<u>\$ 133,563</u>	<u>\$ 3,604,330</u>
\$ -	\$ -	\$ 10,524	\$ 16,628	\$ 28,747
-	-	-	-	39,358
448,918	3,583	-	-	486,564
448,918	3,583	10,524	16,628	554,669
1,359,109	3,411	297,419	116,935	3,049,661
<u>\$ 1,808,027</u>	<u>\$ 6,994</u>	<u>\$ 307,943</u>	<u>\$ 133,563</u>	<u>\$ 3,604,330</u>

City of Blue Island
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended April 30, 2009

	Motor Fuel Tax	Special Tax Increment Allocation Fund I
Revenues:		
Property taxes	\$ -	\$ 68,146
Personal property and replacement taxes	-	-
State allotments	624,915	-
Interest	5,978	110
Total revenues	<u>630,893</u>	<u>68,256</u>
Expenditures:		
Current:		
General government	-	2,500
Street maintenance	1,111,456	-
Capital outlay	-	261,414
Total expenditures	<u>1,111,456</u>	<u>263,914</u>
Revenues over (under) expenditures before other financing uses	<u>(480,563)</u>	<u>(195,658)</u>
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(480,563)</u>	<u>(195,658)</u>
Fund balances, beginning of the year	<u>1,218,152</u>	<u>730,856</u>
Fund balances, end of the year	<u>\$ 737,589</u>	<u>\$ 535,198</u>

See independent auditor's report.

Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund IV	Police Pension Fund	Firefighters' Pension Fund	Total
\$ 756,864	\$ 4,251	\$ -	\$ -	\$ 829,261
-	-	28,677	20,193	48,870
-	-	-	-	624,915
1,005	1	-	-	7,094
<u>757,869</u>	<u>4,252</u>	<u>28,677</u>	<u>20,193</u>	<u>1,510,140</u>
3,100	-	70,806	32,027	108,433
-	-	-	-	1,111,456
-	841	-	-	262,255
<u>3,100</u>	<u>841</u>	<u>70,806</u>	<u>32,027</u>	<u>1,482,144</u>
<u>754,769</u>	<u>3,411</u>	<u>(42,129)</u>	<u>(11,834)</u>	<u>27,996</u>
275,450	-	-	-	275,450
(607,553)	-	-	-	(607,553)
<u>(332,103)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(332,103)</u>
422,666	3,411	(42,129)	(11,834)	(304,107)
936,443	-	339,548	128,769	3,353,768
<u>\$ 1,359,109</u>	<u>\$ 3,411</u>	<u>\$ 297,419</u>	<u>\$ 116,935</u>	<u>\$ 3,049,661</u>

City of Blue Island
Special Revenue Funds - Motor Fuel Tax Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2009

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues:			
State allotments	\$ 700,000	\$ 624,915	\$ (75,085)
Interest	10,000	5,978	(4,022)
Total revenues	710,000	630,893	(79,107)
Expenditures - current - street maintenance	1,010,000	1,111,456	(101,456)
Net changes in fund balance	\$ (300,000)	(480,563)	\$ (180,563)
Fund balance, beginning of the year		1,218,152	
Fund balance, end of the year		\$ 737,589	

See independent auditor's report.

City of Blue Island
Special Revenue Funds - Police Pension Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended April 30, 2009

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues - personal property and replacement taxes	\$ 32,000	\$ 28,677	\$ (3,323)
Expenditures - payments to Police Pension Fund	35,000	70,806	(35,806)
Net changes in fund balance	\$ (3,000)	(42,129)	\$ (39,129)
Fund balance, beginning of the year		339,548	
Fund balance, end of the year		\$ 297,419	

See independent auditor's report.

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City of Blue Island
Special Revenue Funds - Firefighters' Pension Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended April 30, 2009

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues - personal property and replacement taxes	\$ 28,000	\$ 20,193	\$ (7,807)
Expenditures - payments to Firefighters' Pension Fund	25,000	32,027	(7,027)
Net changes in fund balance	\$ 3,000	(11,834)	\$ (14,834)
Fund balance, beginning of the year		128,769	
Fund balance, end of the year		\$ 116,935	

See independent auditor's report.

City of Blue Island
Combining Balance Sheet - Nonmajor Debt Service Funds
April 30, 2009

	<u>Alternate Bond Fund Series 1995</u>	<u>Special Series 1994</u>
Assets		
Property taxes receivable, net of allowance for uncollectible accounts	\$ 329,951	\$ -
Due from other funds	<u>336,114</u>	<u>-</u>
Total assets	<u>\$ 666,065</u>	<u>\$ -</u>
Liabilities and Municipal Equity		
Liabilities:		
Due to other funds	\$ -	\$ -
Deferred revenue - property tax	<u>329,951</u>	<u>-</u>
Total liabilities	329,951	-
Municipal equity - fund balance - unreserved - future debt service	<u>336,114</u>	<u>-</u>
Total liabilities and municipal equity	<u>\$ 666,065</u>	<u>\$ -</u>

See independent auditor's report.

Tax Increment Allocation Funds			General Obligation Bond Fund	General Obligation Bond Fund	Total
Series 1997	Series 1998	Series 2003	Series 2005	Series 2007	
\$ 309,690	\$ -	\$ -	\$ 50,139	\$ 143,138	\$ 832,918
194,345	1,043,413	100,430	43,083	101,030	1,818,415
<u>\$ 504,035</u>	<u>\$1,043,413</u>	<u>\$ 100,430</u>	<u>\$ 93,222</u>	<u>\$ 244,168</u>	<u>\$2,651,333</u>
\$ -	\$ 518,374	\$ -	\$ -	\$ -	\$ 518,374
309,690	-	-	50,139	143,138	832,918
309,690	518,374	-	50,139	143,138	1,351,292
194,345	525,039	100,430	43,083	101,030	1,300,041
<u>\$ 504,035</u>	<u>\$1,043,413</u>	<u>\$ 100,430</u>	<u>\$ 93,222</u>	<u>\$ 244,168</u>	<u>\$2,651,333</u>

City of Blue Island
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Debt Service Funds
For the Year Ended April 30, 2009

	Alternate Bond Fund Series 1995	Special Series 1994
Revenues - property taxes	\$ 574,167	\$ -
Expenditures - debt service:		
Principal	375,000	-
Interest	161,135	-
Total expenditures	536,135	-
Revenues over (under) expenditures before other financing sources	38,032	-
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	(275,450)
Total other financing sources (uses)	-	(275,450)
Net changes in fund balances	38,032	(275,450)
Fund balances, beginning of the year	298,082	275,450
Fund balances, end of the year	\$ 336,114	\$ -

See independent auditor's report.

