

CITY OF BLUE ISLAND, ILLINOIS COOK COUNTY

Annual Financial Report

For the Year Ended April 30, 2010

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
James Brosnahan – City Attorney
Douglas E. Hogle – 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, 2010

Table of Contents

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14 - 15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16 - 17
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Governmental Funds	19 - 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Deficit - Budget and Actual - General Fund	24
Statement of Net Assets - Proprietary Funds - Enterprise Funds	25 - 26
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds - Enterprise Funds	27
Statement of Cash Flows - Proprietary Funds - Enterprise Funds	28 - 29
Notes to the Financial Statements	30 - 64

(cont'd)

City of Blue Island
Audit Report
For the Year Ended April 30, 2010

Table of Contents (cont'd)

Required Supplementary Information:

Schedule of Funding Progress:

Illinois Municipal Retirement Fund 65

Police and Firefighters' Pension Funds 66

Supplemental Section:

General Fund:

Schedule of Revenues - Budget and Actual 67 - 68

Schedule of Expenditures - Budget and Actual 69 - 81

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds 82 - 83

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds 84 - 85

Combining Balance Sheet - Nonmajor Special Revenue Funds 86 - 87

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Special Revenue Funds 88 - 89

Special Revenue Funds - Motor Fuel Tax Fund - Statement of
Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 90

Special Revenue Funds - Police Pension Fund - Statement of
Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 91

Special Revenue Funds - Firefighters' Pension Fund - Statement
of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual 92

(cont'd)

**City of Blue Island
Audit Report
For the Year Ended April 30, 2010**

Table of Contents (cont'd)

Supplemental Section (cont'd):

Combining and Individual Fund Statements and Schedules (cont'd):	
Combining Balance Sheet - Nonmajor Debt Service Funds	93 - 94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	95 - 96
Capital Projects Fund - Community Development Block Grant - Schedule of Specific Community Development Projects - Cash Basis	97 - 98
Schedule of Operating Expenses - Budget and Actual:	
Water Fund	99 - 100
Golf Course Fund	101 - 102
Capital Assets Used in the Operation of Governmental Funds - Schedule by Source	103
Balance Sheet - Public Library	104
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Public Library	105 - 106
Long-term Debt Requirements - Schedule of General Obligation Debt to Maturity	107 - 108
Statistical Information:	
Schedule of Tax Collections and Taxes Refundable	109 - 110
Schedule of Valuations, Rates and Extensions for Tax Levy Year 2009	111
Legal Debt Margin	112
Continuing Bond Disclosures	113 - 123

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, 2010, 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.

As discussed in Note IV. G. to the financial statements, management has not recorded a liability for certain other post-employment benefit costs and obligations, and accordingly has not recorded an adjustment to beginning net assets and an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require the cost of providing other post-employment benefits to be accrued as a liability and expense as employees earn the right to the benefits, which would increase the liabilities, reduce the net assets, and change the expenses of governmental and business-type activities, and proprietary funds. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental and business-type activities, and proprietary funds is not reasonably determinable.

In our opinion, except for the effects of not recording a liability for certain other post-employment benefit costs and of not recording an adjustment to beginning net assets and the current period change in that liability in the governmental and business-type activities and proprietary fund activities, as described in the previous paragraph, 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, 2010, 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.

December 17, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Blue Island, Illinois
Management's Discussion and Analysis
April 30, 2010

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, 2010.

Financial Highlights

The assets of the City of Blue Island exceeded its liabilities at the close of the most recent fiscal year by \$36,405,783 (*net assets*). Of this amount, \$41,287,720 is invested in capital assets net of related debt, and \$2,499,341 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 \$7,381,278. 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 \$1,313,401 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 balance of \$191,753, an increase of \$690,344 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 \$9,012,673.
- The City of Blue Island's total general obligation and alternate revenue bonds decreased by \$1,815,500 (12.79 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 fifteen governmental funds (Motor Fuel Tax Fund, Special Tax Increment Allocation I Fund, Special Tax Increment Allocation III Fund, Special Tax Increment Allocation Fund IV, Special Tax Increment Allocation Fund V, 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 64 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 65 and 66 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 67 through 106 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 \$36,405,783 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, 2010
(in millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 5.6	\$ 3.1	\$ 8.7
Capital assets	32.4	15.8	48.2
Total assets	\$ 38.0	\$ 18.9	\$ 56.9
Long-term liabilities	\$ 13.0	\$ 4.3	\$ 17.3
Other liabilities	2.6	.6	3.2
Total liabilities	\$ 15.6	\$ 4.9	\$ 20.5
Net assets:			
Invested in capital assets, net of related debt	\$ 29.7	\$ 11.6	\$ 41.3
Restricted	2.3	.2	2.5
Unrestricted	(9.6)	2.2	(7.4)
Total net assets	\$ 22.4	\$ 14.0	\$ 36.4

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 current year, the City recorded a restatement of beginning net assets to record a liability for the net pension obligation of the police and firefighters' pension plans not previously reported, which reduced beginning governmental net assets on the statement of activities by \$3,502,690.

A summary of the statement of net assets at April 30, 2009 is below:

	Governmental Activities	Business-type Activities	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
Noncurrent liabilities	\$ 14.9	\$ 4.6	\$ 19.5
Other liabilities	2.7	.3	3.0
Total liabilities	\$ 17.6	\$ 4.9	\$ 22.5
Net assets:			
Invested in capital assets, net of related debt	\$ 26.9	\$ 11.7	\$ 38.6
Restricted	1.6	.2	1.8
Unrestricted	(7.4)	2.1	(5.3)
Total net assets	\$ 21.1	\$ 14.0	\$ 35.1

Governmental Activities. Governmental activities increased the City of Blue Island's net assets by \$1,345,394. 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 decreased by \$961,189 (5.6%) as the City continued 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 \$31,993, 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, 2010
(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	25.7 %	\$ 5.1	100 %	\$ 9.9	41.6 %
Operating grants	.3	1.6	-	-	.3	1.3
Capital grants	.2	1.1	-	-	.2	0.8
General revenue:						
Property taxes	7.4	40.1	-	-	7.4	31.5
Other taxes	5.5	29.4	-	-	5.5	23.1
Other revenues	.4	2.1	-	-	.4	1.7
Total revenues	18.6		5.1		23.7	
Expenses:						
Governmental activities:						
General government	5.4	29.1	-	-	5.4	22.9
Public safety	7.1	38.2	-	-	7.1	30.0
Public works	4.0	21.2	-	-	4.0	16.6
Culture and recreation	.2	1.0	-	-	.2	.8
Senior citizens	.1	.6	-	-	.1	.5
Interest	.5	2.7	-	-	.5	2.1
Business-type:						
Water and sewer	-	-	4.0	78.5	4.0	16.4
Golf course	-	-	1.0	20.3	1.0	4.6
Commuter parking	-	-	.1	1.1	.1	.4
Total expenses	17.3		5.1		22.4	
Change in net assets	\$ 1.3		\$ (.0)		\$ 1.3	

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) increased slightly as the EAV increased slightly.
- Incremental tax revenues in the five Tax Increment Financing Districts increased by \$650,558 in the current year.
- 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, 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	

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 \$2,232,177. The total decrease in net assets for the funds was \$31,993. 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	\$ 2.7	\$ 2.7	\$ 3.0
Intergovernmental	6.0	6.0	4.9
Other	7.4	7.4	5.9
Total revenues	16.1	16.1	13.8
Expenditures:			
Current:			
General government	4.5	4.5	3.1
Building	.4	.4	.3
Planning	1.3	1.3	.3
Police	6.3	6.3	5.2
Fire	3.6	3.6	1.7
Public works	9.8	9.8	2.9
Playground and recreation	.3	.3	.2
Insurance loss	2.1	2.1	.5
Marketing	1.7	1.7	.2
Debt service	.2	.2	.2
Total expenditures	30.2	30.2	14.6
Other financing sources	-	-	.4
Change in fund balance	\$ (14.1)	\$ (14.1)	\$ (.4)

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, 2010 amounts to \$48,237,720 (\$49,251,674 at April 30, 2009), 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 a decrease of \$1,013,954. This included a decrease in the governmental activities of \$675,812 and a decrease of \$338,142 in the business-type activities.

Major capital asset events during the current fiscal year included continued participation in the Community Development Block Grant Program and to use grant proceeds for renovation and repair to streets throughout the City.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Land	\$ 20.0	\$ 20.0	\$ 1.0	\$ 1.0	\$ 21.0	\$ 21.0
Buildings and land improve- ments	6.1	6.4	3.4	3.6	9.5	10.0
Infrastructure	4.7	4.8	11.3	11.5	16.0	16.3
Construction in progress	-	-	-	-	-	-
Equipment	1.6	1.9	.1	.1	1.7	2.0
Total	\$ 32.4	\$ 33.1	\$ 15.8	\$ 16.2	\$ 48.2	\$ 49.3

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.

Long-term Debt. At the end of fiscal year 2010, the City of Blue Island had total bonded debt outstanding of \$12,379,000 (\$14,194,500 at 2009). The balance at April 30, 2010 included only general obligation bonds. All of this bonded debt is backed by the full faith and credit of the government. The City issued General Obligation (Limited Tax) Notes, Series 2010, with original principal of \$350,000 due in one year. This debt is included in the balance sheet due to its short term nature. In the current year, the City paid off one capital lease and has two outstanding capital leases at April 30, 2010 entered into in prior years to finance the purchase of equipment for the 9-1-1 system. In April 2007, the City issued \$1,000,000 general sales tax/revenue sharing receipts alternate revenue source bonds which have an outstanding balance of \$760,000 at April 30, 2010.

Capital Asset and Debt Administration (cont'd)

Long-term Debt (cont'd)

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 8.2	\$ 9.8	\$ 4.2	\$ 4.4	\$ 12.4	\$ 14.2
Alternate revenue source bonds	.8	1.0	-	-	.8	1.0
	<u>\$ 9.0</u>	<u>\$ 10.8</u>	<u>\$ 4.2</u>	<u>\$ 4.4</u>	<u>\$ 13.2</u>	<u>\$ 15.2</u>

The City of Blue Island's total debt, including notes payable and capital leases, decreased by \$1,815,633 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, 2010 was \$12,432,184.

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.

BASIC FINANCIAL STATEMENTS

City of Blue Island
Statement of Net Assets
April 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
Assets				
Cash and investments	\$ 1,310,494	\$ 339,954	\$ 1,650,448	\$ 996,198
Receivables	5,912,315	444,010	6,356,325	738,485
Due from primary government	-	-	-	6,255
Internal balances	(1,990,479)	1,990,479	-	-
Restricted cash	316,617	165,385	482,002	-
Prepaid items	28,110	2,116	30,226	-
Inventory	-	23,496	23,496	-
Deferred bond issuance costs	10,718	97,983	108,701	-
Capital assets not depreciated - land	20,000,000	968,470	20,968,470	-
Capital assets (net of accumulated depreciation):				
Buildings and land improvements	6,070,202	3,422,628	9,492,830	15,200
Infrastructure	4,695,763	11,360,013	16,055,776	-
Equipment	1,638,667	81,977	1,720,644	50,616
Total assets	37,992,407	18,896,511	56,888,918	1,806,754
Liabilities				
Accounts payable and other accrued expenses	1,629,474	476,931	2,106,405	30,593
Accrued interest expense	167,826	79,969	247,795	-
Due to component unit	6,255	-	6,255	-
Deferred revenue	461,770	-	461,770	-
Tax anticipation warrants payable	350,000	-	350,000	-
Noncurrent liabilities:				
Due within one year	2,371,077	208,318	2,579,395	-
Due in more than one year	10,590,872	4,140,643	14,731,515	-
Total liabilities	15,577,274	4,905,861	20,483,135	30,593
Net Assets				
Invested in capital assets, net of related debt	29,694,632	11,593,088	41,287,720	65,816
Restricted for grant purposes	7,388	-	7,388	-
Restricted for public safety	309,229	-	309,229	-
Restricted for debt service	2,017,339	165,385	2,182,724	-
Unrestricted	(9,613,455)	2,232,177	(7,381,278)	1,710,345
Total net assets	\$ 22,415,133	\$ 13,990,650	\$ 36,405,783	\$ 1,776,161

See accompanying notes and independent auditor's report.

