

# CITY OF BLUE ISLAND, ILLINOIS COOK COUNTY

## Annual Financial Report

For the Year Ended April 30, 2011

### Administrative Office

13051 South Greenwood Avenue  
Blue Island, Illinois 60406

(708) 597-8600

### Administrative Staff

Donald E. Peloquin – Mayor  
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  
Christine Buckner Cheatle  
Ward 2: Cathie Spizzirri  
Leticia Vieyra  
Ward 3: Nancy Rita  
Mark Patoska  
Ward 4: Marcia Stone  
Mark L. Ruthenberg  
Ward 5: Janice Ostling  
Michael Janko  
Ward 6: Dexter R. Johnson  
Jairo Fraust  
Ward 7: Nancy Thompson  
Domingo Vargas

Prepared by:

Department of Finance  
Carmine Bilotto – Treasurer

**City of Blue Island  
Audit Report  
For the Year Ended April 30, 2011**

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**Table of Contents**

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<b>Independent Auditor's Report</b>	1 - 2
<b>Management's Discussion and Analysis</b>	3 - 12
<b>Basic Financial Statements:</b>	
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, 2011**

---

**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

Combining Balance Sheet - Nonmajor Debt Service Funds 91 - 92

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Nonmajor Debt Service Funds 93 - 94

Capital Projects Fund - Community Development Block Grant -  
Schedule of Specific Community Development Projects -  
Cash Basis 95 - 96

(cont'd)

**City of Blue Island  
Audit Report  
For the Year Ended April 30, 2011**

---

**Table of Contents (cont'd)**

---

**Supplemental Section (cont'd):**

Combining and Individual Fund Statements and Schedules (cont'd):

Schedule of Operating Expenses - Budget and Actual:

Water Fund 97 - 98

Golf Course Fund 99 - 100

Capital Assets Used in the Operation of Governmental Funds -  
Schedule by Source 101

Balance Sheet - Public Library 102

Schedule of Revenues, Expenditures and Changes in Fund  
Balance - Budget and Actual - Public Library 103 - 104

Long-term Debt Requirements - Schedule of General  
Obligation Debt to Maturity 105 - 106

**Statistical Information:**

Schedule of Tax Collections and Taxes Refundable 107 - 108

Schedule of Valuations, Rates and Extensions  
for Tax Levy Year 2010 109

Legal Debt Margin 110

**Continuing Bond Disclosures 111 - 121**

## **INDEPENDENT AUDITOR'S REPORT**

# Selden Fox, LTD.

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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, 2011, and the statement of revenue, expenditures and changes in fund balance – budget and actual for the General Fund, 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. E. to the financial statements, management has not obtained an actuarial valuation for the police and firefighters' pension plans since April 30, 2007. Management has recorded a liability for the net pension obligation as of April 30, 2007, but has not recorded an adjustment for any change in that liability between April 30, 2007 and April 30, 2011. Accounting principles generally accepted in the United States of America require the cost of providing pension benefits to be accrued as a liability and expense as employees earn the right to the benefits. The change in this liability each year would either increase or decrease the change in net assets of governmental activities. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental activities is not reasonably determinable.

As discussed in Note IV. F. 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 adjusting the liability for the net pension obligation of the police and firefighters' pension funds as described in the second preceding paragraph, and for 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, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

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

*Selden Fox, Ltd.*

October 31, 2011

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**City of Blue Island, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2011**

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, 2011.

**Financial Highlights**

The assets of the City of Blue Island exceeded its liabilities at the close of the most recent fiscal year by \$40,040,116 (*net assets*). Of this amount, \$40,472,041 is invested in capital assets net of related debt, and \$10,428,915 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 \$10,860,840. 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 \$3,634,333 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 \$2,174,638, an increase of \$1,982,885 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was at a deficit of \$8,642,184.
- The City of Blue Island's total general obligation and alternate revenue bonds decreased by \$1,929,000 (15.58 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 operations and golf course operations.

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 fourteen individual governmental funds at April 30, 2011. 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 three Special Revenue Funds (Special Tax Increment Allocation II Fund, Special Tax Increment Allocation III Fund, and Special Tax Increment Allocation V Fund) which are considered to be major funds. Data from the other eleven governmental funds (Motor Fuel Tax Fund, Special Tax Increment Allocation I Fund, Special Tax Increment Allocation Fund IV, 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, and golf course operations.

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 and golf course, 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 \$40,040,116 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.

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 8.7	\$ 2.3	\$ 11.0
Capital assets	32.5	14.7	47.2
<b>Total assets</b>	<b>\$ 41.2</b>	<b>\$ 17.0</b>	<b>\$ 58.2</b>
Long-term liabilities	\$ 11.1	\$ 4.1	\$ 15.2
Other liabilities	2.7	.3	3.0
<b>Total liabilities</b>	<b>\$ 13.8</b>	<b>\$ 4.4</b>	<b>\$ 18.2</b>
Net assets:			
Invested in capital assets, net of related debt	\$ 29.8	\$ 10.7	\$ 40.5
Restricted	10.3	.1	10.4
Unrestricted	(12.7)	1.8	(10.9)
<b>Total net assets</b>	<b>\$ 27.4</b>	<b>\$ 12.6</b>	<b>\$ 40.0</b>

**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.

A summary of the statement of net assets at April 30, 2010 is below:

City of Blue Island Statement of Net Assets As of April 30, 2010 (in millions)			
	Governmental Activities	Business-type Activities	Primary Government
Current and other assets	\$ 5.6	\$ 3.1	\$ 8.7
Capital assets	32.4	15.8	48.2
<b>Total assets</b>	<b>\$ 38.0</b>	<b>\$ 18.9</b>	<b>\$ 56.9</b>
Noncurrent liabilities	\$ 13.0	\$ 4.3	\$ 17.3
Other liabilities	2.6	.6	3.2
<b>Total liabilities</b>	<b>\$ 15.6</b>	<b>\$ 4.9</b>	<b>\$ 20.5</b>
Net assets:			
Invested in capital assets, net of related debt	\$ 29.7	\$ 11.6	\$ 41.3
Restricted	9.5	.2	9.7
Unrestricted	(16.8)	2.2	(14.6)
<b>Total net assets</b>	<b>\$ 22.4</b>	<b>\$ 14.0</b>	<b>\$ 36.4</b>

**Governmental Activities.** Governmental activities increased the City of Blue Island's net assets by \$4,994,191. Key elements of this increase are an increase in general revenues as the City benefited from some improvements in the economy, and a transfer in of \$1,166,696, as the City closed out the Commuter Parking Lot Enterprise Fund into the General Fund. Expenses increased by \$2,211,899, which included a redevelopment agreement expense within TIF District V of \$2,047,979 as the City entered into a property tax reimbursement agreement with the entity that took over Metro South Hospital, formerly run by a not for profit organization, in which the City will reimburse certain costs incurred by the Company in the form of property tax rebates over a fixed period.