Tax Increment Allocation Funds			General Obligation Bond Fund Series 2005	General Obligation Bond Fund Series 2007	Total
Series 1997	Series 1998	Series 2003			
\$ 194,345	\$ -	\$ -	\$ 87,248	\$ 176,644	\$1,032,404
390,000	410,000	195,000	72,500	50,000	1,492,500
108,145	197,553	61,169	8,967	76,792	613,761
498,145	607,553	256,169	81,467	126,792	2,106,261
(303,800)	(607,553)	(256,169)	5,781	49,852	(1,073,857)
498,145	607,553	256,169	-	-	1,361,867
-	-	-	-	-	(275,450)
498,145	607,553	256,169	-	-	1,086,417
194,345	-	-	5,781	49,852	12,560
-	525,039	100,430	37,302	51,178	1,287,481
\$ 194,345	\$ 525,039	\$ 100,430	\$ 43,083	\$ 101,030	\$1,300,041

**City of Blue Island
 Capital Projects Fund - Community Development Block Grant
 Schedule of Specific Community Development
 Projects - Cash Basis
 April 30, 2009**

	Project Number	Project Complete
U.S. Department of Housing and Urban Development - pass through by Cook County Community Development Block Grant:		
Rehabilitation projects:		
Residential rehab	PI 1997	No
Construction projects:		
Florence Street	02-002	Yes
Walnut Street	06-002	Yes
Prairie Street	07-001	No
Union and High Streets	08-002	No
Program balance		

Note 1: The surplus from project 05-007 of \$42,633 was added to the original budget authority for project number 06-002, increasing it from \$150,000 to \$192,633.

Note 2: Projects 02-002 and 06-002 are closed. Any awarded amount not spent was not drawn down

See independent auditor's report.

Budget Authority	Project Drawdowns		Project Disbursements		Project Cash Balance	Deferred Revenue
	Current	Cumulative	Current	Cumulative		
\$ -	\$ 4,867	\$ 275,202	\$ 19,955	\$ 273,119	\$ 2,083	\$ 2,083
162,000	-	155,690	-	155,690	-	-
192,633	95,883	184,606	95,883	184,606	-	-
229,027	-	-	-	-	-	229,027
255,000	-	-	-	-	-	255,000
\$ 838,660	\$ 100,750	\$ 615,498	\$ 115,838	\$ 613,415	\$ 2,083	\$ 486,110

**City of Blue Island
Water Fund
Schedule of Operating Expenses - Budget and Actual
For the Year Ended April 30, 2009**

	<u>Budget</u>	<u>Actual</u>
Salaries and benefits:		
Full-time salaries	\$ 675,000	\$ 622,615
Part-time salaries	20,000	22,732
Overtime salaries	42,000	35,488
Illinois Municipal Retirement	60,000	55,692
Payroll taxes - FICA and Medicare	60,000	53,164
Employee medical insurance	420,000	426,071
Life insurance	2,000	1,496
Services:		
Audit	4,600	4,600
Computers and software	20,000	3,660
Electricity	55,000	52,457
Engineering	101,500	99,118
Natural gas	3,000	1,339
Other	5,000	4,827
Telephone	3,000	9,650
Training	500	-
Water billing	45,000	24,677
Supplies and materials:		
Concrete/asphalt/stone	30,000	19,726
Gasoline and oil	25,000	21,641
Maintenance supplies	53,000	44,072
Operating supplies	35,000	31,662
Printing, postage and office supplies	13,000	31,531
Uniforms	5,000	4,500
Maintenance and repair:		
Building	10,000	1,774
Equipment	30,000	9,338
Lot/property	1,000	-
Outside contractors	1,600,000	310,014
Tree maintenance	2,500	-
Vehicle	30,000	14,379

(cont'd)

City of Blue Island
Water Fund
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended April 30, 2009

	Budget	Actual
Water purchased from Chicago	\$ 1,500,000	\$ 1,405,901
Miscellaneous:		
Bank charges	4,000	6,040
Contingent	1,000	600
Dues and subscriptions	800	377
Employee/office services	1,000	597
Licenses and fees	10,000	-
Meetings and seminars	1,000	255
Miscellaneous	1,500	397
Rentals and leasing fees	15,000	7,696
Capital expenditures:		
New equipment	3,000	1,155
Water meter purchases	50,000	36,940
Improvements	10,000	-
Vehicles	25,000	26,830
Office equipment	-	473
Retirement of bonds	190,000	190,000
Bond interest and trustee fees	208,300	204,745
	\$ 5,371,700	3,788,229
Less:		
Amounts capitalized as property and equipment		(188,317)
Payment of bond principal and interest		(394,745)
		3,205,167
Operating expenses before depreciation		3,205,167
Depreciation		462,787
Total operating expenses		\$ 3,667,954

See independent auditor's report.