**City of Blue Island
Statement of Activities
For the Year Ended April 30, 2010**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Component Unit Public Library
Primary government:								
Governmental activities:								
General government	\$ 5,422,215	\$ 1,564,004	\$ 267,301	\$ -	\$ (3,590,910)	\$ -	\$ (3,590,910)	\$ -
Public safety	7,090,046	1,956,299	-	-	(5,133,747)	-	(5,133,747)	-
Public works	3,942,597	1,227,121	-	237,880	(2,477,596)	-	(2,477,596)	-
Civil defense	23,318	-	-	-	(23,318)	-	(23,318)	-
Culture and recreation	192,795	37,584	-	-	(155,211)	-	(155,211)	-
Senior citizens	118,432	13,734	-	-	(104,698)	-	(104,698)	-
Interest on long-term debt	497,513	-	-	-	(497,513)	-	(497,513)	-
Total governmental activities	17,286,916	4,798,742	267,301	237,880	(11,982,993)	-	(11,982,993)	-
Business-type activities:								
Water and sewer	3,921,498	3,995,637	-	-	-	74,139	74,139	-
Golf course	1,159,017	1,033,100	-	-	-	(125,917)	(125,917)	-
Commuter parking lot	42,339	56,669	-	-	-	14,330	14,330	-
Total business-type activities	5,122,854	5,085,406	-	-	-	(37,448)	(37,448)	-
Total primary government	\$22,409,770	\$9,884,148	\$ 267,301	\$ 237,880	(11,982,993)	(37,448)	(12,020,441)	-
Component unit - public library	\$ 1,411,284	\$ 31,131	\$ 30,117	\$ -	-	-	-	(1,350,036)
General revenues:								
Property taxes					7,427,114	-	7,427,114	1,386,578
Replacement taxes					205,807	-	205,807	44,274
Sales taxes					1,109,322	-	1,109,322	-
Income taxes					1,809,626	-	1,809,626	-
Motor fuel taxes					592,137	-	592,137	-
Utility taxes					1,541,427	-	1,541,427	-
Local use and foreign fire taxes					275,097	-	275,097	-
Rental income/reimbursements/miscellaneous					364,832	4,856	369,688	46,712
Unrestricted investment earnings					3,025	599	3,624	1,066
Total general revenues					13,328,387	5,455	13,333,842	1,478,630
Change in net assets					1,345,394	(31,993)	1,313,401	128,594
Net assets, beginning of the year, as previously reported					24,572,429	14,022,643	38,595,072	1,647,567
Restatement to record net pension obligation of police and firefighters' pension plans					(3,502,690)	-	(3,502,690)	-
Net assets, beginning of the year, as restated					21,069,739	14,022,643	35,092,382	1,647,567
Net assets, end of the year					\$ 22,415,133	\$ 13,990,650	\$ 36,405,783	\$ 1,776,161

See accompanying notes and independent auditor's report.

**City of Blue Island
Balance Sheet - Governmental Funds
April 30, 2010**

	Primary Government			Total Governmental Funds
	General	Special Tax Increment Allocation Fund II	Other Governmental Funds	
Assets				
Cash and investments	\$ 69,058	\$ 702,379	\$ 539,057	\$ 1,310,494
Receivables:				
Property taxes	1,915,449	373,840	1,648,516	3,937,805
Customers	160,877	-	-	160,877
Grants	-	-	455,000	455,000
Other	-	-	50,895	50,895
Due from other governmental agencies	1,307,738	-	-	1,307,738
Due from other funds	3,526,926	3,621,100	5,123,315	12,271,341
Interfund receivables	-	64,776	-	64,776
Restricted cash	316,617	-	-	316,617
Prepaid items	28,110	-	-	28,110
Advances to other funds	-	162,420	-	162,420
Total assets	\$ 7,324,775	\$ 4,924,515	\$ 7,816,783	\$ 20,066,073
Liabilities and Fund Balance (Deficit)				
Liabilities:				
Accounts payable	\$ 324,160	\$ -	\$ 7,659	\$ 331,819
Accrued expenses	165,813	-	-	165,813
Due to other funds	13,188,623	-	1,073,197	14,261,820
Due to component unit	6,255	-	-	6,255
Deferred revenue and other liabilities	1,915,449	373,840	2,110,286	4,399,575
Interfund payables	64,776	-	-	64,776
Claims incurred and unreported	131,842	-	-	131,842
Advances from other funds	162,420	-	-	162,420
Short-term debt	350,000	-	-	350,000
Total liabilities	16,309,338	373,840	3,191,142	19,874,320
Fund balance (deficit):				
Reserved for prepaid items	28,110	-	-	28,110
Unreserved, reported in:				
General Fund	(9,012,673)	-	-	(9,012,673)
Special Revenue Funds	-	4,550,675	2,608,302	7,158,977
Debt Service Funds	-	-	2,017,339	2,017,339
Total fund balance (deficit)	(8,984,563)	4,550,675	4,625,641	191,753
Total liabilities and fund balance	\$ 7,324,775	\$ 4,924,515	\$ 7,816,783	\$ 20,066,073

See accompanying notes and independent auditor's report.

City of Blue Island
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
April 30, 2010

Total fund balance - governmental funds (page 17)	\$ 191,753
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.	32,404,632
Bond issuance costs are amortized over the life of the issue for governmental activities, but expensed in the period paid in the governmental funds.	10,718
Litigation settlement contingent upon the City obtaining a bond from which the proceeds would be used to pay the settlement. The liability and expense are reported in the governmental activities but not in the governmental funds until the bonds are issued and expendable available financial resources exist.	(1,000,000)
Interest expense is not subject to accrual in the governmental funds.	(167,826)
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net assets.	3,937,805
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(12,961,949)</u>
Net assets of governmental activities (page 13)	<u>\$ 22,415,133</u>

See accompanying notes and independent auditor's report.

City of Blue Island
Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficit) - Governmental Funds
For the Year Ended April 30, 2010

	Primary		Government	
	General	Special Tax Increment Allocation Fund II	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 2,983,209	\$ 1,564,312	\$ 2,575,241	\$ 7,122,762
Personal property and replacement taxes	165,229	-	40,579	205,808
Other taxes	4,735,472	-	-	4,735,472
Licenses	534,093	-	-	534,093
Permits	127,848	-	-	127,848
State allotments	-	-	592,137	592,137
Fines	658,160	-	-	658,160
Grants	267,301	-	237,880	505,181
Interest	1,949	328	749	3,026
9-1-1 system fees	675,984	-	-	675,984
Sanitation fees	1,227,121	-	-	1,227,121
Other	2,466,917	-	12,131	2,479,048
Total revenues	13,843,283	1,564,640	3,458,717	18,866,640
Expenditures:				
Current:				
General government	3,088,505	4,785	42,753	3,136,043
Building	348,378	-	-	348,378
Planning	277,716	-	-	277,716
Police	5,212,558	-	-	5,212,558
Fire	1,705,147	-	-	1,705,147
Public works	2,949,955	-	-	2,949,955
Playground and recreation	198,449	-	-	198,449
Street	-	-	784,680	784,680
Insurance loss	464,915	-	-	464,915
Civil Service Commission	23,318	-	-	23,318
Marketing	183,650	-	-	183,650
TIF Distribution	-	-	148,395	148,395
Debt service	173,953	-	2,325,769	2,499,722
Capital outlay	-	-	243,920	243,920
Total expenditures	14,626,544	4,785	3,545,517	18,176,846

(cont'd)

City of Blue Island
Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficit) - Governmental Funds (cont'd)
For the Year Ended April 30, 2010

	Primary		Government	
	General	Special Tax Increment Allocation Fund II	Other Governmental Funds	Total Governmental Funds
Revenues over (under) expenditures before other financing sources (uses)	\$ (783,261)	\$ 1,559,855	\$ (86,800)	\$ 689,794
Other financing sources (uses):				
Proceeds from sale of capital assets	550	-	-	550
Transfers in	410,884	-	1,474,192	1,885,076
Transfers out	-	(773,623)	(1,111,453)	(1,885,076)
Total other financing sources (uses)	411,434	(773,623)	362,739	550
Net changes in fund balances (deficit)	(371,827)	786,232	275,939	690,344
Fund balances (deficit), beginning of the year	(8,612,736)	3,764,443	4,349,702	(498,591)
Fund balances (deficit), end of the year	\$ (8,984,563)	\$ 4,550,675	\$ 4,625,641	\$ 191,753

See accompanying notes and independent auditor's report.

**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, 2010**

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)	\$ 690,344
<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 depreciation exceeded capital outlays in the current period.</p>	(675,812)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	304,352
<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>	1,970,022
<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>(943,512)</u>
Change in net assets of governmental activities (page 15)	<u>\$ 1,345,394</u>

See accompanying notes and independent auditor's report.

**City of Blue Island
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Deficit - Budget and Actual
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
Revenues:		
Taxes:		
Property taxes	\$ 2,676,454	\$ 2,983,209
Personal property replacement tax	300,000	165,229
Other taxes	5,650,000	4,735,472
Licenses	570,000	534,093
Permits	150,000	127,848
Fines	640,000	658,160
Grants	2,400,000	267,301
Interest	-	1,949
Other	3,680,000	4,370,022
Total revenues	16,066,454	13,843,283
Expenditures:		
Current:		
General government	4,459,658	3,088,505
Building	450,800	348,378
Planning	1,279,300	277,716
Police	4,530,589	4,337,514
911 Center	1,793,350	875,044
Fire	3,582,500	1,705,147
Public works	9,827,100	2,949,955
Playground and recreation	270,950	198,449
Insurance loss	2,140,100	464,915
Civil Service Commission	54,000	23,318
Marketing	1,663,000	183,650
Debt service	173,953	173,953
Total expenditures	30,225,300	14,626,544
Revenues under expenditures before other financing sources	(14,158,846)	(783,261)
Other financing sources:		
Proceeds from sale of capital assets	-	550
Transfer in	-	410,884
Total other financing sources	-	411,434
Net changes in fund deficit	\$ (14,158,846)	(371,827)
Fund deficit, beginning of the year		(8,612,736)
Fund deficit, end of the year		\$ (8,984,563)

See accompanying notes and independent auditor's report.

**City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Net Assets
April 30, 2010**

Assets	Water	Commuter Parking Lot	Golf Course	Total
Current assets:				
Cash and investments	\$ 294,917	\$ 23,787	\$ 21,250	\$ 339,954
Accounts receivable:				
Customers	459,010	-	-	459,010
Less allowance for doubtful accounts	(15,000)	-	-	(15,000)
Due from other funds	5,042,879	527,666	-	5,570,545
Prepaid items	2,116	-	-	2,116
Inventory	-	-	23,496	23,496
Total current assets	5,783,922	551,453	44,746	6,380,121
Restricted assets - cash - bond reserve accounts	165,385	-	-	165,385
Property and equipment:				
Land	8,958	289,512	670,000	968,470
Buildings and land improvements	38,679	2,153,768	4,633,326	6,825,773
Infrastructure	19,277,463	-	-	19,277,463
Equipment	866,008	155,690	461,495	1,483,193
Less accumulated depreciation	(8,785,465)	(1,983,727)	(1,952,619)	(12,721,811)
Total capital assets	11,405,643	615,243	3,812,202	15,833,088
Other assets - deferred revenue bond issuance costs	97,983	-	-	97,983
Total other assets	97,983	-	-	97,983
Total assets	\$17,452,933	\$ 1,166,696	\$ 3,856,948	\$22,476,577

See accompanying notes and independent auditor's report.