## Government-wide Financial Analysis (cont'd)

**Business-type Activities.** Business-type activities, after taking into consideration the transfer out of \$1,166,696 related to the closing of the Commuter Parking Lot Fund, decreased the City of Blue Island's net assets by \$1,359,858. The decrease was primarily due to the increased cost of water purchased from Chicago and employee medical insurance.

City of Blue Island  
Changes in Net Assets  
For the Fiscal Year Ended April 30, 2011  
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$ 6.3	25.4 %	\$ 5.0	128.4 %	\$ 11.3	39.6%
Operating grants	.5	1.9	-	-	.5	1.7
Capital grants	.4	1.7	-	-	.4	1.5
General revenue:						
Property taxes	10.2	41.5	-	-	10.2	35.9
Other taxes	5.8	23.6	-	-	5.8	20.4
Other revenues	.3	1.1	-	-	.3	.9
Transfers	1.2	4.8	(1.2)	(28.4)	-	-
<b>Total revenues</b>	<b>24.7</b>		<b>3.8</b>		<b>28.5</b>	
Expenses:						
Governmental activities:						
General government	7.5	38.1	-	-	7.5	30.1
Public safety	7.3	37.0	-	-	7.3	29.2
Public works	4.3	21.9	-	-	4.3	17.3
Culture and Recreation	.1	.4	-	-	.1	.3
Senior citizens	.1	.6	-	-	.1	.5
Interest	.4	2.0	-	-	.4	1.6
Business-type:						
Water and sewer	-	-	4.1	79.0	4.1	16.6
Golf course	-	-	1.1	21.0	1.1	4.4
<b>Total expenses</b>	<b>19.7</b>		<b>5.2</b>		<b>24.9</b>	
<b>Change in net assets</b>	<b>\$ 5.0</b>		<b>\$ (1.4)</b>		<b>\$ 3.6</b>	

### 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 \$3,394,421 in the current year as TIF V began receiving increments.
- 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, 2010 (in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
<b>Program revenues:</b>						
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
<b>General revenue:</b>						
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
<b>Total revenues</b>	<b>18.6</b>		<b>5.1</b>		<b>23.7</b>	
<b>Expenses:</b>						
<b>Governmental activities:</b>						
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
<b>Business-type:</b>						
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
<b>Total expenses</b>	<b>17.3</b>		<b>5.1</b>		<b>22.4</b>	
<b>Change in net assets</b>	<b>\$ 1.3</b>		<b>\$ (.0)</b>		<b>\$ 1.3</b>	

**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, *unassigned 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 and Golf Course funds at the end of the year amounted to \$1,855,819. The total decrease in net assets for the funds was \$193,162. Other factors concerning the finances of these two 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	\$ 3.2	\$ 3.2	\$ 3.3
Intergovernmental	5.9	5.9	5.2
Other	8.1	8.1	7.4
<b>Total revenues</b>	<b>17.2</b>	<b>17.2</b>	<b>15.9</b>
Expenditures:			
Current:			
General government	2.0	2.0	1.3
Building	.4	.4	.4
Planning	1.2	1.2	.3
Police	6.2	6.2	5.4
Fire	2.7	2.7	1.8
Public works	9.9	9.9	3.1
Playground and recreation	.3	.3	.1
Insurance loss	4.6	4.6	3.1
Marketing	1.7	1.7	.3
Debt service	.1	.1	.1
<b>Total expenditures</b>	<b>29.1</b>	<b>29.1</b>	<b>15.9</b>
Other financing sources	-	-	1.0
<b>Change in fund         balance</b>	<b>\$ (11.9)</b>	<b>\$ (11.9)</b>	<b>\$ 1.0</b>

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, 2011 amounts to \$47,217,041 (\$48,237,720 at April 30, 2010), 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 \$1,020,679. This included an increase in the governmental activities of \$99,649 and a decrease of \$1,120,328 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	
	2011	2010	2011	2010	2011	2010
Land	\$ 20.3	\$ 20.0	\$ .7	\$ 1.0	\$ 21.0	\$ 21.0
Buildings and land improve- ments	6.0	6.1	3.0	3.4	9.0	9.5
Infrastructure	4.6	4.7	10.9	11.3	15.5	16.0
Construction in progress	-	-	-	-	-	-
Equipment	1.6	1.6	.1	.1	1.7	1.7
<b>Total</b>	<b>\$ 32.5</b>	<b>\$ 32.4</b>	<b>\$ 14.7</b>	<b>\$ 15.8</b>	<b>\$ 47.2</b>	<b>\$ 48.2</b>

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

**Long-term Debt.** At the end of fiscal year 2011, the City of Blue Island had total bonded debt outstanding of \$10,450,000 (\$12,379,000 at 2010). The balance at April 30, 2011 included only general obligation bonds. All of this bonded debt is backed by the full faith and credit of the government. In the current year, the City paid off the two outstanding capital leases 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 \$556,000 at April 30, 2011 (\$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	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 6.4	\$ 8.2	\$ -	\$ -	\$ 6.4	\$ 8.2
Alternate revenue source bonds	.6	.8	4.0	4.2	4.6	5.0
	<u>\$ 7.0</u>	<u>\$ 9.0</u>	<u>\$ 4.0</u>	<u>\$ 4.2</u>	<u>\$ 11.0</u>	<u>\$ 13.2</u>

The City of Blue Island's total debt, including notes payable and capital leases, decreased by \$2,248,226 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, 2011 was \$15,104,398.