**City of Blue Island
Golf Course Fund
Schedule of Operating Expenses - Budget and Actual
For the Year Ended April 30, 2009**

	Budget	Actual
Salaries and benefits:		
Full-time salaries	\$ 70,000	\$ 68,997
Part-time salaries	220,000	211,734
Illinois Municipal Retirement	6,000	5,579
Payroll taxes - FICA and Medicare	22,200	21,099
Employee medical insurance	12,500	13,943
Employee life insurance	200	121
Unemployment insurance	-	1,164
Services:		
Audit	2,700	2,700
Computers and software	2,000	1,074
Insurance	1,500	1,269
Servicescape, Inc.	358,000	306,693
Telephone	6,000	4,075
Training	500	300
Utilities	32,200	33,296
Supplies and materials:		
Gas and oil	38,000	46,252
Maintenance supplies	3,500	2,986
Operating supplies	12,000	4,841
Printing, postage and office supplies	1,400	1,780
Small equipment	3,500	-
Uniforms	3,800	2,431
Maintenance and repair:		
Building	10,000	14,196
Equipment	10,000	6,622
Equipment rental	2,000	1,472
Lot/property	2,000	348
Outside contractors	60,000	74,425
Vehicle	1,000	648
Merchandise for resale	177,000	169,967

(cont'd)

**City of Blue Island
Golf Course Fund
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	Budget	Actual
Miscellaneous:		
Advertising and marketing	\$ 7,000	\$ 4,013
Agent/trust fees	600	605
Dues and subscriptions	5,000	2,457
Employee/office services	500	413
Legal notices	-	61
Licenses and fees	1,500	500
Meetings and seminars	500	-
Miscellaneous	43,000	47,551
Capital expenditures	45,000	14,000
	\$ 1,161,100	1,067,612
Less amounts capitalized as property and equipment		(26,876)
Operating expenses before depreciation		1,040,736
Depreciation		133,566
Total operating expenses		\$ 1,174,302

See independent auditor's report.

City of Blue Island
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
April 30, 2009

Assets	
Municipal land, buildings and improvements	<u>\$ 31,763,766</u>
Infrastructure	<u>14,531,636</u>
Equipment:	
Police and fire	4,494,384
Playground and recreation	13,848
Civil defense	64,973
Public works	907,435
Street	218,757
Sanitation	57,210
9-1-1 system	807,297
General	<u>801,169</u>
Total equipment	<u>7,365,073</u>
Total capital assets used in the operation of governmental funds	<u>\$ 53,660,475</u>
 Other Credits 	
Investment in general capital assets	<u>\$ 53,660,475</u>

See independent auditor's report.

**City of Blue Island
Public Library
Balance Sheet
For the Year Ended April 30, 2009**

Assets

Cash and investments	\$ 861,038
Receivables:	
Property taxes	722,061
Other	113
Due from primary government	<u>10,175</u>
Total assets	<u>\$ 1,593,387</u>

Liabilities and Fund Balance

Accounts payable	\$ 5,133
Deferred revenue and other liabilities	<u>722,061</u>
Total liabilities	727,194
Fund balance - unreserved, undesignated	<u>866,193</u>
Total liabilities and fund balance	<u>\$ 1,593,387</u>

See independent auditor's report.

**City of Blue Island
Public Library
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2009**

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Property taxes	\$ 1,376,543	\$ 1,459,299
Personal property replacement taxes	50,000	53,321
Fines	27,500	15,789
State library/other grants	53,107	117
Interest income	7,000	4,091
Other	22,000	40,534
	<u>1,536,150</u>	<u>1,573,151</u>
Total revenues		
Expenditures:		
Current:		
Salaries and benefits:		
Salaries	751,000	733,307
Illinois Municipal Retirement	53,000	57,215
Payroll tax - FICA and Medicare	57,450	54,039
Unemployment tax	2,000	1,408
Employee medical insurance	57,500	50,199
Services:		
Audit	4,500	150
Computers and software/computer service	25,500	27,127
Finance/bank charges	1,500	348
Heat/light/water	7,500	6,236
Insurance	19,500	25,516
Legal	3,000	255
Other contractual services	7,500	6,288
Professional consulting	13,000	6,030
Telephone	13,000	8,405
T1 line	6,000	2,598
Supplies and materials:		
Audio-visual materials	40,500	36,273
Book purchasing and processing	120,000	112,361
Maintenance supplies	11,000	11,507
On-line resources	21,500	23,377
Periodical subscriptions	26,000	14,944
Printing, postage and office supplies	27,500	24,255

(cont'd)

**City of Blue Island
Public Library
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2009**

	<u>Budget</u>	<u>Actual</u>
Expenditures (cont'd):		
Current (cont'd):		
Maintenance and repair:		
Contract maintenance	\$ 29,000	\$ 34,461
Equipment	1,000	2,666
Miscellaneous:		
Advertising and marketing	1,500	826
Contingent	6,500	1,802
Dues and memberships	2,000	981
Meetings and seminars	12,300	8,872
Programming	17,700	16,006
Rentals and leasing fees	13,000	16,004
Shipping, handling and delivery	2,000	1,926
Staff reimbursed purchases	-	67
Debt service - interest	-	2,943
Capital expenditures:		
Computer equipment	13,000	18,821
Library equipment	14,700	10,219
	<u>1,381,150</u>	<u>1,317,432</u>
Total expenditures	<u>1,381,150</u>	<u>1,317,432</u>
Revenues over expenditures	<u>\$ 155,000</u>	<u>255,719</u>
Fund balance, beginning of the year		<u>610,474</u>
Fund balance, end of the year		<u>\$ 866,193</u>

See independent auditor's report.