Liabilities	Water	Commuter Parking Lot	Golf Course	Total
Current liabilities:				
Accounts payable	\$ 414,680	\$ -	\$ 34,132	\$ 448,812
Accrued salaries	17,472	-	7,840	25,312
Due to other funds	-	-	3,580,066	3,580,066
Bonds payable	205,000	-	-	205,000
Unamortized bond premium	3,318	-	-	3,318
Other liabilities	53	-	2,754	2,807
Total current liabilities	640,523	-	3,624,792	4,265,315
Current liabilities payable from restricted assets - accrued interest	79,969	-	-	79,969
Long-term liabilities (net of current maturities):				
Compensated absences payable	40,345	-	-	40,345
Bonds payable	4,035,000	-	-	4,035,000
Unamortized bond premium	65,298	-	-	65,298
Total noncurrent liabilities	4,220,612	-	-	4,220,612
Total liabilities	4,861,135	-	3,624,792	8,485,927
Net Assets				
Invested in capital assets, net of related debt	7,165,643	615,243	3,812,202	11,593,088
Restricted for debt service	165,385	-	-	165,385
Unrestricted	5,260,770	551,453	(3,580,046)	2,232,177
Total net assets	12,591,798	1,166,696	232,156	13,990,650
	\$17,452,933	\$ 1,166,696	\$ 3,856,948	\$22,476,577

City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended April 30, 2010

	Business-type Activities			Total
	Water	Commuter Parking Lot	Golf Course	
Operating revenues:				
Water	\$ 3,347,828	\$ -	\$ -	\$ 3,347,828
Sewer maintenance	627,923	-	-	627,923
Water meter	19,886	-	-	19,886
Parking fees	-	56,669	-	56,669
Golf course	-	-	737,004	737,004
Pro shop and concessions	-	-	296,096	296,096
Miscellaneous	-	-	1,700	1,700
Total operating revenues	3,995,637	56,669	1,034,800	5,087,106
Operating expenses	3,720,233	42,339	1,159,017	4,921,589
Operating income (loss)	275,404	14,330	(124,217)	165,517
Nonoperating income (expenses):				
Interest income	494	58	47	599
Interest expense	(196,759)	-	-	(196,759)
Bond issuance costs amortization	3,156	-	-	3,156
Bond discount amortization	(4,506)	-	-	(4,506)
Nonoperating income (expense)	(197,615)	58	47	(197,510)
Changes in net assets	77,789	14,388	(124,170)	(31,993)
Net assets, beginning of the year	12,514,009	1,152,308	356,326	14,022,643
Net assets, end of the year	\$12,591,798	\$ 1,166,696	\$ 232,156	\$13,990,650

See accompanying notes and independent auditor's report.

City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Cash Flows
For the Year Ended April 30, 2010

	Water	Commuter Parking Lot	Golf Course	Total
Cash flows from operating activities:				
Receipts from customers	\$ 4,034,214	\$ 56,669	\$ 1,034,800	\$ 5,125,683
Payments to suppliers	(2,218,954)	-	(752,073)	(2,971,027)
Payments to employees	(791,819)	-	(266,973)	(1,058,792)
Net cash from operating activities	1,023,441	56,669	15,754	1,095,864
Cash flows from noncapital financing activities - advances to other funds	(141,681)	(52,000)	(8,735)	(202,416)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(321,420)	-	(6,000)	(327,420)
Principal paid on capital debt	(195,000)	-	-	(195,000)
Interest paid on capital debt	(200,212)	-	-	(200,212)
Net cash from capital and related financing activities	(716,632)	-	(6,000)	(722,632)
Cash flows from investing activities:				
Purchase of investments	(250)	-	(2)	(252)
Interest income	494	58	47	599
Net cash from investing activities	244	58	45	347
Net increase in cash	165,372	4,727	1,064	171,163
Cash and restricted cash, beginning of the year	110,201	19,060	18,229	147,490
Cash and restricted cash, end of the year	\$ 275,573	\$ 23,787	\$ 19,293	\$ 318,653

(cont'd)

City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Cash Flows (cont'd)
For the Year Ended April 30, 2010

	Water	Commuter Parking Lot	Golf Course	Total
Cash	\$ 110,188	\$ 23,787	\$ 19,293	\$ 153,268
Investments	184,729	-	1,957	186,686
Cash and investments	\$ 294,917	\$ 23,787	\$ 21,250	\$ 339,954
Cash	\$ 110,188	\$ 23,787	\$ 19,293	\$ 153,268
Restricted cash	165,385	-	-	165,385
Cash and restricted cash	\$ 275,573	\$ 23,787	\$ 19,293	\$ 318,653
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 275,404	\$ 14,330	\$ (124,217)	\$ 165,517
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	488,609	42,339	134,614	665,562
Increase in receivables	38,577	-	-	38,577
Increase in accounts payable	258,902	-	14,007	272,909
Decrease in accrued salaries and compensated absences	(37,804)	-	(9,349)	(47,153)
Increase (decrease) in other liabilities	(247)	-	699	452
Net cash from operating activities	\$ 1,023,441	\$ 56,669	\$ 15,754	\$ 1,095,864

See accompanying notes and independent auditor's report.

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, 2010).

Certain Significant Concentrations – Approximately 79%, or \$4,000,000, of revenue of proprietary funds is from water and sewer operations, and 20%, or \$1,035,000, of revenue 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.

For the year ended April 30, 2010, there were no supplemental appropriations.

B. Deficit Fund Equity

The General Fund has a deficit fund balance of \$8,984,563. 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, 2010, the Junior Bond and Interest Account was underfunded by \$48,746. 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 \$1,889,236, and the bank balance was \$2,644,530 (\$65,500 and \$31,242, respectively for the City's component unit). Cash on hand totaled \$775 for the City and \$191 for the City's component unit. Of the bank balance, \$500,000 was covered by Federal Depository Insurance (\$31,242 for the City's component unit). The remaining balance of the City's deposits of \$2,144,530 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, 2010:

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)

	Carrying Amount	Market Value
Illinois Funds:		
Primary Government	\$ 242,439	\$ 242,439
Component Unit	\$ 930,507	\$ 930,507

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

	Primary Government	Component Unit
Cash on hand	\$ 775	\$ 191
Carrying amount of deposits	1,889,236	65,500
Carrying amount of investments	242,439	930,507
Total cash and investments	\$ 2,132,450	\$ 996,198

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, 2010 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, 2010, and trade receivables outstanding for greater than 90 days were not considered material at April 30, 2010.

C. Restricted Assets

Total restricted assets are comprised of the following:

General Fund:	
Unspent grant proceeds	\$ 4,908
Unspent narcotic asset forfeiture funds	309,229
Restricted for special events	<u>2,480</u>
Total General Fund	<u>\$ 316,617</u>
Water Fund – bond reserve accounts - bond and interest reserve	<u>\$ 165,385</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, 2010 is as follows:

	Balances May 1, 2009	Additions	Transfer	Balances April 30, 2010
Governmental Activities				
Capital assets not being depreciated - land	\$ 20,000,000	\$ -	\$ -	\$ 20,000,000
Capital assets being depreciated:				
Buildings and land improvements	11,763,766	5,040	18,800	11,787,606
Infrastructure	14,531,636	142,341	-	14,673,977
Equipment	7,365,073	87,856	(18,800)	7,434,129
Total capital assets being depreciated	33,660,475	235,237	-	33,895,712
Less accumulated depreciation for:				
Buildings and land improvements	5,320,205	397,199	-	5,717,404
Infrastructure	9,732,314	245,900	-	9,978,214
Equipment	5,527,512	267,950	-	5,795,462
Total accumulated depreciation	20,580,031	911,049	-	21,491,080
Total capital assets being depreciated, net	13,080,444	(675,812)	-	12,404,632
Governmental activities, capital assets, net	\$ 33,080,444	\$ (675,812)	\$ -	\$ 32,404,632

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	\$ 656,422
Public safety	211,382
Highways and streets	43,245
 Total depreciation – governmental activities	 \$ 911,049

	Balances May 1, 2009	Additions	Transfers	Balances April 30, 2010
Business-type Activities				
Capital assets not being depreciated - land	\$ 968,470	\$ -	\$ -	\$ 968,470
Capital assets being depreciated:				
Buildings and land improvements	6,818,926	6,850	-	6,825,776
Infrastructure	18,962,890	314,570	-	19,277,460
Equipment	1,477,192	6,000	-	1,483,192
Capital assets being depreciated	27,259,008	327,420	-	27,586,428
Less accumulated depreciation for:				
Buildings and land improvements	3,262,658	140,490	-	3,403,148
Infrastructure	7,444,779	472,668	-	7,917,447
Equipment	1,348,811	52,404	-	1,401,215
Total accumulated depreciation	12,056,248	665,562	-	12,721,810
Capital assets being depreciated, net	15,202,760	(338,142)	-	14,864,618
Capital assets, net	\$ 16,171,230	\$ (338,142)	\$ -	\$ 15,833,088

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)

Component Unit	Balances May 1, 2009	Additions	Retirements	Balances April 30, 2010
Capital assets being depreciated:				
Buildings and land improvements	\$ 19,000	\$ -	\$ -	\$ 19,000
Equipment	72,363	15,132	-	87,495
Capital assets being depreciated	91,363	15,132	-	106,495
Less accumulated depreciation for:				
Buildings and land improvements	3,165	635	-	3,800
Equipment	28,885	7,994	-	36,879
Total accumulated depreciation	32,050	8,629	-	40,679
Capital assets being depreciated, net	\$ 59,313	\$ 6,503	\$ -	\$ 65,816

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of April 30, 2010 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Golf Course	\$ 3,526,926
Motor Fuel Tax	General	453,930
Special Tax Increment Allocation Fund I	General	129,419
Special Tax Increment Allocation Fund II	General	2,896,507
Special Tax Increment Allocation Fund III	General	1,221,443
Police Pension	General	311,241
Firefighters' Pension	General	116,195
Community Development Block Grant	General	6,770
Water	General	4,989,739
Commuter Parking Lot	General	527,666
Alternate Bond Fund – Series 1995	General	360,287

(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	\$ 490,662
1998 TIF General Obligation	General	1,322,073
2003 TIF General Obligation	General	220,724
General Obligation Bond Fund – Series 2005	General	42,187
General Obligation Bond Fund – Series 2007	General	99,780
Water	Golf Course	53,140
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 II	Special Tax Increment Allocation Fund III	515,465
Special Tax Increment Allocation Fund III	1998 TIF General Obligation	348,604
		<u>\$ 17,841,886</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.”