Additional information on the City of Blue Island's long-term debt can be found in Note III.F. 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, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
<b>Assets</b>				
Cash and investments	\$ 3,026,836	\$ 205,764	\$ 3,232,600	\$ 1,043,385
Receivables	6,442,654	405,676	6,848,330	821,009
Due from primary government	-	-	-	7,301
Internal balances	(1,504,619)	1,504,619	-	-
Restricted cash	671,505	97,213	768,718	-
Prepaid items	26,016	-	26,016	4,623
Inventory	-	23,496	23,496	-
Deferred bond issuance costs	7,795	93,245	101,040	-
Capital assets not depreciated - land	20,289,512	678,958	20,968,470	-
Capital assets (net of accumulated depreciation):				
Buildings and land improvements	6,029,864	3,052,882	9,082,746	21,663
Infrastructure	4,619,919	10,919,128	15,539,047	-
Equipment	1,564,986	61,792	1,626,778	43,380
<b>Total assets</b>	<b>41,174,468</b>	<b>17,042,773</b>	<b>58,217,241</b>	<b>1,941,361</b>
<b>Liabilities</b>				
Accounts payable and other accrued expenses	2,419,667	218,753	2,638,420	44,601
Accrued interest expense	132,322	76,339	208,661	-
Due to component unit	7,301	-	7,301	-
Deferred revenue	168,056	-	168,056	-
Noncurrent liabilities:				
Due within one year	1,929,000	218,479	2,147,479	-
Due in more than one year	9,108,798	3,898,410	13,007,208	-
<b>Total liabilities</b>	<b>13,765,144</b>	<b>4,411,981</b>	<b>18,177,125</b>	<b>44,601</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	29,794,281	10,677,760	40,472,041	65,043
Restricted for grant purposes	52,368	-	52,368	-
Restricted for public safety	619,137	-	619,137	-
Restricted by state statute	7,774,561	-	7,774,561	-
Restricted for debt service	1,885,636	97,213	1,982,849	-
Unrestricted	(12,716,659)	1,855,819	(10,860,840)	1,831,717
<b>Total net assets</b>	<b>\$ 27,409,324</b>	<b>\$ 12,630,792</b>	<b>\$ 40,040,116</b>	<b>\$ 1,896,760</b>

See accompanying notes and independent auditor's report.

**City of Blue Island  
Statement of Activities  
For the Year Ended April 30, 2011**

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
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 7,495,658	\$ 2,461,841	\$ 472,872	\$ -	\$ (4,560,945)	\$ -	\$ (4,560,945)	\$ -
Public safety	7,220,404	2,492,264	-	-	(4,728,140)	-	(4,728,140)	-
Public works	4,314,436	1,294,096	-	424,852	(2,595,488)	-	(2,595,488)	-
Civil defense	36,828	-	-	-	(36,828)	-	(36,828)	-
Culture and recreation	75,652	4,660	-	-	(70,992)	-	(70,992)	-
Senior citizens	110,235	14,347	-	-	(95,888)	-	(95,888)	-
Interest on long-term debt	394,424	-	-	-	(394,424)	-	(394,424)	-
<b>Total governmental activities</b>	<b>19,647,637</b>	<b>6,267,208</b>	<b>472,872</b>	<b>424,852</b>	<b>(12,482,705)</b>	<b>-</b>	<b>(12,482,705)</b>	<b>-</b>
Business-type activities:								
Water and sewer	4,127,476	4,060,453	-	-	-	(67,023)	(67,023)	-
Golf course	1,096,311	961,241	-	-	-	(135,070)	(135,070)	-
<b>Total business-type activities</b>	<b>5,223,787</b>	<b>5,021,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(202,093)</b>	<b>(202,093)</b>	<b>-</b>
<b>Total primary government</b>	<b>\$24,871,424</b>	<b>\$11,288,902</b>	<b>\$ 472,872</b>	<b>\$ 424,852</b>	<b>(12,482,705)</b>	<b>(202,093)</b>	<b>(12,684,798)</b>	<b>-</b>
<b>Component unit - public library</b>	<b>\$ 1,330,716</b>	<b>\$ 33,885</b>	<b>\$ 28,728</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,268,103)</b>
General revenues:								
Property taxes					10,221,993	-	10,221,993	1,295,575
Replacement taxes					253,827	-	253,827	54,616
Sales taxes					1,183,308	-	1,183,308	-
Income taxes					1,889,650	-	1,889,650	-
Motor fuel taxes					593,572	-	593,572	-
Utility taxes					1,563,222	-	1,563,222	-
Local use and foreign fire taxes					335,087	-	335,087	-
Rental income/reimbursements/miscellaneous					266,160	8,453	274,613	37,359
Unrestricted investment earnings					3,381	478	3,859	1,152
Transfers					1,166,696	(1,166,696)	-	-
<b>Total general revenues</b>					<b>17,476,896</b>	<b>(1,157,765)</b>	<b>16,319,131</b>	<b>1,388,702</b>
<b>Change in net assets</b>					<b>4,994,191</b>	<b>(1,359,858)</b>	<b>3,634,333</b>	<b>120,599</b>
Net assets, beginning of the year					22,415,133	13,990,650	36,405,783	1,776,161
Net assets, end of the year					<b>\$ 27,409,324</b>	<b>\$ 12,630,792</b>	<b>\$ 40,040,116</b>	<b>\$ 1,896,760</b>

See accompanying notes and independent auditor's report.

**City of Blue Island  
Balance Sheet - Governmental Funds  
April 30, 2011**

<b>Assets</b>	General	Special Tax Increment Allocation Fund II	Special Tax Increment Allocation Fund III
Cash and investments	\$ 662,366	\$ 726,501	\$ 471,204
Receivables:			
Property taxes	1,735,685	1,084,350	387,077
Customers	142,083	-	-
Grants	-	-	-
Other	-	-	-
Due from other governmental agencies	1,223,199	-	-
Due from other funds	3,547,075	3,922,388	2,265,750
Interfund receivables	-	64,776	-
Restricted cash	671,505	-	-
Prepaid items	26,016	-	-
Advances to other funds	-	162,420	-
<b>Total assets</b>	<b>\$ 8,007,929</b>	<b>\$ 5,960,435</b>	<b>\$ 3,124,031</b>
<b>Liabilities and Fund Balance (Deficit)</b>			
Liabilities:			
Accounts payable	\$ 350,002	\$ 170	\$ 170
Accrued expenses	173,001	-	-
Due to other funds	13,106,538	-	515,465
Due to component unit	7,301	-	-
Deferred revenue and other liabilities	1,735,685	1,084,350	387,077
Interfund payables	64,776	-	-
Claims incurred and unreported	352,869	-	-
Advances from other funds	162,420	-	-
<b>Total liabilities</b>	<b>15,952,592</b>	<b>1,084,520</b>	<b>902,712</b>
Fund balance (deficit):			
Nonspendable	26,016	-	-
Restricted for grant purposes	52,368	-	-
Restricted for public safety	619,137	-	-
Restricted under state statute	-	4,875,915	2,221,319
Assigned, reported in:			
Special Revenue Funds	-	-	-
Debt Service Funds	-	-	-
Unassigned	(8,642,184)	-	-
<b>Total fund balance (deficit)</b>	<b>(7,944,663)</b>	<b>4,875,915</b>	<b>2,221,319</b>
<b>Total liabilities and fund balance</b>	<b>\$ 8,007,929</b>	<b>\$ 5,960,435</b>	<b>\$ 3,124,031</b>

See accompanying notes and independent auditor's report.