City of Blue Island
Schedule of General Obligation Debt to Maturity
April 30, 2009

Fiscal Year Ended April 30,	Total		General Obligation Golf Course Refunding Bonds (Alternate Revenue Source) Series 1995 Dated December 1, 1995		General Obligation Tax Increment Bonds, Series 1997 Dated November 1, 1997	
	Principal	Interest	Principal	Interest	Principal	Interest
	2010	\$ 1,620,500	\$ 470,837	\$ 395,000	\$ 142,010	\$ 415,000
2011	1,724,000	396,183	415,000	121,865	435,000	68,700
2012	1,715,000	315,106	440,000	100,700	450,000	46,950
2013	1,905,000	232,107	460,000	77,380	475,000	24,225
2014	1,530,000	138,864	485,000	53,000	-	-
2015	1,265,000	64,045	515,000	27,295	-	-
	\$ 9,759,500	\$ 1,617,142	\$ 2,710,000	\$ 522,250	\$ 1,775,000	\$ 228,910

Note: For the General Obligation Golf Course Refunding Bonds (Alternate Revenue Source) Series 1995, the principal payments due for fiscal years 2009 - 2011 and 2012 - 2015 represent mandatory redemption requirements for the term bonds due December 1, 2010 and December 1, 2014, respectively.

See independent auditor's report.

General Obligation Tax Increment Bonds, Series 1998 Dated March 1, 1998		General Obligation Tax Increment Bonds, Series 2003 Dated July 30, 2003		General Obligation Limited Tax Bonds, Series 2005 Dated June 1, 2005	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 520,000	\$ 179,102	\$ 215,000	\$ 54,587	\$ 75,500	\$ 6,103
540,000	155,703	255,000	46,794	79,000	3,121
565,000	130,862	260,000	36,594	-	-
685,000	104,308	285,000	26,194	-	-
715,000	71,427	330,000	14,437	-	-
750,000	36,750	-	-	-	-
\$ 3,775,000	\$ 678,152	\$ 1,345,000	\$ 178,606	\$ 154,500	\$ 9,224

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STATISTICAL INFORMATION

City of Blue Island
Schedule of Tax Collections and Taxes Refundable
For the Year Ended April 30, 2009

Levy Year	Tax Extension	Gross Taxes Collected		
		Prior	For the Year Ended April 30, 2009	Total as of April 30, 2009
1998	\$ 3,959,817	\$ 4,444,793	\$ -	\$ 4,444,793
1999	4,108,837	4,415,328	-	4,415,328
2000	4,487,283	5,061,700	-	5,061,700
2001	5,163,279	5,284,611	-	5,284,611
2002	5,781,121	6,086,939	-	6,086,939
2003	6,546,559	6,638,681	-	6,638,681
2004	6,427,111	6,338,719	-	6,338,719
2005	6,785,629	6,857,804	-	6,857,804
2006	7,347,896	6,996,927	-	6,996,927
2007	6,639,104	2,790,264	4,071,811	6,862,075
2008	7,547,900	-	3,192,387	3,192,387
	<u>\$ 64,794,536</u>	<u>\$ 54,915,766</u>	<u>\$ 7,264,198</u>	<u>\$ 62,179,964</u>
By Fund:				
General:				
	Corporate			\$ 1,673,549
	Illinois Municipal Retirement			259,467
	Playgrounds			204,837
	Street and bridge			235,468
	Fire protection			179,433
	Police protection			179,433
	Road and bridge			54,043
	Liability insurance			66,146
				<u>2,852,376</u>
Special Revenue:				
	Special Tax Increment Allocation Fund I			68,146
	Special Tax Increment Allocation Fund II			1,090,859
	Special Tax Increment Allocation Fund III			756,864
	Special Tax Increment Allocation Fund IV			4,251
				<u>1,920,120</u>
Debt Service:				
	1995 Alternate Bonds			574,167
	1997 General Obligation TIF Series			194,345
	2005 General Obligation Limited Tax Series			87,247
	2007 General Sales Tax ARS Bonds			176,644
				<u>1,032,403</u>
	Component unit - Library			<u>1,459,299</u>
				<u>\$ 7,264,198</u>

See independent auditor's report.

Percent Collected	Gross Receivable April 30, 2009	Provision for Loss on Collection	Net Receivable
112.25%	\$ (484,976)	\$ (484,976)	\$ -
107.46%	(306,491)	(306,491)	-
112.80%	(574,417)	(574,417)	-
102.35%	(121,332)	(121,332)	-
105.29%	(305,818)	(305,818)	-
101.41%	(92,122)	(92,122)	-
98.62%	88,392	88,392	-
101.06%	(72,175)	(72,175)	-
95.22%	350,969	350,969	-
103.36%	(222,971)	(222,971)	-
42.30%	4,355,513	-	4,355,513
	<u>\$ 2,614,572</u>	<u>\$ (1,740,941)</u>	<u>\$ 4,355,513</u>

By Fund:

General:

Corporate	\$ 1,043,773
Illinois Municipal Retirement	184,327
Playgrounds	116,740
Street and bridge	135,173
Fire protection	112,439
Police protection	112,439
Road and bridge	30,961
Liability insurance	39,937

1,775,789

Special Revenue:

Special Tax Increment Allocation Fund I	34,063
Special Tax Increment Allocation Fund II	538,181
Special Tax Increment Allocation Fund III	448,918
Special Tax Increment Allocation Fund IV	3,583

1,024,745

Debt Service:

1995 Alternate Bonds	329,951
1997 General Obligation TIF Series	309,690
2005 General Obligation Limited Tax Series	50,139
2007 General Sales Tax ARS Bonds	143,138

832,918

Component unit - Library

722,061

\$ 4,355,513

**City of Blue Island
Schedule of Valuations, Rates and
Extensions for Tax Levy Year 2008
For the Year Ended April 30, 2009**

Tax Levy Year	Assessed Valuation	Extended Tax Rate
1999	\$ 171,336,584	2.1165 %
2000	165,759,152	2.6854
2001	171,181,605	2.6751
2002	211,856,519	2.2149
2003	207,768,422	2.4649
2004	214,789,139	2.2837
2005	252,498,526	2.0950
2006	253,651,868	2.2158
2007	264,437,769	2.4988
2008	301,871,416	2.4019

The 2008 gross tax levy is analyzed below:

	Rate	Percent	Amount
General:			
Corporate	\$ 0.2375	9.89	\$ 716,944
Garbage	0.1743	7.26	526,161
Illinois Municipal Retirement	0.1016	4.23	306,701
Playgrounds	0.0635	2.64	191,688
Liability insurance	0.0217	0.90	65,506
Street and bridge	0.0736	3.06	222,177
Fire protection	0.0595	2.48	179,613
Police protection	0.0628	2.61	189,575
Social security	0.0890	3.71	268,665
Auditing	0.0067	0.28	20,225
Crossing guards	0.0174	0.72	52,525
Workers' compensation	0.0334	1.39	100,825
Unemployment insurance	0.0009	0.04	2,716
Total general	0.9419	39.21	2,843,321
Library	0.4456	18.55	1,345,139
Library building and maintenance	0.0149	0.62	44,978
Bond and interest	0.4726	19.68	1,426,540
Police Pension	0.3548	14.77	1,071,039
Firefighters' Pension	0.1721	7.17	519,520
Total	\$ 2.4019	100.00	\$ 7,250,537
Road and bridge			\$ 55,000

See independent auditor's report.

**City of Blue Island
Legal Debt Margin
For the Year Ended April 30, 2009**

		2008 Tax Levy Year
Assessed valuation		\$ 301,871,416
Statutory debt limitation (8.625% of assessed valuation)		\$ 26,036,410
Total debt:		
General Obligation Bonds:		
Series 1995, dated December 1, 1995	\$ 2,710,000	
Series 2005, dated June 1, 2005	154,500	
General Obligation Tax Increment Refunding Bonds:		
Series 1997, dated September 1, 1997	1,775,000	
Series 1998, dated March 1, 1998	3,775,000	
Series 2003, dated July 30, 2003	1,345,000	
Waterworks and Sewerage Bonds (Alternate Revenue Source)	4,435,000	
	14,194,500	
Deduct bonds exempt for the debt limitation computation:		
General Obligation Tax Increment Refunding Bonds (1997, 1998 and 2003)	6,895,000	
Waterworks and Sewerage Bonds (Alternate Revenue Source)	4,435,000	
	11,330,000	
Plus capital lease obligations	275,359	3,139,859
Legal debt margin		\$ 22,896,551

See independent auditor's report.

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CONTINUING BOND DISCLOSURES

**City of Blue Island
Continuing Bond Disclosures**

Fees and Charges

The following chart shows the driving range fees, greens fees and cart fees that were in effect for the 2008 season.

Meadows Golf Course Rates

Driving Range

Bag Size	Fees
Small bag (45 balls)	\$ 5.00
Medium bag (65 balls)	6.50
Large bag (90 balls)	8.00

Greens Fees (Subject to Revision)

	Weekdays	Weekends
18 holes weekdays	\$ 24	\$ 32
9 holes	14	18
Twilight	15	19
Senior with cart (9 holes)	20	26
Senior with cart (18 holes)	24	36
Senior walking	14	26
Junior golfer	13	17

Cart Fees

	Weekdays
Single	\$ 13
Two golfers	26
Nine holes	22

Any promotional greens fees (early spring, late fall, etc.) are charged at twilight rates.

Source: The City

Driving Range Activity and Golf Rounds Played

The following chart shows driving range activity for the three most recent years available.

**Meadows Golf Course
Historical Driving Range Activity**

Fiscal Year Ended April 30,	Number of Purchases
2006	12,450
2007	12,950
2008	13,875

(cont'd)

**City of Blue Island
Continuing Bond Disclosures (cont'd)**

Driving Range Activity and Golf Rounds Played (cont'd)

The following chart shows the eighteen hole equivalent rounds played on the Meadows Golf Course for the three most recent years available.

Meadows Golf Course Historical Rounds Played	
<u>Fiscal Year Ended April 30,</u>	<u>Rounds Played</u>
2006	19,450
2007	20,325
2008	21,419

Source: The City

Population

The following table shows the population of the City and Cook County for the last four U.S. Censuses.

<u>U.S. Census</u>	<u>City of Blue Island</u>	<u>Cook County</u>
1970	22,958	5,493,655
1980	21,855	5,253,655
1990	21,203	5,105,067
2000	23,463	5,376,741

Source: U.S. Department of Commerce, Census Bureau

The following table shows the age distribution of the 2000 Census populations of the City and Cook County.

<u>Category</u>	<u>City of Blue Island</u>	<u>Cook County</u>
Under 18 years	30.1%	26.0%
18 - 24 years	10.7	9.9
25 - 44 years	32.1	31.7
45 - 64 years	17.3	20.7
65 + years	9.8	11.7
Median age	30.4 years	33.6 years

Source: U.S. Department of Commerce, Census Bureau

(cont'd)

**City of Blue Island
Continuing Bond Disclosures (cont'd)**

Real Property Assessment, Tax Levy and Collection Procedures

Property Valuations

**City of Blue Island
Property Valuations
Fiscal Years 2004 Through 2008**

Levy Year	Collection Year	Fiscal Year	EAV	Estimated True Cash Value	Percent Change
2003	2004	2005	\$ 207,768,422	\$ 623,305,266	(1.93) %
2004	2005	2006	214,789,139	644,367,417	3.38
2005	2006	2007	252,498,526	757,495,578	17.56
2006	2007	2008	253,651,868	760,955,604	0.46
2007	2008	2009	264,437,769	793,313,307	4.25

Per capita 2007 EAV (1) \$ 1,270.42
 Per capita 2007 estimated true cash value (1) 33,811.25

(1) Based on the City's 2000 Census population of 23,463.

Source: The City

The following table sets forth the City's 2007 EAV (latest available) by use.