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)

Transfers between funds for the year ended April 30, 2010 are as follows:

Transfer In Fund	Transfer Out Fund	Amount
General	Special Tax Increment Allocation Fund I	\$ 410,884
1997 TIF General Obligation	Special Tax Increment Allocation Fund II	504,035
2003 TIF General Obligation	Special Tax Increment Allocation Fund II	269,588
1998 TIF General Obligation	Special Tax Increment Allocation Fund III	700,569
		<u>\$ 1,885,076</u>

The transfer from the Special Tax Increment Allocation Fund I (TIF I) to the General Fund represented non-incremental tax revenues recorded in the TIF I Fund over the years that are not considered surplus revenues required to be distributed to the other taxing districts upon dissolution of the City Tax Increment Financing District I. The other 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, 2010 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, 2009</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balances April 30, 2010</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 \$415,000 to \$515,000 through December 1, 2014, interest at 5.10% to 5.30%.	\$ 2,710,000	\$ -	\$ 395,000	\$ 2,315,000
2005 General Obligation (Limited Tax) Bonds, original principal \$350,000, annual principal due December 1 with final payment of \$79,000 due December 1, 2010, interest at 3.95%.	154,500	-	75,500	79,000
General Obligation Tax Increment Bonds:				
1997 Tax Increment Refunding Series, original principal \$3,070,000, due annually on December 15 at amounts ranging from \$435,000 to \$475,000 through December 15, 2012, interest at 5.00% to 5.10%.	1,775,000	-	415,000	1,360,000
1998 Tax Increment Refunding Series, original principal \$6,250,000, due annually on December 15 at amounts ranging from \$540,000 to \$750,000 through December 15, 2014, interest at 4.60% to 4.90%.	3,775,000	-	520,000	3,255,000
2003 Tax Increment Refunding Series, original principal \$2,175,000, due annually on December 15 at amounts ranging from \$255,000 to \$330,000 through December 15, 2013, interest at 4.00% to 4.375%.	1,345,000	-	215,000	1,130,000

(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)

<u>Issues</u>	<u>Balances May 1, 2009</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balances April 30, 2010</u>
2006 Waterworks and Sewerage Bonds (Alternate Revenue Source), original principal \$4,635,000, annual principal due December 1 at amounts ranging from \$205,000 to \$380,000 through December 1, 2024, interest at 4.25% to 4.75%.	<u>\$ 4,435,000</u>	<u>\$ -</u>	<u>\$ 195,000</u>	<u>\$ 4,240,000</u>
	<u>\$ 14,194,500</u>	<u>\$ -</u>	<u>\$ 1,815,500</u>	<u>\$ 12,379,000</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 \$204,000 to \$232,000 plus interest at 4.75% through December 1, 2012.	<u>\$ 950,000</u>	<u>\$ -</u>	<u>\$ 190,000</u>	<u>\$ 760,000</u>

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	\$ 536,865	\$ 415,000	\$ 121,865
2005 Limited Tax	82,121	79,000	3,121
1997 Tax Increment	503,700	435,000	68,700
1998 Tax Increment	695,703	540,000	155,703
2003 Tax Increment	301,794	255,000	46,794
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	\$ 9,285,305	\$ 8,139,000	\$ 1,146,305

Fiscal Year Ending April 30	General Obligation Bonds		
	Total	Principal	Interest
Business-type activities (Waterworks and Sewerage Series 2006):			
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	394,737	240,000	154,737
2016 – 2020	1,993,212	1,390,000	603,212
2021 – 2025	1,988,856	1,735,000	253,856
Totals	\$ 5,965,529	\$ 4,240,000	\$ 1,725,529

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:			
2011	\$ 237,725	\$ 204,000	\$ 33,725
2012	237,916	214,000	23,916
2013	355,632	342,000	13,632
Totals	\$ 831,273	\$ 760,000	\$ 71,273

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.

During the current year the City was unable to make the principal and interest payment on the TIF 3 general obligation bonds due in December 2009, due to the significant delay in receiving the second installment of property taxes from the County. The payment was made by the insurance company, and the City reimbursed the insurance company upon receiving property tax deposits from the County.

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, 2010, 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, 2009	Issuances	Retirements	Balances April 30, 2010
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 \$55,920 at April 30, 2010.	\$ 30,621	\$ -	\$ 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 \$190,965 at April 30, 2010.	130,801	-	85,940	44,861
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 \$114,753 at April 30, 2010.	113,937	-	43,572	70,365
	<u>\$ 275,359</u>	<u>\$ -</u>	<u>\$ 160,133</u>	<u>\$ 115,226</u>

The annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	Capital Lease Obligations		
	Total	Principal	Interest
Governmental activities:			
2011	\$ 95,913	\$ 91,076	\$ 4,837
2012	24,872	24,150	722
Totals	<u>\$ 120,785</u>	<u>\$ 115,226</u>	<u>\$ 5,559</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, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2010</u>
Governmental Activities				
General obligation bonds	\$ 9,759,500	\$ -	\$ 1,620,500	\$ 8,139,000
Sales tax/revenue sharing receipts (ARS) bonds	950,000	-	190,000	760,000
Capital lease obligations	275,359	-	160,133	115,226
Compensated absences	459,464	39,169	62,849	435,784
Refunding bond premium	11,561	-	2,312	9,249
Net pension obligation	3,502,690	-	-	3,502,690
Subtotal	<u>14,958,574</u>	<u>39,169</u>	<u>2,035,794</u>	<u>12,961,949</u>
Water Fund				
General obligation bonds	4,435,000	-	195,000	4,240,000
Compensated absences	52,106	3,895	15,656	40,345
Reoffering premium	71,772	-	3,156	68,616
Subtotal	<u>4,558,878</u>	<u>3,895</u>	<u>213,812</u>	<u>4,348,961</u>
Total	<u>\$ 19,517,452</u>	<u>\$ 43,064</u>	<u>\$ 2,249,606</u>	<u>\$ 17,310,910</u>

H. Short-term Borrowings

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 prior to the maturity date. The City drew down an additional \$1,000,000 in June 2009 (Series 2009D) with a maturity date of December 15, 2009, including interest at 4%, in anticipation of the second installment of taxes. The City repaid \$650,000 in principal plus interest at 4% in December 2009, prior to the maturity date. The remaining balance of \$350,000 was carried forward until April 2, 2010, at which time the City entered into a \$350,000 General Obligation (Limited Tax) Notes, Series 2010. Principal is due in eleven monthly installments of \$10,000 and a final payment of \$240,000 due April 2, 2011. Interest is payable monthly at 5%.

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 (22%), grants and other (8%), 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	\$	235,237
Depreciation		<u>(911,049)</u>
 Net decrease to net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities		 \$ (675,812)

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, 2007 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:				
2007 – 2008	\$ 1,000,000	\$ 573,585	\$ (1,573,585)	\$ -
2008 – 2009	-	268,411	(268,411)	-
2009 – 2010	-	293,501	(293,501)	-
Health claims:				
2007 – 2008	131,842	1,575,001	(1,575,001)	131,842
2008 – 2009	131,842	2,194,336	(2,194,336)	131,842
2009 – 2010	131,842	1,579,246	(1,579,246)	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, III IV, and V in November 1989, December 1992, January 1994, September 2007 and November 2008, 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 (2008 EAV latest available), is as follows:

	<u>Base EAV</u>	<u>2008 EAV</u>
District I	\$ 1,523,341	\$ 3,066,707
District II	9,578,727	24,111,952
District III	1,473,597	10,663,802
District IV	4,090,525	4,224,964
District V	5,393,027	6,040,289

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 2009 was 8.21% 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 2009, the City's annual pension cost of \$366,159 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:		
12/31/09	\$ 366,159	100 %
12/31/08	355,910	100
12/31/07	334,161	100
SLEP:		
12/31/09	-	100
12/31/08	-	100
12/31/07	-	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 2009 was determined as part of the December 31, 2007 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 10.0% 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 15% 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, 2007 valuation was 23 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, 2007 valuation was 27 years.

Funding Status and Funding Progress – As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 69.98% funded. The actuarial accrued liability for benefits was \$10,436,116 and the actuarial value of assets was \$7,302,717, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,133,399. The covered payroll (annual payroll of active employees covered by the plan) was \$4,459,919 and the ratio of the UAAL to the covered payroll was 70%.

As of December 31, 2009, the most recent actuarial valuation date, the SLEP plan was 214.86% funded. The actuarial accrued liability for benefits was \$37,145 and the actuarial value of assets was \$79,808, resulting in an overfunded actuarial accrued liability (OAAL) of \$42,663. 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, 2008. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2007 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><u>67</u></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 \$9,989 to the Police 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:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
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 66.

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 \$17,508 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 66.

F. Restatement of Beginning Net Assets

The beginning governmental activities net assets were restated on the statement of activities for the effect of recording the net pension obligation under the police and firefighters' pension plans of \$2,020,074 and \$1,482,616, respectively.

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

IV. Other Information (cont'd)

G. Other Post-employment Benefits

The City is currently providing post-employment health and prescription coverage for certain groups of workers in the same health plan as active employees. For those retirees that qualify, the City pays the single premium with the retiree contributing the additional amount for family or spouse coverage. Because the retirees are included in the same health insurance plan as current employees, the premiums paid by or on behalf of these retirees may be lower than they would have been if the retirees were insured separately. The difference is an employer contribution toward the cost of providing coverage to retirees referred to as an implicit rate subsidy. According to GASB Statement No. 43, an implicit rate subsidy is to be included in the calculation of OPEB costs and obligations along with any actual outlays made on behalf of the retired employees by the City.

Post-employment benefits, including the implicit rate subsidy, should be recognized as an expense and liability when earned. The City has not recorded the liability and the corresponding expense because management feels the costs to determine that information outweigh its benefits.

REQUIRED SUPPLEMENTARY INFORMATION

**City of Blue Island
Illinois Municipal Retirement Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2010**

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						
12/31/09	\$ 7,302,717	\$10,436,116	\$ 3,133,399	69.98%	\$4,459,919	70.26%
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%
SLEP						
12/31/09	79,808	37,145	(42,663)	214.86%	-	0.00%
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%

See independent auditor's report.

**City of Blue Island
Police and Firefighters' Pension Funds
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2010**

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

The most recent actuarial valuation completed was dated April 30, 2007.

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.

SUPPLEMENTAL SECTION

GENERAL FUND

**City of Blue Island
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
Property taxes	\$ 2,676,454	\$ 2,983,209
Personal property replacement tax	300,000	165,229
Other taxes:		
State income and use	2,250,000	2,084,723
Utility	1,900,000	1,541,427
Municipal retailers' occupation tax	1,500,000	1,109,322
Total taxes	8,626,454	7,883,910
Licenses:		
Vehicle	400,000	373,040
Liquor	38,817	36,774
Business	94,028	89,079
Contractors	36,337	34,425
Machine	111	105
Animal	707	670
Total licenses	570,000	534,093
Permits:		
Building	96,628	82,358
Electrical	22,439	19,125
Sewer	704	600
Other	30,229	25,765
Total permits	150,000	127,848
Fines:		
Police	634,184	652,179
Building violations	5,816	5,981
Total fines	640,000	658,160
Grants	2,400,000	267,301

(cont'd)

**City of Blue Island
General Fund
Schedule of Revenues - Budget and Actual (cont'd)
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
Interest	\$ -	\$ 1,949
Other:		
Sanitation and recycling fees	1,300,000	1,227,121
Ambulance user fees	350,000	362,664
City parking lots	150,000	125,394
Insurance reimbursements	200,000	111,627
Maintenance of state roads and traffic signals	100,000	90,352
Miscellaneous	600,000	968,781
Motor fuel tax reimbursement	-	550,482
Television franchise fees	200,000	145,569
Telephone franchise fees	40,000	66,282
Telephone surcharges - 9-1-1 system	380,000	291,900
User fees - 9-1-1 system	360,000	384,084
Vital statistics	-	45,766
Total other	3,680,000	4,370,022
Total revenues	\$ 16,066,454	\$ 13,843,283

See independent auditor's report.