<b>Special Tax Increment Allocation Fund V</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,050,815	\$ 115,950	\$ 3,026,836
894,222	791,396	4,892,730
-	-	142,083
-	136,216	136,216
-	48,426	48,426
-	-	1,223,199
-	2,939,643	12,674,856
-	-	64,776
-	-	671,505
-	-	26,016
-	-	162,420
<b>\$ 1,945,037</b>	<b>\$ 4,031,631</b>	<b>\$ 23,069,063</b>
\$ 524,200	\$ 19,255	\$ 893,797
-	-	173,001
46	557,426	14,179,475
-	-	7,301
894,222	959,452	5,060,786
-	-	64,776
-	-	352,869
-	-	162,420
<b>1,418,468</b>	<b>1,536,133</b>	<b>20,894,425</b>
-	-	26,016
-	-	52,368
-	-	619,137
526,569	150,758	7,774,561
-	459,104	459,104
-	1,885,636	1,885,636
-	-	(8,642,184)
<b>526,569</b>	<b>2,495,498</b>	<b>2,174,638</b>
<b>\$ 1,945,037</b>	<b>\$ 4,031,631</b>	<b>\$ 23,069,063</b>

**City of Blue Island**  
**Reconciliation of Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**April 30, 2011**

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Total fund balance - governmental funds (page 17)	\$ 2,174,638
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	32,504,281
Bond issuance costs are amortized over the life of the issue for governmental activities, but expensed in the period paid in the governmental funds.	7,795
Litigation settlement contingent upon the City obtaining a bond from which the proceeds would be used to pay the settlement. The liability is 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.	(132,322)
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net assets.	4,892,730
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(11,037,798)</u>
Net assets of governmental activities (page 13)	<u>\$ 27,409,324</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, 2011**

	General	Special Tax Increment Allocation Fund II	Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund V	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 3,276,057	\$ 833,632	\$ 806,062	\$ 2,561,273	\$ 1,790,046	\$ 9,267,070
Personal property and replacement taxes	253,827	-	-	-	-	253,827
Other taxes	4,971,267	-	-	-	-	4,971,267
Licenses	519,761	-	-	-	-	519,761
Permits	124,051	-	-	-	-	124,051
State allotments	-	-	-	-	593,572	593,572
Fines	725,196	-	-	-	-	725,196
Grants	472,872	-	-	-	424,852	897,724
Interest	1,911	260	274	325	611	3,381
9-1-1 system fees	896,919	-	-	-	-	896,919
Sanitation fees	1,294,096	-	-	-	-	1,294,096
Other	3,391,453	-	-	-	95,016	3,486,469
<b>Total revenues</b>	<b>15,927,410</b>	<b>833,892</b>	<b>806,336</b>	<b>2,561,598</b>	<b>2,904,097</b>	<b>23,033,333</b>
<b>Expenditures:</b>						
Current:						
General government	1,288,697	4,952	3,705	73,863	31,173	1,402,390
Building	353,931	-	-	-	-	353,931
Planning	327,768	-	-	-	-	327,768
Police	5,401,917	-	-	-	-	5,401,917
Fire	1,762,913	-	-	-	-	1,762,913
Public works	3,115,356	-	-	-	-	3,115,356
Playground and recreation	65,849	-	-	-	-	65,849
Street	-	-	-	-	787,004	787,004
Insurance loss	3,132,750	-	-	-	-	3,132,750
Civil Service Commission	36,828	-	-	-	-	36,828
Marketing	263,940	-	-	-	-	263,940
Debt service	120,063	-	-	-	2,357,929	2,477,992
Capital outlay	-	-	-	-	425,284	425,284
Capital outlay - redevelopment agreements	-	-	-	2,047,979	-	2,047,979
<b>Total expenditures</b>	<b>15,870,012</b>	<b>4,952</b>	<b>3,705</b>	<b>2,121,842</b>	<b>3,601,390</b>	<b>21,601,901</b>

(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, 2011**

	General	Special Tax Increment Allocation Fund II
<b>Revenues over (under) expenditures before other financing sources (uses)</b>	\$ 57,398	\$ 828,940
Other financing sources (uses):		
Transfers in	982,502	-
Transfers out	-	(503,700)
<b>Total other financing sources (uses)</b>	982,502	(503,700)
<b>Net changes in fund balances (deficit)</b>	1,039,900	325,240
Fund balances (deficit), beginning of the year	(8,984,563)	4,550,675
Fund balances (deficit), end of the year	\$ (7,944,663)	\$ 4,875,915

Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund V	Other Governmental Funds	Total Governmental Funds
\$ 802,631	\$ 439,756	\$ (697,293)	\$ 1,431,432
-	-	503,700	1,486,202
-	-	(431,049)	(934,749)
-	-	72,651	551,453
802,631	439,756	(624,642)	1,982,885
1,418,688	86,813	3,120,140	191,753
\$ 2,221,319	\$ 526,569	\$ 2,495,498	\$ 2,174,638

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, 2011**

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

Net change in fund balance - total governmental funds (page 22)	\$ 1,982,885
<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>	(515,594)
<p>The net book value of capital assets transferred from the Commuter Parking Lot Fund (Enterprise Fund) to the governmental activities is recognized as a transfer in the governmental activities but is not recorded within the governmental funds</p>	615,243
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	954,925
<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>	2,042,616
<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>(85,884)</u>
Change in net assets of governmental activities (page 15)	<u>\$ 4,994,191</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, 2011**

	Original and Final Budget	Actual
Revenues:		
Taxes:		
Property taxes	\$ 3,206,456	\$ 3,276,057
Personal property replacement tax	300,000	253,827
Other taxes	5,650,000	4,971,267
Licenses	570,000	519,761
Permits	150,000	124,051
Fines	650,000	725,196
Grants	2,400,000	472,872
Interest	-	1,911
Other	4,290,000	5,582,468
<b>Total revenues</b>	<b>17,216,456</b>	<b>15,927,410</b>
Expenditures:		
Current:		
General government	1,980,068	1,288,697
Building	419,000	353,931
Planning	1,180,404	327,768
Police	4,558,250	4,378,227
911 Center	1,654,500	1,023,690
Fire	2,750,600	1,762,913
Public works	9,861,600	3,115,356
Playground and recreation	272,950	65,849
Insurance loss	4,589,800	3,132,750
Civil Service Commission	39,000	36,828
Marketing	1,730,413	263,940
Debt service	97,230	120,063
<b>Total expenditures</b>	<b>29,133,815</b>	<b>15,870,012</b>
<b>Revenues over (under) expenditures     before other financing sources</b>	<b>(11,917,359)</b>	<b>57,398</b>
Other financing sources - transfers in	-	982,502
<b>Net changes in fund deficit</b>	<b>\$ (11,917,359)</b>	<b>1,039,900</b>
Fund deficit, beginning of the year		<b>(8,984,563)</b>
Fund deficit, end of the year		<b>\$ (7,944,663)</b>

See accompanying notes and independent auditor's report.