**City of Blue Island
2007 Equalized Assessed Valuation by Use**

	Amount	Percent
Residential	\$ 170,849,088	64.61 %
Commercial	56,828,554	21.49
Industrial	34,641,177	13.10
Railroad	2,118,950	.80
Totals	\$ 264,437,769	100.00 %

Source: Cook County Clerk's office

(cont'd)

**City of Blue Island
Continuing Bond Disclosures (cont'd)**

Tax Rates by Purpose

The City's property tax rates expressed as a dollar for each \$100 of EAV, for the tax levy years 2004 through 2008 are as follows:

**City of Blue Island
Tax Rates by Purpose Per \$100 of Equalized Assessed Valuation**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Corporate	\$0.2436	\$0.2134	\$0.2298	\$0.2337	\$0.2375
Bonds and interest	0.3756	0.3199	0.2230	0.4087	0.4447
Garbage	0.1359	0.1191	0.1866	0.1934	0.1743
Police Pension	0.3448	0.3367	0.3392	0.3746	0.3548
Firefighters' Pension	0.1965	0.1741	0.1711	0.1947	0.1721
IMRF	0.0497	0.0798	0.0805	0.0818	0.1016
Street and bridge	0.0477	0.0418	0.0842	0.0857	0.0736
Playgrounds and recreation	0.0694	0.0608	0.0593	0.0748	0.0635
Fire protection	0.0580	0.0508	0.0586	0.0596	0.0595
Police protection	0.0645	0.0566	0.0632	0.0643	0.0628
Social Security	0.0939	0.0829	0.0823	0.0837	0.0890
Auditing	0.0168	0.0147	0.0145	0.0156	0.0067
Liability insurance	0.0225	0.0197	0.0207	0.0234	0.0217
Crossing guards	0.0149	0.0131	0.0130	0.0136	0.0174
Workmen's compensation	0.0551	0.0367	0.0357	0.0370	0.0334
Unemployment insurance	0.0010	0.0008	0.0009	0.0010	0.0009
Limited bonds	-	0.0334	0.0335	0.0318	0.0279
Library	0.4765	0.4252	0.5010	0.5323	0.4456
Library building and maintenance	<u>0.0173</u>	<u>0.0155</u>	<u>0.0167</u>	<u>0.0177</u>	<u>0.0149</u>
	<u>\$2.2837</u>	<u>\$2.0950</u>	<u>\$2.2138</u>	<u>\$2.5274</u>	<u>\$2.4019</u>

Source: The City

The City is as a non-home rule unit subject to the Property Tax Extension Limitation Law (Public Act 89-1) effective March 1, 1995.

**City of Blue Island
Tax Levy and Collections (1)**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Fiscal Year</u>	<u>Taxes Extended</u>	<u>Taxes Collected</u>	<u>Percent Collected</u>
2003	2004	2005	\$ 5,121,187	\$ 4,958,285	96.82%
2004	2005	2006	4,905,293	4,711,871	96.06
2005	2006	2007	5,285,926	4,820,559	91.20
2006	2007	2008	5,226,241	4,936,483	94.45
2007	2008	2009	5,179,697	4,885,119	94.31

(1) Includes the City library levy. Amounts collected and distributed as of April 30, 2009.

Source: The City

(cont'd)

**City of Blue Island
Continuing Bond Disclosures (cont'd)**

Top Taxpayers

The top ten taxpayers of the City, their type of business and 2005 Equalized Assessed Value are as follows:

<u>Name</u>	<u>Product or Service</u>	<u>2005 EAV (1)</u>	<u>Percent of City's Total 2005 EAV (2)</u>
Parco Foods LLC	Cookies	\$ 1,164,752	.46 %
136 Buildings LLC	Apartments	1,008,729	.40
G&W Electric Co., Inc.	Power cable terminators, splices and switches	793,087	.31
Vision Property Blue LLC	Real estate	752,594	.30
SBC Ameritech	Industrial property with parking lots	718,351	.28
St. Francis Hospital & Health Center	Healthcare	712,875	.28
Irvine Investment LLC	Real estate	638,274	.25
Albertsons Property Tax	Supermarket and parking lot	628,745	.25
138 Buildings LLC	Apartments	535,614	.21
Simborg Industrial Real Estate	Industrial properties	481,531	.19
Total		\$ 7,434,552	2.93 %

(1) The figures above are totals of numerous parcels with 2005 tax of \$50,000 and over as recorded in the County Assessor's office. They were compiled from a meticulous page by page search of a listing of such records. It is possible, however, that certain parcels may have been overlooked.

(2) Based on the City's 2005 EAV of \$252,498,526.

Source: Cook County Clerk's and Assessor's offices.

Other Revenue

Sales Tax

The City receives a portion of the Illinois state sales tax levied in the City. The following table sets forth the total sales tax receipts of the City for the fiscal years ended April 30, 2005 through 2009.

**City of Blue Island
Retailer's Occupation, Service Occupation and Use Tax (1)**

<u>Fiscal Year Ended April 30,</u>	<u>State Sales Tax Distributions</u>	<u>Annual Change</u>
2005	\$1,573,102	(5.54)%
2006	1,525,589	(3.02)
2007	1,474,207	(3.37)
2008	1,418,657	(3.77)
2009	1,280,807	(9.72)

Percent increase (decrease) from 2005 to 2009 (18.59)%

Source: The City

(cont'd)

**City of Blue Island
Continuing Bond Disclosures (cont'd)**

Illinois Motor Vehicle Fuel Tax

The following table sets forth the total motor fuel vehicle tax revenue for the fiscal years ended April 30, 2005 through April 30, 2009.

**City of Blue Island
Illinois Motor Vehicle Fuel Tax**

<u>Fiscal Year Ended April 30,</u>	<u>Motor Fuel Tax Revenue</u>	<u>Annual Change</u>
2005	\$700,339	2.56%
2006	704,513	2.60
2007	680,788	(3.37)
2008	655,034	(3.78)
2009	624,915	(4.60)

Percent decrease from 2005 to 2009

(10.77)%

Source: The City

Illinois State Income Tax

The following table sets forth the Illinois state income tax revenue received for the fiscal years ended April 30, 2005 through April 30, 2009.