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
General government:		
Salaries and benefits:		
Mayor's office:		
Full-time salaries	\$ 57,000	\$ 83,869
Part-time salaries	20,000	12,808
Overtime salaries	1,000	-
Finance:		
Full-time salaries	210,000	209,577
Part-time salaries	20,000	9,636
Overtime salaries	1,000	-
Clerk's office:		
Full-time salaries	100,000	75,199
Part-time salaries	2,000	-
General government:		
Part-time salaries	45,000	47,207
Aldermen salaries	33,600	15,540
Seniors' program salaries	76,000	85,017
Salary reimbursements - grant funds	-	(11,253)
Illinois Municipal Retirement Fund	40,000	40,468
Payroll taxes - FICA and Medicare	46,750	39,854
Employee medical insurance	2,420,000	1,702,077
Life/unemployment insurance	20,000	18,221
Total salaries and benefits	3,092,350	2,328,220
Services:		
Audit	25,000	22,530
Computers and software	101,500	43,330
Expenses of City officials	61,200	59,100
Legal	350,000	202,337
Other	7,500	3,135
Professional consulting and engineering	126,000	100,369
Telephone	152,000	157,568
Total services	823,200	588,369
Supplies and materials:		
Maintenance supplies	11,300	7,648
Operating supplies	4,500	459
Printing, postage and office supplies	34,000	30,686
Small equipment	-	964
Vehicle sticker program	15,000	6,751
Total supplies and materials	64,800	46,508

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
General government (cont'd):		
Repairs and maintenance:		
Building	\$ 8,500	\$ 6,557
Curbs and sidewalks	-	2,252
Equipment	9,050	7,274
Outside contractors	500	6,197
Total repairs and maintenance	18,050	22,280
Miscellaneous:		
Bank service charges	1,500	2,072
Community promotions	10,000	8,987
Dues and subscriptions	23,750	14,273
Employee/office services	4,700	657
Interest expense - tax anticipation warrants	190,558	47,411
Legal notices	8,000	3,221
Licenses/fees	8,000	3,699
Main Street Director and other expenses	15,000	14,800
Meetings and seminars	9,100	-
Other	177,100	(2,218)
Travel/transportation	4,550	5,382
Total miscellaneous	452,258	98,284
Capital expenditures	9,000	4,844
Total general government	\$ 4,459,658	\$ 3,088,505
Building Department:		
Salaries and benefits:		
Full-time salaries	\$ 220,000	\$ 215,169
Part-time salaries	40,000	44,627
Illinois Municipal Retirement Fund	20,000	19,606
Payroll taxes - FICA and Medicare	20,500	19,554
Total salaries and benefits	300,500	298,956
Services:		
Computers and software	5,000	87
Engineering	40,000	11,645
Other contractual services	20,000	10,378
Telephone	500	282
Training	2,000	-
Total services	67,500	22,392

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
Building Department (cont'd):		
Supplies and materials:		
Board up expense	\$ 9,000	\$ 6,341
Buildings and street signs	600	210
Gasoline and oil for vehicles	10,000	5,021
Maintenance supplies	500	-
Operating supplies	500	309
Printing, postage and office supplies	7,500	2,607
Radio equipment	5,000	394
Uniforms	2,000	-
Total supplies and materials	35,100	14,882
Repairs and maintenance:		
Building	1,000	-
Elevator inspections	-	2,656
Equipment	1,000	2,072
Lot/property	10,000	3,519
Outside contractors	6,000	995
Vehicle	5,500	1,871
Total repairs and maintenance	23,500	11,113
Miscellaneous:		
Community promotions	500	-
Dues and subscriptions	3,200	330
Employee/office services	500	133
Legal notices	1,500	212
Licenses and fees	2,500	360
Meetings and seminars	1,000	-
Total miscellaneous	9,200	1,035
Capital expenditures	15,000	-
Total Building Department	\$ 450,800	\$ 348,378
Planning Department:		
Salaries and benefits:		
Full-time salaries	\$ 149,000	\$ 111,562
Part-time salaries	10,000	-
Illinois Municipal Retirement Fund	10,000	10,309
Payroll taxes - FICA and Medicare	9,500	8,433
Total salaries and benefits	178,500	130,304

(cont'd)

City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010

	Original and Final Budget	Actual
Planning Department (cont'd):		
Services:		
Computers and software	\$ 10,000	\$ 671
Other contractual services	86,500	52,989
Professional consulting	913,700	82,720
Telephone	500	669
Training	3,000	-
Total services	1,013,700	137,049
Supplies and materials:		
Operating supplies	500	-
Printing, postage and office supplies	9,500	2,699
Total supplies and materials	10,000	2,699
Miscellaneous:		
Advertising and marketing	56,800	-
Community promotions	5,500	3,500
Dues and subscriptions	4,800	1,166
Meetings and seminars	3,000	425
Travel/transportation	4,500	2,573
Total miscellaneous	74,600	7,664
Capital outlay - office equipment	2,500	-
Total Planning Department	\$ 1,279,300	\$ 277,716
Police Department:		
Salaries and benefits:		
Officers:		
Full-time salaries	\$ 2,550,000	\$ 2,454,335
Overtime salaries	350,000	325,487
Records and desk clerks:		
Full-time salaries	375,000	376,383
Part-time salaries	75,000	31,750
Overtime salaries	30,000	53,217
Crossing guards	70,000	73,900
Part-time police	150,000	139,003
Illinois Municipal Retirement Fund - police clerks	38,000	39,411
Payroll taxes - FICA and Medicare	90,000	86,425
Unemployment insurance	10,000	1,112
Total salaries and benefits	3,738,000	3,581,023

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
Police Department (cont'd):		
Services:		
Animal care	\$ 2,000	\$ 85
Computers and software	45,000	9,414
Other contractual services	5,000	4,450
Personnel hiring/exams	3,500	-
Prisoner care	8,000	5,226
Professional consulting	7,000	7,643
Telephone	50,000	46,146
Training	30,000	8,774
Utilities	-	1,626
Total services	150,500	83,364
Supplies and materials:		
Ammunition/guns	14,000	7,189
Asset forfeiture expense	-	268,953
Building and street signs	750	940
Film and photo processing	2,000	-
Gasoline and oil for vehicles	200,000	135,530
Maintenance supplies	15,000	10,154
Operating supplies	7,000	9,408
Printing, postage and office supplies	50,000	34,617
Small equipment	15,000	5,936
Uniforms	38,000	38,063
Total supplies and materials	341,750	510,790
Repairs and maintenance:		
Building	10,000	3,692
Equipment	65,000	36,328
Outside contractors	1,000	-
Vehicle	135,000	87,495
Total repairs and maintenance	211,000	127,515

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
Police Department (cont'd):		
Miscellaneous:		
Collection services	\$ 21,500	\$ 17,496
Community promotions	5,000	361
Dues and subscriptions	2,750	3,213
Employee/office services	2,600	592
Licenses/fees	22,000	6,436
Meetings and seminars	1,500	73
Rentals and leasing fees	500	4,961
Travel/transportation	1,000	555
Total miscellaneous	56,850	33,687
Capital expenditures	32,489	1,135
Total Police Department	\$ 4,530,589	\$ 4,337,514
9-1-1 Department:		
Salaries and benefits:		
Full-time salaries	\$ 750,000	\$ 592,720
Part-time salaries	30,000	24,986
Overtime salaries	35,000	67,359
Illinois Municipal Retirement Fund	50,000	52,863
Payroll taxes - FICA and Medicare	49,000	45,088
Unemployment insurance	-	310
Total salaries and benefits	914,000	783,326
Services:		
Computers and software	550,000	3,780
Professional consulting	1,000	-
Telephone	100,000	2,504
Training	5,000	1,594
Utilities	-	945
Total services	656,000	8,823
Supplies and materials:		
Gasoline and oil for vehicles	-	31
Maintenance supplies	1,500	851
Operating supplies	2,000	1,235
Printing, postage and office supplies	7,150	3,499
Small equipment	21,000	273
Uniforms	8,000	8,450
Total supplies and materials	39,650	14,339

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
9-1-1 Department (cont'd):		
Repairs and maintenance:		
Building	\$ 3,000	\$ 13,357
Equipment	100,000	52,040
Outside contractors	75,000	2,448
Vehicle	-	150
Total repairs and maintenance	178,000	67,995
Miscellaneous:		
Advertising and marketing	-	298
Community promotions	1,000	-
Employee/office services	1,500	180
Meetings and seminars	1,000	83
Travel/transportation	2,200	-
Total miscellaneous	5,700	561
Total 911 department	\$ 1,793,350	\$ 875,044
Fire Department:		
Salaries and benefits:		
Full-time salaries	\$ 1,770,000	\$ 1,353,469
Part-time salaries	90,000	26,882
Overtime salaries	160,000	108,531
Illinois Municipal Retirement Fund	4,000	5,175
Payroll taxes - FICA and Medicare	24,500	20,091
Total salaries and benefits	2,048,500	1,514,148
Services:		
Ambulance processing fee	30,000	36,223
Buildings and street signs	-	80
Computers and software	100,000	1,199
Other contractual services	1,500	-
Professional consulting	1,000	-
Telephone	3,500	511
Training	25,000	10,838
Total services	161,000	48,851

(cont'd)

City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010

	Original and Final Budget	Actual
Fire Department (cont'd):		
Supplies and materials:		
Film and photo processing	\$ 500	\$ -
Gasoline and oil for vehicles	10,000	4,916
Maintenance supplies	10,000	7,120
Operating supplies	7,000	1,799
Printing, postage and office supplies	6,000	3,140
Small equipment	130,000	59,452
Uniforms	40,000	2,752
Utilities	5,000	1,957
Total supplies and materials	208,500	81,136
Repairs and maintenance:		
Building	20,000	11,302
Equipment	10,000	11,662
Vehicle	55,000	27,162
Total repairs and maintenance	85,000	50,126
Miscellaneous:		
Community promotions	2,000	-
Dues and subscriptions	8,000	3,612
Employee/office services	2,500	659
Licenses/fees	1,000	-
Meetings and seminars	1,500	120
Payments to Foreign Fire Tax Board	17,000	-
Physical exams	11,500	5,204
Rentals and leasing fees	2,500	1,291
Travel/transportation	500	-
Total miscellaneous	46,500	10,886
Capital expenditures	1,033,000	-
Total Fire Department	\$ 3,582,500	\$ 1,705,147

(cont'd)

City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010

	Original and Final Budget	Actual
Public Works Department:		
Salaries and benefits:		
Full-time salaries	\$ 1,061,000	\$ 979,749
Part-time salaries	40,000	40,606
Overtime salaries	100,000	46,701
Illinois Municipal Retirement Fund	95,000	88,618
Payroll taxes - FICA and Medicare	90,000	78,260
Total salaries and benefits	1,386,000	1,233,934
Services:		
Computers and software	2,000	310
Engineering	200,000	161,037
Garbage and recycling	1,035,000	1,026,689
Other	2,500	246
Snow removal	65,000	2,070
Telephone	2,500	392
Training	2,500	1,705
Utilities	265,000	252,012
Total services	1,574,500	1,444,461
Supplies and materials:		
Building and street signs	15,000	5,301
Concrete/asphalt/stone	40,000	-
Gasoline and oil for vehicles	85,000	47,962
Maintenance supplies	50,000	22,172
Operating supplies	17,000	1,728
Printing, postage and office supplies	3,500	1,015
Small equipment	6,500	9,034
Uniforms	12,000	12,243
Total supplies and materials	229,000	99,455
Repairs and maintenance:		
Building	5,000	1,060
Equipment	45,000	37,193
Equipment rental	2,500	-
Lot/property maintenance	40,000	2,586
Outside contractors	2,500,000	3,033
Street lighting system	150,000	3,798
Street resurfacing/repairs	-	4,624
Traffic signals	50,000	16,701
Tree program	75,000	43,367
Vehicle	70,000	46,374
Total repairs and maintenance	2,937,500	158,736