**City of Blue Island**  
**Proprietary Funds - Enterprise Funds**  
**Statement of Net Assets**  
**April 30, 2011**

<b>Assets</b>	<u>Water</u>	<u>Commuter Parking Lot</u>	<u>Golf Course</u>	<u>Total</u>
Current assets:				
Cash and investments	\$ 181,944	\$ -	\$ 23,820	\$ 205,764
Accounts receivable:				
Customers	420,676	-	-	420,676
Less allowance for doubtful accounts	(15,000)	-	-	(15,000)
Due from other funds	5,104,788	-	-	5,104,788
Inventory	-	-	23,496	23,496
<b>Total current assets</b>	<b>5,692,408</b>	<b>-</b>	<b>47,316</b>	<b>5,739,724</b>
Restricted assets - cash - bond reserve accounts	97,213	-	-	97,213
Property and equipment:				
Land	8,958	-	670,000	678,958
Buildings and land improvements	94,554	-	4,633,326	4,727,880
Infrastructure	19,311,478	-	-	19,311,478
Equipment	866,008	-	485,945	1,351,953
Less accumulated depreciation	(9,272,496)	-	(2,085,013)	(11,357,509)
<b>Total capital assets</b>	<b>11,008,502</b>	<b>-</b>	<b>3,704,258</b>	<b>14,712,760</b>
Other assets - deferred revenue bond issuance costs	93,245	-	-	93,245
<b>Total other assets</b>	<b>93,245</b>	<b>-</b>	<b>-</b>	<b>93,245</b>
<b>Total assets</b>	<b>\$16,891,368</b>	<b>\$ -</b>	<b>\$ 3,751,574</b>	<b>\$20,642,942</b>

See accompanying notes and independent auditor's report.

<b>Liabilities</b>	<u>Water</u>	<u>Commuter Parking Lot</u>	<u>Golf Course</u>	<u>Total</u>
Current liabilities:				
Accounts payable	\$ 152,407	\$ -	\$ 36,799	\$ 189,206
Accrued salaries	15,415	-	7,277	22,692
Due to other funds	-	-	3,600,169	3,600,169
Bonds payable	215,000	-	-	215,000
Unamortized bond premium	3,479	-	-	3,479
Other liabilities	1,814	-	5,041	6,855
<b>Total current liabilities</b>	<b>388,115</b>	<b>-</b>	<b>3,649,286</b>	<b>4,037,401</b>
Current liabilities payable from restricted assets - accrued interest	76,339	-	-	76,339
Long-term liabilities (net of current maturities):				
Compensated absences payable	16,591	-	-	16,591
Bonds payable	3,820,000	-	-	3,820,000
Unamortized bond premium	61,819	-	-	61,819
<b>Total noncurrent liabilities</b>	<b>3,974,749</b>	<b>-</b>	<b>-</b>	<b>3,974,749</b>
<b>Total liabilities</b>	<b>4,362,864</b>	<b>-</b>	<b>3,649,286</b>	<b>8,012,150</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	6,973,502	-	3,704,258	10,677,760
Restricted for debt service	97,213	-	-	97,213
Unrestricted	5,457,789	-	(3,601,970)	1,855,819
<b>Total net assets</b>	<b>12,528,504</b>	<b>-</b>	<b>102,288</b>	<b>12,630,792</b>
<b>Total net assets</b>	<b>\$16,891,368</b>	<b>\$ -</b>	<b>\$ 3,751,574</b>	<b>\$20,642,942</b>

**City of Blue Island**  
**Proprietary Funds - Enterprise Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended April 30, 2011**

	Water	Commuter Parking Lot	Golf Course	Total
Operating revenues:				
Water	\$ 3,409,173	\$ -	\$ -	\$ 3,409,173
Sewer maintenance	637,474	-	-	637,474
Water meter	13,806	-	-	13,806
Parking fees	-	-	-	-
Golf course	-	-	673,062	673,062
Pro shop and concessions	-	-	288,179	288,179
Miscellaneous	-	-	5,135	5,135
<b>Total operating revenues</b>	4,060,453	-	966,376	5,026,829
Operating expenses	3,934,444	-	1,096,311	5,030,755
<b>Operating income (loss)</b>	126,009	-	(129,935)	(3,926)
Nonoperating income (expenses):				
Interest income	411	-	67	478
Interest expense	(188,295)	-	-	(188,295)
Bond issuance costs amortization	3,318	-	-	3,318
Bond discount amortization	(4,737)	-	-	(4,737)
<b>Nonoperating income (expense)</b>	(189,303)	-	67	(189,236)
<b>Loss before transfers</b>	(63,294)	-	(129,868)	(193,162)
Transfer of capital assets at net book value to governmental activities	-	(615,243)	-	(615,243)
Transfer of remaining net assets to General Fund	-	(551,453)	-	(551,453)
<b>Change in net assets</b>	(63,294)	(1,166,696)	(129,868)	(1,359,858)
Net assets, beginning of the year	12,591,798	1,166,696	232,156	13,990,650
Net assets, end of the year	\$12,528,504	\$ -	\$ 102,288	\$12,630,792