**City of Blue Island
Illinois State Income Tax**

<u>Fiscal Year Ended April 30,</u>	<u>State Income Tax Revenue</u>	<u>Annual Change</u>
2005	\$1,875,095	(6.67)%
2006	2,098,604	15.51
2007	2,324,973	11.92
2008	2,533,894	10.79
2009	2,285,570	(9.80)

Percent increase from 2005 to 2009

21.89%

Source: The City

City Utility Tax

The City's utility tax was imposed by Ordinance adopted on July 9, 1985. The tax, which can be up to 5% of the gross receipts of utilities, has generated the following amounts for the fiscal years ended April 30, 2005 through April 30, 2009.

**City of Blue Island
City Utility Tax**

<u>Fiscal Year Ended April 30,</u>	<u>City Utility Tax</u>	<u>Annual Change</u>
2005	\$1,702,211	0.94%
2006	1,883,524	10.65
2007	1,731,652	(8.06)
2008	1,772,341	2.35
2009	1,724,411	(2.70)

Percent increase from 2005 to 2009

1.30%

Source: The City

(cont'd)

**City of Blue Island
Continuing Bond Disclosures (cont'd)**

City Debt

Debt Limitations

The City is a non-home rule municipality. Pursuant to authority granted by Chapter 24, Section 8-5-1 of the Illinois Revised Statutes, a non-home rule municipality may incur general obligation indebtedness up to 8.625% of the total equalized assessed valuation of all taxable property in the municipality. Except for certain lease/purchase agreement powers, general obligation indebtedness must be incurred pursuant to referendum.

**City of Blue Island
Schedule of Legal Debt Margin
April 30, 2009**

Legal debt limit (8.625% of assessed valuation) (1)	\$ 26,036,410	
Less amount of debt applicable to legal debt limit (2)	3,139,859	3,139,859
Legal debt margin	\$ 22,896,551	22,896,551

- (1) Based on 8.625% of the City's 2008 Equalized Assessed Valuation of \$301,871,416.
- (2) Does not include the Alternate Revenue Bonds. General Obligation Alternate Revenue Bonds under Illinois statutes are not subject to debt limitation under either the overall 8.625% of EAV debt limit or the nonreferendum 0.5% of EAV limit for general obligation debt, until such time as the property taxes are extended to pay debt service, at which time the amount then outstanding is included as indebtedness of the City, until such time as the Bonds are retired or an audit of the City shows that the Bonds have been paid from the Pledged Revenues for a completed fiscal year.

Source: The City

Detailed Statement of Direct Bonded Indebtedness

	Total Debt Outstanding (1)	Self-supporting	Net
General Obligation TIF Bonds (2)	\$ 1,345,000	\$ 1,345,000	\$ -
General Obligation Alternate Revenue Bonds	12,849,500	9,985,000	2,864,500
General Sales Tax/Revenue Sharing Bonds	950,000	950,000	-
Contracts and notes	275,359	-	275,359
Totals	\$ 15,419,859	\$ 12,280,000	\$ 3,139,859
Per capita direct bonded debt (3)			\$ 133.83
Percent of direct bonded debt to 2008 EAV (4)			1.04%
Percent of direct debt to 2008 true cash value (5)			0.35%

- (1) Debt information as of April 30, 2009.
- (2) Includes the Bonds.
- (3) Based on the City's 2000 Census population of 23,463.
- (4) Based on the City's 2008 EAV of \$301,871,416.
- (5) Based on the City's estimated 2008 True Cash Value of \$905,614,248.

Source: City of Blue Island

(cont'd)

City of Blue Island Continuing Bond Disclosures (cont'd)

Economic Profile

Employment

According to the 2000 Census data, City residents have a wide variety of occupations. The following table categorizes occupations for the City's employed residents 16 years of age and older for the City, the County and the state of Illinois.

<u>Occupational Category</u>	<u>City of Blue Island</u>	<u>Cook County</u>	<u>State of Illinois</u>
Management, professional, and related occupations	19.2%	35.2%	34.2%
Service occupations	18.0	14.0	13.9
Sales and office occupations	27.2	28.5	27.6
Farming, fishing, and forestry occupations	0.0	0.1	0.3
Construction, extraction, and maintenance occupations	12.5	7.1	8.2
Production, transportation, and material moving occupations	23.0	15.1	15.7

Source: U.S. Department of Commerce, Census Bureau

According to the 2000 Census data, City residents work in a variety of industries. The following table categorizes the industries that the City's residents (16 years of age and older) are employed by for the City.

<u>Industry Category</u>	<u>City of Blue Island</u>	<u>Percent</u>
Agriculture, forestry, fishing and hunting, and mining	-	-%
Construction	921	9.23
Manufacturing	1,718	17.19
Wholesale trade	331	3.31
Retail trade	1,043	10.44
Transportation and warehousing, and utilities	837	8.38
Information	237	2.37
Finance, insurance, real estate, and rental and leasing	687	6.87
Professional, scientific, management, administrative, and waste management services	656	6.56
Educational, health and social services	1,708	17.09
Arts, entertainment, recreation, accommodation and food services	1,069	10.70
Other services (except public administration)	517	5.17
Public administration	<u>269</u>	<u>2.69</u>
Total	<u>9,993</u>	<u>100.00%</u>

Source: U.S. Department of Commerce, Census Bureau

(cont'd)

City of Blue Island Continuing Bond Disclosures (cont'd)

The following table sets forth the rates of unemployment for the City, the County, the state of Illinois and the Chicago MSA for the last five years, and the latest month available for 2009.

Comparative Unemployment Rates

<u>Year</u>	<u>City of Blue Island</u>	<u>Cook County</u>	<u>State of Illinois</u>	<u>Chicago MSA</u>
2004	N/A	6.4%	6.2%	6.1%
2005	N/A	6.5	5.7	5.9
2006	4.8	4.9	4.5	4.5
2007	5.1	4.7	4.7	4.7
2008	6.8	7.1	7.2	7.1
2009 (1)	10.9	10.1	9.4	9.8

(1) For the month of April 2009.