(cont'd)

City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010

	Original and Final Budget	Actual
Public Works Department (cont'd):		
Miscellaneous:		
Dues and subscriptions	\$ 1,100	\$ 100
Employee/office services	6,000	945
Licenses and fees	-	36
Meetings and seminars	500	65
Rentals and leasing fees	2,500	2,453
Total miscellaneous	10,100	3,599
Capital expenditures:		
Bridge improvement/maintenance	3,000,000	-
Curb and sidewalk improvements	450,000	-
Machinery and equipment	130,000	-
Office equipment	5,000	-
Street and alley improvements	40,000	9,770
Vehicles	65,000	-
Total capital expenditures	3,690,000	9,770
Total Public Works Department	\$ 9,827,100	\$ 2,949,955
Playground and Recreation Department:		
Salaries and benefits:		
Full-time salaries	\$ 60,000	\$ 59,238
Part-time salaries	70,000	60,279
Illinois Municipal Retirement Fund	8,000	8,340
Payroll taxes - FICA and Medicare	10,000	9,143
Total salaries and benefits	148,000	137,000
Services:		
Computers and software	1,000	-
Other contractual services	5,000	-
Telephone	2,500	2,453
Training	-	-
Utilities	2,500	1,087
Total services	11,000	3,540

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
Playground and Recreation Department (cont'd):		
Supplies and materials:		
Food for resale	\$ 20,000	\$ 8,396
Maintenance supplies	5,000	3,392
Material and supplies of fee-supporting recreational programs	2,000	24,602
Operating supplies	2,000	1,729
Printing, postage and office supplies	4,000	497
Total supplies and materials	33,000	38,616
Repairs and maintenance:		
Building	6,000	11,141
Equipment	2,000	951
Equipment rental	2,000	-
Lot/property	1,000	3,848
Outside contractors	1,000	299
Total repairs and maintenance	12,000	16,239
Miscellaneous:		
Advertising and marketing	1,500	-
Bank service charges	100	-
Community promotions	2,500	1,500
Dues and subscriptions	1,050	879
Employee/office services	300	195
Meetings and seminars	2,500	-
Rentals and leasing fees	2,000	480
Total miscellaneous	9,950	3,054
Capital expenditures	57,000	-
Total Playground and Recreation Department	\$ 270,950	\$ 198,449

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
Insurance Loss Department:		
Salaries and benefits:		
Full-time salaries	\$ 80,000	\$ 80,738
Illinois Municipal Retirement Fund	1,500	7,365
Payroll taxes - FICA and Medicare	6,500	6,122
Total salaries and benefits	88,000	94,225
Services:		
Auto/property damage claims	20,000	5,327
Insurance - buildings/vehicles	50,000	57,879
Insurance fees	55,000	18,197
Legal fees	-	513
Medical liability claim expense	275,000	133,532
Personal injury claims	1,500,000	15,299
Workers' compensation disability medical claims	150,000	139,343
Total services	2,050,000	370,090
Miscellaneous:		
Licenses/fees	1,000	-
Meetings and seminars	500	-
Travel/transportation	600	600
Total miscellaneous	2,100	600
Total Insurance Loss Department	\$ 2,140,100	\$ 464,915
Civil Service Commission	\$ 54,000	\$ 23,318

(cont'd)

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2010**

	Original and Final Budget	Actual
Marketing Department:		
Salaries and benefits:		
Full-time salaries	\$ 56,000	\$ 55,376
Illinois Municipal Retirement Fund	4,200	4,876
Payroll taxes - FICA and Medicare	4,500	4,109
Total salaries and benefits	64,700	64,361
Services:		
Computers and software	1,500	-
Insurance	4,200	3,717
Other contractual services	8,000	-
Professional consulting/engineering	5,000	12,143
Telephone	2,000	-
Training	500	-
Total services	21,200	15,860
Supplies and materials - printing, postage and office supplies	17,900	1,321
Repairs and maintenance - equipment rental	-	367
Miscellaneous:		
Advertising and marketing	7,700	3,941
Community promotions	89,000	84,845
Dues and subscriptions	700	-
Licenses and fees	2,000	-
Meetings and seminars	4,400	162
Pass through grant expenditures	1,400,000	-
Rentals and leasing fees	8,000	-
State/federal grant match	46,000	12,143
Travel/transportation	400	650
Total miscellaneous	1,558,200	101,741
Capital expenditures	1,000	-
Total Marketing Department	\$ 1,663,000	\$ 183,650
Debt service - police department - capital lease obligations	\$ 173,953	\$ 173,953

See independent auditor's report.

City of Blue Island
Combining Balance Sheet - Nonmajor Governmental Funds
April 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Projects - CDBG Fund	Total
Assets				
Cash and investments	\$ 539,057	\$ -	\$ -	\$ 539,057
Receivables:				
Property taxes receivable - net of allowance for uncollectible taxes	483,836	1,164,680	-	1,648,516
Grants receivable	-	-	455,000	455,000
Other	50,895	-	-	50,895
Due from other funds	2,580,832	2,535,713	6,770	5,123,315
Total assets	\$3,654,620	\$3,700,393	\$ 461,770	\$7,816,783
Liabilities				
Liabilities:				
Accounts payable	\$ 7,659	\$ -	\$ -	\$ 7,659
Due to other funds	554,823	518,374	-	1,073,197
Deferred revenue:				
Property taxes	483,836	1,164,680	-	1,648,516
Grant revenue	-	-	461,770	461,770
Total liabilities	1,046,318	1,683,054	461,770	3,191,142
Fund Balances				
Unreserved:				
Debt Service Funds	-	2,017,339	-	2,017,339
Special Revenue Funds	2,608,302	-	-	2,608,302
Total fund balances	2,608,302	2,017,339	-	4,625,641
Total liabilities and fund balances	\$3,654,620	\$3,700,393	\$ 461,770	\$7,816,783

See independent auditor's report.

City of Blue Island
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended April 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Projects - CDBG Fund	Total
Revenues:				
Property taxes	\$ 1,006,366	\$ 1,568,875	\$ -	\$ 2,575,241
Personal property and replacement taxes	40,579	-	-	40,579
State allotments	592,137	-	-	592,137
Grants	-	-	237,880	237,880
Interest	602	-	147	749
Miscellaneous	12,131	-	-	12,131
Total revenues	<u>1,651,815</u>	<u>1,568,875</u>	<u>238,027</u>	<u>3,458,717</u>
Expenditures:				
Current:				
General government	42,753	-	-	42,753
Street maintenance	784,680	-	-	784,680
TIF Distribution	148,395	-	-	148,395
Debt service:				
Principal	-	1,810,500	-	1,810,500
Interest	-	515,269	-	515,269
Capital outlay - redevelopment projects	5,893	-	238,027	243,920
Total expenditures	<u>981,721</u>	<u>2,325,769</u>	<u>238,027</u>	<u>3,545,517</u>
Revenues over (under) expenditures before other financing sources (uses)	<u>670,094</u>	<u>(756,894)</u>	<u>-</u>	<u>(86,800)</u>
Other financing sources (uses):				
Operating transfers in	-	1,474,192	-	1,474,192
Operating transfers out	(1,111,453)	-	-	(1,111,453)
Total other financing sources (uses)	<u>(1,111,453)</u>	<u>1,474,192</u>	<u>-</u>	<u>362,739</u>
Net changes in fund balances	<u>(441,359)</u>	<u>717,298</u>	<u>-</u>	<u>275,939</u>
Fund balances, beginning of the year	3,049,661	1,300,041	-	4,349,702
Fund balances, end of the year	<u>\$ 2,608,302</u>	<u>\$ 2,017,339</u>	<u>\$ -</u>	<u>\$ 4,625,641</u>

See independent auditor's report.

City of Blue Island
Combining Balance Sheet - Nonmajor Special Revenue Funds
April 30, 2010

Assets	Motor Fuel Tax	Special Tax Increment Allocation Fund I	Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund IV	Special Tax Increment Allocation Fund V	Police Pension Fund	Firefighters' Pension Fund	Total
Cash and investments	\$ 59,251	\$ 3,826	\$ 364,106	\$ 24,098	\$ 87,776	\$ -	\$ -	\$ 539,057
Receivables:								
Property taxes receivable - net of allowance for uncollectible taxes	-	-	402,080	16,275	65,481	-	-	483,836
Other	50,895	-	-	-	-	-	-	50,895
Due from other funds	453,930	129,419	1,570,047	-	-	311,241	116,195	2,580,832
Total assets	\$ 564,076	\$ 133,245	\$ 2,336,233	\$ 40,373	\$ 153,257	\$ 311,241	\$ 116,195	\$ 3,654,620
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 6,696	\$ -	\$ -	\$ -	\$ 963	\$ -	\$ -	\$ 7,659
Due to other funds	-	39,358	515,465	-	-	-	-	554,823
Deferred revenue - property tax	-	-	402,080	16,275	65,481	-	-	483,836
Total liabilities	6,696	39,358	917,545	16,275	66,444	-	-	1,046,318
Fund balances - unreserved, undesignated	557,380	93,887	1,418,688	24,098	86,813	311,241	116,195	2,608,302
Total liabilities and fund balances	\$ 564,076	\$ 133,245	\$ 2,336,233	\$ 40,373	\$ 153,257	\$ 311,241	\$ 116,195	\$ 3,654,620

See independent auditor's report.

City of Blue Island
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended April 30, 2010

	Motor Fuel Tax	Special Tax Increment Allocation Fund I	Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund IV	Special Tax Increment Allocation Fund V	Police Pension Fund	Firefighters' Pension Fund	Total
Revenues:								
Property taxes	\$ -	\$ 120,410	\$ 763,518	\$ 23,173	\$ 99,265	\$ -	\$ -	\$ 1,006,366
Personal property and replacement taxes	-	-	-	-	-	23,811	16,768	40,579
State allotments	592,137	-	-	-	-	-	-	592,137
Interest	203	58	290	14	37	-	-	602
Miscellaneous	12,131	-	-	-	-	-	-	12,131
Total revenues	604,471	120,468	763,808	23,187	99,302	23,811	16,768	1,651,815
Expenditures:								
Current:								
General government	-	2,500	3,660	-	9,096	9,989	17,508	42,753
Street maintenance	784,680	-	-	-	-	-	-	784,680
TIF Distribution	-	148,395	-	-	-	-	-	148,395
Capital outlay	-	-	-	2,500	3,393	-	-	5,893
Total expenditures	784,680	150,895	3,660	2,500	12,489	9,989	17,508	981,721
Revenues over (under) expenditures before other financing uses	(180,209)	(30,427)	760,148	20,687	86,813	13,822	(740)	670,094
Other financing uses - transfers out	-	(410,884)	(700,569)	-	-	-	-	(1,111,453)
Net changes in fund balances	(180,209)	(441,311)	59,579	20,687	86,813	13,822	(740)	(441,359)
Fund balances, beginning of the year	737,589	535,198	1,359,109	3,411	-	297,419	116,935	3,049,661
Fund balances, end of the year	\$ 557,380	\$ 93,887	\$ 1,418,688	\$ 24,098	\$ 86,813	\$ 311,241	\$ 116,195	\$ 2,608,302

See independent auditor's report.