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, 2011**

	Water	Commuter Parking Lot	Golf Course	Total
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 4,098,787	\$ -	\$ 966,376	\$ 5,065,163
Payments to suppliers	(3,013,645)	-	(706,690)	(3,720,335)
Payments to employees	(717,975)	-	(252,836)	(970,811)
<b>Net cash from operating activities</b>	<b>367,167</b>	<b>-</b>	<b>6,850</b>	<b>374,017</b>
<b>Cash flows from noncapital financing activities:</b>				
Advances from (to) other funds	(61,909)	527,666	20,103	485,860
Transfers to other funds	-	(551,453)	-	(551,453)
<b>Net cash from noncapital financing activities</b>	<b>(61,909)</b>	<b>(23,787)</b>	<b>20,103</b>	<b>(65,593)</b>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(89,890)	-	(24,450)	(114,340)
Principal paid on capital debt	(205,000)	-	-	(205,000)
Interest paid on capital debt	(191,925)	-	-	(191,925)
<b>Net cash from capital and related financing activities</b>	<b>(486,815)</b>	<b>-</b>	<b>(24,450)</b>	<b>(511,265)</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(165)	-	(2)	(167)
Proceeds from sale of investments	184,000	-	-	184,000
Interest income	411	-	67	478
<b>Net cash from investing activities</b>	<b>184,246</b>	<b>-</b>	<b>65</b>	<b>184,311</b>
<b>Net increase in cash</b>	<b>2,689</b>	<b>(23,787)</b>	<b>2,568</b>	<b>(18,530)</b>
Cash and restricted cash, beginning of the year	275,573	23,787	19,293	318,653
Cash and restricted cash, end of the year	\$ 278,262	\$ -	\$ 21,861	\$ 300,123

(cont'd)

**City of Blue Island**  
**Proprietary Funds - Enterprise Funds**  
**Statement of Cash Flows (cont'd)**  
**For the Year Ended April 30, 2011**

	Water	Commuter Parking Lot	Golf Course	Total
Cash	\$ 181,049	\$ -	\$ 21,861	\$ 202,910
Investments	895	-	1,959	2,854
<b>Cash and investments</b>	<b>\$ 181,944</b>	<b>\$ -</b>	<b>\$ 23,820</b>	<b>\$ 205,764</b>
Cash	\$ 181,049	\$ -	\$ 21,861	\$ 202,910
Restricted cash	97,213	-	-	97,213
<b>Cash and restricted cash</b>	<b>\$ 278,262</b>	<b>\$ -</b>	<b>\$ 21,861</b>	<b>\$ 300,123</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 126,009	\$ -	\$ (129,935)	\$ (3,926)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	487,031	-	132,394	619,425
Decrease in receivables	38,334	-	-	38,334
Decrease in prepaid items	2,116	-	-	2,116
Increase (decrease) in accounts payable	(262,273)	-	2,667	(259,606)
Decrease in accrued salaries and compensated absences	(25,811)	-	(563)	(26,374)
Increase in other liabilities	1,761	-	2,287	4,048
<b>Net cash from operating activities</b>	<b>\$ 367,167</b>	<b>\$ -</b>	<b>\$ 6,850</b>	<b>\$ 374,017</b>

See accompanying notes and independent auditor's report.

**City of Blue Island**  
**Notes to the Financial Statements**

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**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)**

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**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.

**Special Tax Increment Allocation Fund III** – 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.

**Special Tax Increment Allocation Fund V** – 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.

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

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

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

**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.

**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.

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

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

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

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.

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 81%, or \$4,060,000, of revenue of proprietary funds is from water and sewer operations, and 19%, or \$966,000, 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). All annual appropriations lapse at fiscal year end.

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

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

**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.

**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)**

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**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)**

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**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 Balance/Net Assets**

Governmental funds equity is classified as fund balance, and fund balance is further classified as nonspendable, restricted, committed or assigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. A portion of the City's General Fund fund balance is considered nonspendable, as an offset to prepaid items. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. The City also has a portion of the General Fund's fund balance that is restricted for in accordance with various grant agreements totaling \$52,368, and a portion restricted for public safety purposes related to narcotic asset seizures totaling \$619,137. The fund balances of the Special Tax Increment Allocation Funds are restricted for use in accordance with the Illinois Tax Increment Allocation Redevelopment Act. Committed fund balance is constrained by formal actions of City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose and do not require formal action of the City Council. All other special revenue, debt service and capital projects fund balances are considered assigned for the purposes of their respective funds, to the extent those funds have a positive fund balance. Negative fund balances are considered unassigned fund balances.

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

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

**M. Fund Balance/Net Assets (cont'd)**

In the government-wide and proprietary fund financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. A portion of the Water Fund's net assets are restricted for bond and interest reserves. Invested in capital assets, net of related debt, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Unrestricted net assets consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

**II. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

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

- 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.

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

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

**A. Budgetary Information (cont'd)**

- 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, 2011, there were no supplemental appropriations.

**B. Deficit Fund Equity**

The General Fund has a deficit fund balance of \$7,944,663. Funding of this deficit is expected from future tax revenues and transfers from other funds.

**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, 2011, the Junior Bond and Interest Account was underfunded by \$40,280. 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).

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

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

**A. Deposits and Investments (cont'd)**

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.
- 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 \$3,604,907, and the bank balance was \$4,587,447 (\$264,649 and \$265,668, respectively for the City's component unit). Cash on hand totaled \$775 for the City and \$402 for the City's component unit. Of the bank balance, \$500,000 was covered by Federal Depository Insurance (\$265,688 for the City's component unit). The remaining balance of the City's deposits of \$4,087,447 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.

**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)**

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, 2011:

	Carrying Amount	Market Value
Illinois Funds:		
Primary Government	\$ 395,636	\$ 395,636
Component Unit	\$ 778,334	\$ 778,334

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

	Primary Government	Component Unit
Cash on hand	\$ 775	\$ 402
Carrying amount of deposits	3,604,907	264,649
Carrying amount of investments	395,636	778,334
<b>Total cash and investments</b>	<b>\$ 4,001,318</b>	<b>\$ 1,043,385</b>

**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.

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

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

**A. Deposits and Investments (cont'd)**

**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 with Illinois Funds are rated AAA by Standards and Poor's rating service.

**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, 2011 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.

**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 55% 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, 2011, and trade receivables outstanding for greater than 90 days were not considered material at April 30, 2011.

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

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

**C. Capital Assets**

Capital asset activity for the year ended April 30, 2011 is as follows:

	Balances May 1, 2010	Additions	Transfer	Balances April 30, 2011
<b>Governmental Activities</b>				
Capital assets not being depreciated – land	\$ 20,000,000	\$ -	\$ 289,512	\$ 20,289,512
Capital assets being depreciated:				
Buildings and land improvements	11,787,606	-	325,731	12,113,337
Infrastructure	14,673,977	172,938	-	14,846,915
Equipment	7,434,129	204,829	-	7,638,958
Total capital assets being depreciated	33,895,712	377,767	325,731	34,599,210
Less accumulated depreciation for:				
Buildings and land improvements	5,717,404	366,069	-	6,083,473
Infrastructure	9,978,214	248,782	-	10,226,996
Equipment	5,795,462	278,510	-	6,073,972
Total accumulated depreciation	21,491,080	893,361	-	22,384,441
Total capital assets being depreciated, net	12,404,632	(515,594)	325,731	12,214,769
<b>Governmental activities, capital assets, net</b>	<b>\$ 32,404,632</b>	<b>\$ (515,594)</b>	<b>\$ 615,243</b>	<b>\$ 32,504,281</b>

Capital assets with a net book value of \$615,243 were transferred from the Commuter Parking Lot Fund to the governmental activities when the Commuter Parking Lot Fund was closed effective May 1, 2010.