Source: Illinois Department of Employment Security, Department of Economic Information and Analysis

The following table reflects the diversity of the major employers in the City by the products manufactured or services performed, and the approximate number of employees.

<u>Company</u>	<u>Business Product</u>	<u>Employees</u>
St. Francis Hospital & Health Center A&R Security Service, Inc.	Healthcare	1,533
	Security officers, building maintenance and investigation services	700 (1)
Blue Island School District # 130 Modern Drop Forge	Education	520 (2)
	Close tolerance press and hammer forgings	400
Parco Foods LLC G&W Electric Co., Inc.	Cookies	350 - 450
	Power cable terminators, splices and switches	250
Robertson Worldwide	Fluorescent ballasts and controls transformers	250
Great Lakes Bank, N.A.	Financial institution	74
First Midwest Bank	Financial institution	70
Frasor-Martino Building Maintenance, Inc.	Janitorial services	64

(1) Includes Chicago area.

(2) Includes 40 part-time employees.

Sources: Phone canvass of employers, 2002 Illinois Manufacturers and Services Directories, 2003 Harris Illinois Industrial Directory.

(cont'd)

**City of Blue Island
Continuing Bond Disclosures (cont'd)**

Estimated Retail Sales

The following table reflects the breakdown of estimated retail sales according to major purchase categories for the County, State and United States for the year ended 2004.

	<u>Cook County</u>		<u>State of Illinois</u>		<u>United States</u>	
	<u>Retail Sales (1)</u>	<u>Percent of Total</u>	<u>Retail Sales (1)</u>	<u>Percent of Total</u>	<u>Retail Sales (1)</u>	<u>Percent of Total</u>
Automotive	\$ 11,990,240	20.26%	\$ 35,025,786	21.59%	\$ 906,076,160	16.57%
Food	10,302,641	17.41	23,488,213	14.48	526,193,765	9.63
General merchandise	4,303,832	7.27	17,734,481	10.93	504,355,625	9.23
Restaurant	8,332,559	14.08	17,455,967	10.76	383,728,199	7.02
Furniture - appliances	3,257,703	5.50	8,221,134	5.07	203,238,293	3.72
Other	<u>20,995,534</u>	<u>35.48</u>	<u>60,285,300</u>	<u>37.17</u>	<u>2,943,287,966</u>	<u>53.83</u>
Totals	\$ 59,182,509	100.00%	\$ 162,210,881	100.00%	\$ 5,466,880,008	100.00%

(1) Dollar amount in thousands.

Source: Survey of Buying Power, "Sales and Marketing Management Magazine," September 2004

Housing and Construction

A history of building permits in the City for the last five calendar years is as follows:

<u>Year</u>	<u>Single Family</u>		<u>Total Value All Construction</u>
	<u>Number of Permits</u>	<u>Aggregate Value</u>	
2004	21	\$ 2,571,000	\$ 9,772,024
2005	12	1,538,000	6,244,220
2006	25	2,820,000	10,336,220
2007	49	7,630,000	17,584,683
2008	6	947,750	10,693,343

Source: The City

The 2000 Census reported 8,750 housing units in the City and a 5.75% vacancy rate. Of the occupied units, 54.3% percent were owner-occupied. The median home value of owner-occupied homes in the City was \$99,400. Selected home value data relative to values of owner-occupied housing units in the City compared with the County and the state of Illinois are as follows:

<u>Value of Specified Owner-occupied Units</u>	<u>City of Blue Island</u>	<u>Cook County</u>	<u>State of Illinois</u>
Under \$50,000	3.5%	1.9%	9.3%
\$50,000 to \$99,999	47.6	17.3	26.4
\$100,000 to \$149,999	39.5	26.8	23.6
\$150,000 to \$199,999	7.1	22.5	17.4
\$200,000 to \$299,999	1.9	18.1	14.0
\$300,000 or more	0.4	13.4	9.4

Source: U.S. Department of Commerce, Census Bureau

(cont'd)

**City of Blue Island
Continuing Bond Disclosures (cont'd)**

Income

The following table reflects the breakdown of the estimated E.B.I. for the County, State and United States for the year ended 2004.

Estimated Effective Household Buying Income ("E.B.I.")

	Percent of Households in E.B.I. Range	
	Cook County	East North Central States
Under \$19,999	21.5 %	19.4 %
\$20,000 – 34,999	21.3	21.0
\$35,000 – 49,999	18.1	18.4
\$50,000 and over	39.1	41.2
Totals	100.0 %	100.0 %
 Median Household Effective Buying Income	 \$40,392	 \$42,325
Average Household Effective Buying Income	N/A	48,799
Per Capita Effective Buying Income	N/A	18,722

Source: Survey of Buying Power, "Sales and Marketing Management Magazine," September 2004
N/A – Information not available

The following table sets forth the household income by category derived from the 2000 Census for the City compared with the County and the state of Illinois.

<u>Household Income</u>	<u>City of Blue Island</u>	<u>Cook County</u>	<u>State of Illinois</u>
Under \$10,000	9.4%	9.8%	8.3%
\$10,000 to \$14,999	6.3	5.4	5.5
\$15,000 to \$24,999	14.9	10.9	11.3
\$25,000 to \$34,999	17.1	11.7	11.9
\$35,000 to \$49,999	18.8	16.0	16.2
\$50,000 to \$74,999	19.6	19.8	20.7
\$75,000 to \$99,999	8.6	11.3	11.6
\$100,000 to \$149,999	4.1	9.2	9.0
\$150,000 to \$199,999	0.8	2.7	2.6
\$200,000 or more	0.5	3.2	2.8
Median household income	\$36,520	\$45,922	\$46,590

Source: U.S. Department of Commerce, Census Bureau

See independent auditor's report.