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, 2010

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues:			
State allotments	\$ 700,000	\$ 592,137	\$ (107,863)
Interest	10,000	203	(9,797)
Miscellaneous	-	12,131	12,131
	<hr/>	<hr/>	<hr/>
Total revenues	710,000	604,471	(105,529)
Expenditures - current - street maintenance	1,175,000	784,680	390,320
	<hr/>	<hr/>	<hr/>
Net changes in fund balance	\$ (465,000)	(180,209)	\$ 284,791
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of the year		737,589	
		<hr/>	
Fund balance, end of the year		\$ 557,380	
		<hr/>	

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, 2010

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues - personal property and replacement taxes	\$ 30,000	\$ 23,811	\$ (6,189)
Expenditures - payments to Police Pension Fund	996,606	9,989	986,617
Net changes in fund balance	\$ (966,606)	13,822	\$ 980,428
Fund balance, beginning of the year		297,419	
Fund balance, end of the year		\$ 311,241	

See independent auditor's report.

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, 2010

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues - personal property and replacement taxes	\$ 25,000	\$ 16,768	\$ (8,232)
Expenditures - payments to Firefighters' Pension Fund	524,841	17,508	507,333
Net changes in fund balance	<u>\$ (499,841)</u>	<u>(740)</u>	<u>\$ 499,101</u>
Fund balance, beginning of the year		<u>116,935</u>	
Fund balance, end of the year		<u>\$ 116,195</u>	

See independent auditor's report.

**City of Blue Island
Combining Balance Sheet - Nonmajor Debt Service Funds
April 30, 2010**

Assets	Alternate Bond Fund Series 1995	Special Tax Series 1997	Increment Series 1998	Allocation Funds Series 2003	General Obligation Bond Fund Series 2005	General Obligation Bond Fund Series 2007	Total
Property taxes receivable, net of allowance for uncollectible accounts	\$ 370,380	\$ -	\$ 420,443	\$ 181,500	\$ 49,388	\$ 142,969	\$1,164,680
Due from other funds	360,287	490,662	1,322,073	220,724	42,187	99,780	2,535,713
Total assets	\$ 730,667	\$ 490,662	\$1,742,516	\$ 402,224	\$ 91,575	\$ 242,749	\$3,700,393
Liabilities and Municipal Equity							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ 518,374	\$ -	\$ -	\$ -	\$ 518,374
Deferred revenue - property tax	370,380	-	420,443	181,500	49,388	142,969	1,164,680
Total liabilities	370,380	-	938,817	181,500	49,388	142,969	1,683,054
Municipal equity - fund balance - unreserved - future debt service	360,287	490,662	803,699	220,724	42,187	99,780	2,017,339
Total liabilities and municipal equity	\$ 730,667	\$ 490,662	\$1,742,516	\$ 402,224	\$ 91,575	\$ 242,749	\$3,700,393

See independent auditor's report.

City of Blue Island
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Debt Service Funds
For the Year Ended April 30, 2010

	Alternate Bond Fund Series 1995		Special Tax Series 1997		Increment Allocation Funds Series 1998		General Obligation Bond Fund Series 2005		General Obligation Bond Fund Series 2007		Total
Revenues - property taxes	\$ 561,183		\$ 296,317		\$ 278,660	\$ 120,294	\$ 80,707	\$ 231,714		\$1,568,875	
Expenditures - debt service:											
Principal	395,000		415,000		520,000	215,000	75,500	190,000		1,810,500	
Interest	142,010		89,035		180,569	54,588	6,103	42,964		515,269	
Total expenditures	537,010		504,035		700,569	269,588	81,603	232,964		2,325,769	
Revenues over (under) expenditures before other financing sources	24,173		(207,718)		(421,909)	(149,294)	(896)	(1,250)		(756,894)	
Other financing sources - transfers in	-		504,035		700,569	269,588	-	-		1,474,192	
Net changes in fund balances	24,173		296,317		278,660	120,294	(896)	(1,250)		717,298	
Fund balances, beginning of the year	336,114		194,345		525,039	100,430	43,083	101,030		1,300,041	
Fund balances, end of the year	\$ 360,287		\$ 490,662		\$ 803,699	\$ 220,724	\$ 42,187	\$ 99,780		\$2,017,339	

See independent auditor's report.

City of Blue Island
Capital Projects Fund - Community Development Block Grant
Schedule of Specific Community Development
Projects - Cash Basis
April 30, 2010

	Project Number	Project Complete	Budget Authority	Project Drawdowns		Project Disbursements		Project Cash Balance	Deferred Revenue
				Current	Cumulative	Current	Cumulative		
U.S. Department of Housing and Urban Development - pass through by Cook County Community Development Block Grant:									
Rehabilitation projects - residential rehab	PI 1997	No	\$ -	\$ 4,867	\$ 275,202	\$ 19,955	\$ 273,119	\$ 2,083	\$ 2,083
Construction projects:									
Prairie Street	07-001	No	229,027	229,027	229,027	229,027	229,027	-	-
Union and High Streets	08-002	No	255,000	-	-	-	-	-	255,000
Ann Street	08-201-R	No	200,000	-	-	-	-	-	200,000
Program balance			\$ 684,027	\$ 233,894	\$ 504,229	\$ 248,982	\$ 502,146	\$ 2,083	\$ 457,083

See independent auditor's report.

**City of Blue Island
Water Fund
Schedule of Operating Expenses - Budget and Actual
For the Year Ended April 30, 2010**

	<u>Budget</u>	<u>Actual</u>
Salaries and benefits:		
Full-time salaries	\$ 720,000	\$ 691,547
Part-time salaries	25,000	36,340
Overtime salaries	42,000	26,128
Illinois Municipal Retirement	70,000	62,777
Payroll taxes - FICA and Medicare	62,000	57,103
Employee medical insurance	425,000	281,297
Life insurance	2,000	1,628
Services:		
Audit	5,000	4,700
Computers and software	10,000	6,409
Electricity	55,000	51,214
Engineering	201,500	36,279
Natural gas	3,000	2,189
Other	5,000	3,547
Telephone	10,000	2,579
Training	500	180
Water billing	35,000	26,556
Supplies and materials:		
Concrete/asphalt/stone	30,000	18,876
Gasoline and oil	25,000	21,167
Maintenance supplies	50,000	36,670
Operating supplies	40,000	28,189
Printing, postage and office supplies	8,500	28,980
Uniforms	5,500	5,000
Maintenance and repair:		
Building	10,000	1,663
Equipment	30,000	9,955
Lot/property	1,000	-
Outside contractors	1,600,000	330,566
Tree maintenance	2,500	-
Vehicle	40,000	9,964

(cont'd)

City of Blue Island
Water Fund
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended April 30, 2010

	Budget	Actual
Water purchased from Chicago	\$ 1,800,000	\$ 1,587,619
Miscellaneous:		
Bank charges	5,000	13,091
Community promotions	-	60
Contingent	1,000	200
Dues and subscriptions	800	1,084
Employee/office services	1,000	243
Licenses and fees	10,000	5,000
Meetings and seminars	1,000	-
Miscellaneous	1,500	-
Rentals and leasing fees	15,000	8,371
Capital expenditures:		
New equipment	4,000	-
Water meter purchases	50,000	50,663
Improvements	10,000	-
Vehicles	30,000	-
Retirement of bonds	255,000	195,000
Bond interest and trustee fees	200,215	196,759
	<u>\$ 5,898,015</u>	<u>3,839,593</u>
Less:		
Amounts capitalized as property and equipment		(216,210)
Payment of bond principal and interest		(391,759)
Operating expenses before depreciation		3,231,624
Depreciation		<u>488,609</u>
Total operating expenses		<u>\$ 3,720,233</u>

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, 2010**

	<u>Budget</u>	<u>Actual</u>
Salaries and benefits:		
Full-time salaries	\$ 72,000	\$ 70,222
Part-time salaries	215,000	187,402
Illinois Municipal Retirement	6,000	6,013
Payroll taxes - FICA and Medicare	22,200	19,729
Employee medical insurance	17,500	2,692
Employee life insurance	200	121
Unemployment insurance	2,000	(99)
Services:		
Audit	3,000	2,700
Computers and software	1,000	432
Insurance	1,500	1,205
Servicescape, Inc.	355,000	376,826
Telephone	4,500	3,685
Training	500	-
Utilities	38,000	24,551
Supplies and materials:		
Gas and oil	50,000	29,135
Maintenance supplies	3,000	2,646
Operating supplies	7,000	6,728
Printing, postage and office supplies	2,600	301
Small equipment	2,000	6,000
Uniforms	3,000	2,115
Maintenance and repair:		
Building	15,000	1,796
Equipment	9,000	2,810
Equipment rental	2,000	73
Lot/property	2,000	-
Outside contractors	47,000	46,152
Vehicle	2,000	283
Merchandise for resale	192,000	171,251

(cont'd)

**City of Blue Island
Golf Course Fund
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended April 30, 2010**

	<u>Budget</u>	<u>Actual</u>
Miscellaneous:		
Advertising and marketing	\$ 6,000	\$ 3,099
Agent/trust fees	600	605
Dues and subscriptions	5,300	4,380
Employee/office services	500	546
Licenses and fees	1,000	500
Meetings and seminars	500	-
Miscellaneous	50,000	54,804
Capital expenditures	<u>42,000</u>	<u>1,700</u>
	<u>\$ 1,180,900</u>	<u>1,030,403</u>
Less amounts capitalized as property and equipment		<u>(6,000)</u>
Operating expenses before depreciation		1,024,403
Depreciation		<u>134,614</u>
Total operating expenses		<u>\$ 1,159,017</u>

See independent auditor's report.

City of Blue Island
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
April 30, 2010

Assets	
Municipal land, buildings and improvements	<u>\$31,787,606</u>
Infrastructure	<u>14,673,977</u>
Equipment:	
Police and fire	4,535,620
Playground and recreation	19,503
Civil defense	64,973
Public works	924,235
Street	218,757
Sanitation	57,210
9-1-1 system	812,662
General	<u>801,169</u>
Total equipment	<u>7,434,129</u>
Total capital assets used in the operation of governmental funds	<u>\$53,895,712</u>
Other Credits	
Investment in general capital assets	<u>\$53,895,712</u>

See independent auditor's report.