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

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

**C. Capital Assets (cont'd)**

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

General government	\$ 638,734
Public safety	211,382
Highways and streets	<u>43,245</u>
 <b>Total depreciation – governmental activities</b>	 <b><u>\$ 893,361</u></b>

	<u>Balances May 1, 2010</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balances April 30, 2011</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated - land	\$ 968,470	\$ -	\$ (289,512)	\$ 678,958
Capital assets being depreciated:				
Buildings and land improvements	6,825,776	55,875	(2,153,768)	4,727,883
Infrastructure	19,277,460	34,015	-	19,311,475
Equipment	<u>1,483,192</u>	<u>24,450</u>	<u>(155,690)</u>	<u>1,351,952</u>
<b>Capital assets being depreciated</b>	<u>27,586,428</u>	<u>114,340</u>	<u>(2,309,458)</u>	<u>25,391,310</u>
Less accumulated depreciation for:				
Buildings and land improvements	3,403,148	99,890	(1,828,037)	1,675,001
Infrastructure	7,917,447	474,900	-	8,392,347
Equipment	<u>1,401,215</u>	<u>44,635</u>	<u>(155,690)</u>	<u>1,290,160</u>
<b>Total accumulated depreciation</b>	<u>12,721,810</u>	<u>619,425</u>	<u>(1,983,727)</u>	<u>11,357,508</u>
<b>Capital assets being depreciated, net</b>	<u>14,864,618</u>	<u>(505,085)</u>	<u>(325,731)</u>	<u>14,033,802</u>
<b>Capital assets, net</b>	<u>\$ 15,833,088</u>	<u>\$ (505,085)</u>	<u>\$ (615,243)</u>	<u>\$ 14,712,760</u>

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

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

**C. Capital Assets (cont'd)**

Component Unit	Balances May 1, 2010	Additions	Retirements	Balances April 30, 2011
Capital assets being depreciated:				
Buildings and land improvements	\$ 19,000	\$ 7,341	\$ -	\$ 26,341
Equipment	87,495	-	-	87,495
<b>Capital assets being depreciated</b>	<b>106,495</b>	<b>7,341</b>	<b>-</b>	<b>113,836</b>
Less accumulated depreciation for:				
Buildings and land improvements	3,800	878	-	4,678
Equipment	36,879	7,236	-	44,115
<b>Total accumulated depreciation</b>	<b>40,679</b>	<b>8,114</b>	<b>-</b>	<b>48,793</b>
<b>Capital assets being depreciated, net</b>	<b>\$ 65,816</b>	<b>\$ (773)</b>	<b>\$ -</b>	<b>\$ 65,043</b>

**D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of April 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from other funds:</b>		
General	Golf Course	\$ 3,547,029
General	Special Tax Increment Allocation Fund V	46
Motor Fuel Tax	General	393,331
Special Tax Increment Allocation Fund I	General	129,419
Special Tax Increment Allocation Fund II	General	3,198,101
Special Tax Increment Allocation Fund III	General	1,917,146
Special Tax Increment Allocation Fund IV	General	46
Community Development Block Grant	General	12,837
Water	General	5,051,648

(cont'd)

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

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

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

**Due to/from other funds (cont'd):**

Receivable Fund	Payable Fund	Amount
<b>Due to/from other funds (cont'd):</b>		
Alternate Bond Fund – Series 1995	General	\$ 401,114
1997 TIF General Obligation	General	490,662
1998 TIF General Obligation	General	1,329,131
2003 TIF General Obligation	General	81,475
General Obligation Bond Fund – Series 2007	General	101,628
Water	Golf Course	53,140
Special Tax Increment Allocation Fund II	Special Tax Increment Allocation Fund I	39,052
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	<u>348,604</u>
		<b><u>\$ 17,779,644</u></b>
<b>Interfund receivable/payable:</b>		
Special Tax Increment Allocation Fund II	General	<b><u>\$ 64,776</u></b>
<b>Advances to/from other funds:</b>		
Special Tax Increment Allocation Fund II	General	<b><u>\$ 162,420</u></b>

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)**

**D. 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	Police Pension Fund	\$ 311,241
General	Firefighters' Pension Fund	116,195
General	General Obligation Bond Fund Series 2005	3,613
General	Commuter parking Lot Fund	551,453
1997 TIF General Obligation	Special Tax Increment Allocation Fund II	503,700
		<u>\$ 1,486,202</u>

The transfers from the Police and Firefighters' Pension Funds to the General Fund were made to close out these special revenue funds. The Pension Funds now receive their property tax receipts directly, and the City is current with all prior year taxes. These amounts represent a reimbursement for payments made out of the General Fund to the Pension Funds in prior years. The city closed the Commuter Parking Lot enterprise fund effective May 1, 2010. The Fund no longer was required legally, and management has determined that the Fund is no longer considered to be a stand-alone operation. The transfer from the General Obligation Bond Fund Series 2005 was made to close out the Fund as the related debt was fully paid off as of April 30, 2011. The other transfer was made to fund debt service payments as they became due.

**E. Operating Lease Obligations**

The City leases various equipment. The leases are classified as operating leases. The lease payments for the year ended April 30, 2011 and future scheduled lease payments are not considered material to the financial statements.