**City of Blue Island
Public Library
Balance Sheet
April 30, 2010**

Assets

Cash and investments	\$ 996,198
Receivables - property taxes	738,485
Due from primary government	<u>6,255</u>
Total assets	<u>\$ 1,740,938</u>

Liabilities and Fund Balance

Accounts payable	\$ 30,596
Deferred revenue and other liabilities	<u>738,485</u>
Total liabilities	769,081
Fund balance - unreserved, undesignated	<u>971,857</u>
Total liabilities and fund balance	<u>\$ 1,740,938</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, 2010**

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Property taxes	\$ 1,378,000	\$ 1,370,154
Personal property replacement taxes	50,000	44,274
Fines	15,000	16,772
State library/other grants	35,500	30,117
Interest income	5,000	1,066
Other	36,900	61,071
	<u>1,520,400</u>	<u>1,523,454</u>
Total revenues	1,520,400	1,523,454
Expenditures:		
Current:		
Salaries and benefits:		
Salaries	787,650	780,837
Illinois Municipal Retirement	65,000	57,773
Payroll tax - FICA and Medicare	58,000	60,359
Unemployment tax	3,000	1,156
Employee medical insurance	66,000	50,590
Services:		
Audit	4,000	4,250
Computers and software/computer service	30,000	23,496
Finance/bank charges	1,000	698
Heat/light/water	9,000	5,979
Insurance	30,000	21,541
Legal	3,000	255
Other contractual services	8,000	7,109
Professional consulting	12,000	4,493
Security	16,600	-
Telephone	10,000	6,223
T1 line	5,000	2,615
Supplies and materials:		
Audio-visual materials	45,500	40,967
Book purchasing and processing	117,500	121,423
Maintenance supplies	12,000	9,600
On-line resources	25,000	34,567
Periodical subscriptions	24,000	14,615
Printing, postage and office supplies	34,250	27,374

(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, 2010**

	Budget	Actual
Expenditures (cont'd):		
Current (cont'd):		
Maintenance and repair:		
Contract maintenance	\$ 35,000	\$ 32,745
Equipment	5,000	110
Miscellaneous:		
Advertising and marketing	2,000	1,857
Contingent	7,000	1,701
Dues and memberships	2,500	1,685
Meetings and seminars	15,400	7,863
Programming	25,000	25,627
Rentals and leasing fees	15,000	21,598
Shipping, handling and delivery	4,000	2,318
Staff reimbursed purchases	-	79
Capital expenditures:		
Computer equipment	20,000	20,459
Library equipment	23,000	25,828
	Total expenditures	1,520,400
	Revenues over expenditures	\$ -
		105,664
Fund balance, beginning of the year		866,193
Fund balance, end of the year		\$ 971,857

See independent auditor's report.

City of Blue Island
Schedule of General Obligation Debt to Maturity
April 30, 2010

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
	2011	\$ 1,724,000	\$ 396,183	\$ 415,000	\$ 121,865	\$ 435,000
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	-	-
	\$ 8,139,000	\$ 1,146,305	\$ 2,315,000	\$ 380,240	\$ 1,360,000	\$ 139,875

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
\$ 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	-	-	-	-
\$ 3,255,000	\$ 499,050	\$ 1,130,000	\$ 124,019	\$ 79,000	\$ 3,121

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.

City of Blue Island
Schedule of Tax Collections and Taxes Refundable
For the Year Ended April 30, 2010

Levy Year	Tax Extension	Gross Taxes Collected		
		Prior	For the Year Ended April 30, 2010	Total as of April 30, 2010
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	6,862,075	-	6,862,075
2008	7,547,900	3,192,387	4,686,602	7,878,989
2009	8,482,603	-	3,806,313	3,806,313
	<u>\$ 69,317,322</u>	<u>\$ 57,735,171</u>	<u>\$ 8,492,915</u>	<u>\$ 66,228,086</u>
By Fund:				
General:				
				\$ 1,764,405
				295,946
				187,433
				224,999
				191,289
				191,289
				61,732
				66,115
				<u>2,983,208</u>
Special Revenue:				
				120,410
				1,564,312
				763,518
				23,173
				99,265
				<u>2,570,678</u>
Debt Service:				
				561,183
				296,317
				278,660
				120,294
				80,707
				231,714
				<u>1,568,875</u>
				1,370,154
				<u>\$ 8,492,915</u>

See independent auditor's report.

Percent Collected	Gross Receivable April 30, 2010	Provision for Loss on Collection	Net Receivable
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)	-
104.39%	(331,089)	(331,089)	-
44.87%	4,676,290	-	4,676,290
	<u>\$ 3,089,236</u>	<u>\$ (1,587,054)</u>	<u>\$ 4,676,290</u>
By Fund:			
General:			
			\$ 1,155,296
			180,421
			114,266
			144,337
			126,295
			126,295
			26,441
			42,098
			<u>1,915,449</u>
Special Revenue:			
			-
			373,840
			402,080
			16,275
			65,481
			<u>857,676</u>
Debt Service:			
			370,380
			-
			420,443
			181,500
			49,388
			142,969
			<u>1,164,680</u>
			738,485
			<u>\$ 4,676,290</u>

STATISTICAL INFORMATION

**City of Blue Island
Schedule of Valuations, Rates and
Extensions for Tax Levy Year 2009
For the Year Ended April 30, 2010**

Tax Levy Year	Assessed Valuation	Extended Tax Rate
2000	\$ 171,336,584	2.1165 %
2001	165,759,152	2.6854
2002	171,181,605	2.6751
2003	211,856,519	2.2149
2004	207,768,422	2.4649
2005	214,789,139	2.2837
2006	252,498,526	2.0950
2007	253,651,868	2.2158
2008	264,437,769	2.4988
2009	301,871,416	2.4019

The 2009 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, 2010**

	2009 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	\$ 2,315,000
Series 2005, dated June 1, 2005	79,000
General Obligation Tax Increment Refunding Bonds:	
Series 1997, dated September 1, 1997	1,360,000
Series 1998, dated March 1, 1998	3,255,000
Series 2003, dated July 30, 2003	1,130,000
Waterworks and Sewerage Bonds (Alternate Revenue Source)	4,240,000
General Sales Tax/Revenue Sharing Receipts Bonds (Alternate Revenue Source)	760,000
General Obligation (Limited Tax) Notes, Series 2010	350,000
Capital lease obligations	115,226
Legal debt margin	\$ 12,432,184

See independent auditor's report.

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 2009 season.

Meadows Golf Course Rates

Driving Range

Bag Size	Fees
Small bag (45 balls)	\$ 5.00
Medium bag (65 balls)	7.00
Large bag (90 balls)	8.50

Greens Fees (Subject to Revision)

	Weekdays	Weekends
18 holes weekdays	\$ 24	\$ 32
9 holes	14	18
Twilight	16	21
Senior with cart (9 holes)	21	27
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
2008	13,875
2009	14,175
2010	14,415

(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>
2008	21,419
2009	22,760
2010	23,230

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
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
2008	2009	2010	301,871,416	905,614,248	14.15

Per capita 2008 EAV (1)	\$ 12,865.85
Per capita 2008 estimated true cash value (1)	38,597.55

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

Source: The City

The following table sets forth the City's 2008 EAV (latest available) by use.

**City of Blue Island
2008 Equalized Assessed Valuation by Use**

	Amount	Percent
Residential	\$ 195,475,214	64.75 %
Commercial	65,713,457	21.77
Industrial	38,350,130	12.71
Railroad	2,332,615	.77
Totals	\$ 301,871,416	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>
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
2008	2009	2010	5,860,420	5,860,505	100.00

(1) Includes the City library levy. Amounts collected and distributed as of April 30, 2010.

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 2008 Equalized Assessed Value are as follows:

<u>Name</u>	<u>Product or Service</u>	<u>2008 EAV (1)</u>	<u>Percent of City's Total 2008 EAV (2)</u>
Support Term Serv Tax	Industrial property	\$ 1,403,262	.46 %
Vision Property Blue Island LLC	Real estate	1,061,583	.35
G&W Electric Co., Inc.	Power cable terminators, splices and switches	829,544	.27
SBC Ameritech	Industrial property with parking lots	781,330	.26
136 Buildings LLC	Apartments	654,842	.22
Irvine Investment LLC	Real estate	454,728	.15
U.S. Properties Inc.	Industrial property	449,999	.15
Forestview Mobile Park	Mobile home park	408,312	.14
Albertsons Property Tax	Supermarket and parking lot	353,692	.12
St. Francis Hospital	Healthcare	310,110	.10
Total		\$ 6,707,402	2.22 %

(1) Source – Cook County Treasurer’s office and Cook County Assessor’s office.

(2) Based on the City’s 2008 EAV of \$301,871,416.

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, 2006 through 2010.

**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>
2006	\$1,525,589	(3.02)%
2007	1,474,207	(3.37)
2008	1,418,657	(3.77)
2009	1,280,807	(9.72)
2010	1,109,322	(13.39)

Percent increase (decrease) from 2006 to 2010 (27.29)%

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, 2006 through April 30, 2010.

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>
2006	\$704,513	2.60%
2007	680,788	(3.37)
2008	655,034	(3.78)
2009	624,915	(4.60)
2010	592,137	(5.25)

Percent decrease from 2006 to 2010

(15.95)%

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, 2006 through April 30, 2010.

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>
2006	\$2,098,604	15.51%
2007	2,324,973	11.92
2008	2,533,894	10.79
2009	2,285,570	(9.80)
2010	2,084,723	(8.79)

Percent decrease from 2006 to 2010

(0.67)%

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, 2006 through April 30, 2010.

City of Blue Island
City Utility Tax

<u>Fiscal Year Ended April 30,</u>	<u>City Utility Tax</u>	<u>Annual Change</u>
2006	\$1,883,524	10.65%
2007	1,731,652	(8.06)
2008	1,772,341	2.35
2009	1,724,411	(2.70)
2010	1,541,427	(10.61)

Percent decrease from 2006 to 2010

(18.16)%

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, 2010**

Legal debt limit (8.625% of assessed valuation) (1)	\$ 26,036,410	
Less amount of debt applicable to legal debt limit (2)	2,509,226	\$ 23,527,184
Legal debt margin	\$ 23,527,184	

- (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)	\$ 1,130,000	\$ 1,130,000	\$ -
General Obligation Alternate Revenue Bonds	11,249,000	8,855,000	2,394,000
General Sales Tax/Revenue Sharing Bonds	760,000	760,000	-
General Obligation Limited Tax Notes	350,000	350,000	-
Contracts and notes	115,226	-	115,226
Totals	\$ 13,604,226	\$ 11,095,000	\$ 2,509,226

Per capita direct bonded debt (3)	\$ 106.94
Percent of direct bonded debt to 2008 EAV (4)	0.83%
Percent of direct debt to 2008 true cash value (5)	0.28%

- (1) Debt information as of April 30, 2010.
- (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 2010.

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>
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	10.9	10.8	10.8	10.6
2010 (1)	10.9	10.9	10.7	10.7

(1) For the month of April 2010.

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>
MetroSouth Medical Center	Healthcare	1,400
A&R Security Service, Inc.	Security officers, building maintenance and investigation services	850 (1)
Blue Island School District # 130	Education	557
Modern Drop Forge	Close tolerance press and hammer forgings	500
City of Blue Island	Municipality	347(2)
G&W Electric Co., Inc.	Power cable terminators, splices and switches	350
Great Lakes Bank, N.A.	Financial institution	75
First Midwest Bank	Financial institution	75
Frasor-Martino Building Maintenance, Inc.	Janitorial services	75
Robertson Worldwide	Fluorescent ballasts and controls transformers	59

(1) Includes Chicago area.

(2) Includes full and part-time employees.

Sources: Phone canvass of employers, 2010 Illinois Manufacturers and Services Directories.

(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 2007.

	<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	\$ 12,251,621	17.47%	\$ 33,777,931	18.28%	\$ 891,036,746	20.49%
Food	10,843,059	15.45	22,652,095	12.55	539,207,574	12.39
General merchandise	7,059,951	10.06	17,734,481	12.26	577,098,195	13.26
Restaurant	9,578,053	13.65	19,299,171	10.45	433,404,527	9.96
Furniture - appliances	4,117,119	5.87	9,042,003	4.89	217,235,073	4.99
Other	<u>26,313,807</u>	<u>37.50</u>	<u>55,576,583</u>	<u>41.57</u>	<u>1,693,085,868</u>	<u>38.91</u>
Totals	<u>\$ 70,163,610</u>	<u>100.00%</u>	<u>\$ 158,082,264</u>	<u>100.00%</u>	<u>\$ 4,351,067,983</u>	<u>100.00%</u>

(1) Dollar amount in thousands.

Source: U.S. Census Bureau 2007 Economic Census

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>	
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
2009	10	1,343,000	24,678,326

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.