**F. 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)**

**F. Long-term Debt (cont'd)**

**General Obligation Bonds (cont'd)**

<u>Issues</u>	<u>Balances May 1, 2010</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balances April 30, 2011</u>
<b>General Obligation Bonds:</b>				
1995 Golf Course Refunding Bonds (Alternate Revenue Source), original principal \$6,240,000, annual principal due December 1 at amounts ranging from \$440,000 to \$515,000 through December 1, 2014, interest at 5.10% to 5.30%.	\$ 2,315,000	\$ -	\$ 415,000	\$ 1,900,000
2005 General Obligation (Limited Tax) Bonds, original principal \$350,000, annual principal due December 1 with final payment of \$79,000 made December 1, 2010, interest at 3.95%.	79,000	-	79,000	-
<b>General Obligation Tax Increment Bonds:</b>				
1997 Tax Increment Refunding Series, original principal \$3,070,000, due annually on December 15 at amounts ranging from \$450,000 to \$475,000 through December 15, 2012, interest at 5.05% to 5.10%.	1,360,000	-	435,000	925,000
1998 Tax Increment Refunding Series, original principal \$6,250,000, due annually on December 15 at amounts ranging from \$565,000 to \$750,000 through December 15, 2014, interest at 4.70% to 4.90%.	3,255,000	-	540,000	2,715,000
2003 Tax Increment Refunding Series, original principal \$2,175,000, due annually on December 15 at amounts ranging from \$260,000 to \$330,000 through December 15, 2013, interest at 4.00% to 4.375%.	1,130,000	-	255,000	875,000

(cont'd)

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

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

**F. Long-term Debt (cont'd)**

**General Obligation Bonds (cont'd)**

Issues	Balances May 1, 2010	Issuances	Retirements	Balances April 30, 2011
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%.	\$ 4,240,000	\$ -	\$ 205,000	\$ 4,035,000
	<u>\$ 12,379,000</u>	<u>\$ -</u>	<u>\$ 1,929,000</u>	<u>\$ 10,450,000</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 \$214,000 to \$232,000 plus interest at 4.75% through December 1, 2012.	\$ 760,000	\$ -	\$ 204,000	\$ 556,000

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)**

**F. 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
<b>Governmental activities due in 2012:</b>			
1995 Golf Course	\$ 540,700	\$ 440,000	\$ 100,700
1997 Tax Increment	496,950	450,000	46,950
1998 Tax Increment	695,862	565,000	130,862
2003 Tax Increment	296,594	260,000	36,594
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
<b>Totals</b>	<b>\$ 7,165,122</b>	<b>\$ 6,415,000</b>	<b>\$ 750,122</b>

Fiscal Year Ending April 30	General Obligation Bonds		
	Total	Principal	Interest
<b>Business-type activities (Waterworks and Sewerage Series 2006):</b>			
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	399,538	255,000	144,538
2017 – 2021	1,990,303	1,450,000	540,303
2022 – 2025	1,592,251	1,420,000	172,251
<b>Totals</b>	<b>\$ 5,568,628</b>	<b>\$ 4,035,000</b>	<b>\$ 1,533,628</b>

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

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

**F. 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:			
2012	\$ 237,916	\$ 214,000	\$ 23,916
2013	355,632	342,000	13,632
<b>Totals</b>	<b>\$ 593,548</b>	<b>\$ 556,000</b>	<b>\$ 37,548</b>

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

Alternate revenue source bonds issued in 1995 are also secured by a pledge of operation and maintenance expenses and required credits to various restricted accounts, in an amount up to 1.25 times current debt. At April 30, 2011, 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)**

**F. Long-term Debt (cont'd)**

**Capital Leases**

Capital lease obligations currently outstanding are as follows:

Issues	Balances May 1, 2010	Issuances	Retirements	Balances April 30, 2011
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 \$163,684 at April 30, 2011.	\$ 44,861	\$ -	\$ 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 \$101,253 at April 30, 2011. Lease was paid off early in the current year.	70,365	-	70,365	-
	<u>\$ 115,226</u>	<u>\$ -</u>	<u>\$ 115,226</u>	<u>\$ -</u>

**Noncurrent liability summary:**

	May 1, 2010	Additions	Retirements	April 30, 2011
<b>Governmental Activities</b>				
General obligation bonds	\$ 8,139,000	\$ -	\$ 1,724,000	\$ 6,415,000
Sales tax/revenue sharing receipts (ARS) bonds	760,000	-	204,000	556,000
Capital lease obligations	115,226	-	115,226	-
Compensated absences	435,784	38,036	65,471	408,349
Refunding bond premium	9,249	-	2,312	6,937
Net pension obligation	3,502,690	148,822	-	3,651,512
<b>Subtotal</b>	<u>12,961,949</u>	<u>186,858</u>	<u>2,111,009</u>	<u>11,037,798</u>
<b>Water Fund</b>				
General obligation bonds	4,240,000	-	205,000	4,035,000
Compensated absences	40,345	2,403	26,157	16,591
Reoffering premium	68,616	-	3,318	65,298
<b>Subtotal</b>	<u>4,348,961</u>	<u>2,403</u>	<u>234,475</u>	<u>4,116,889</u>
<b>Total</b>	<u>\$ 17,310,910</u>	<u>\$ 189,261</u>	<u>\$ 2,345,484</u>	<u>\$ 15,154,687</u>

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

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

**G. Short-term Borrowings**

On April 2, 2010 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 made in April 2011. Interest was payable monthly at 5%.

On November 19, 2010, the City issued \$2,000,000 tax anticipation warrants Series 2010, with an interest rate of 2.50% and a maturity date of February 15, 2011 through the South Suburban Mayors and Managers Association short-term loan program. The principal balance was repaid in full prior to year end. Interest paid in connection with the tax anticipation warrants totaled \$19,861.

**H. 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	\$	377,767
Depreciation		<u>(893,361)</u>
 <b>Net decrease to net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</b>		 <b>\$ <u>(515,594)</u></b>

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.

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

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

**H. Reconciliation of Government-wide and Fund Financial Statements (cont'd)**

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.

**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 \$352,869 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, 2008 resulted in the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
<b>Workers' compensation and general liability:</b>				
2008 – 2009	\$ -	\$ 268,411	\$ (268,411)	\$ -
2009 – 2010	-	293,501	(293,501)	-
2010 – 2011	-	427,590	(427,590)	-
<b>Health claims:</b>				
2008 – 2009	131,842	2,194,336	(2,194,336)	131,842
2009 – 2010	131,842	1,579,246	(1,579,246)	131,842
2010 – 2011	131,842	2,942,714	(2,721,687)	352,869

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

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**IV. Other Information (cont'd)**

**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.

**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. The Tax Increment Financing District I was closed in the prior fiscal year.

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 (2009 EAV latest available), is as follows:

	<u>Base EAV</u>	<u>2009 EAV</u>
District II	\$ 9,578,727	\$ 20,427,807
District III	1,473,597	11,076,136
District IV	4,090,525	4,757,106
District V	5,393,027	21,705,991

**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.

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

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**IV. Other Information (cont'd)**

**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.

**1. Illinois Municipal Retirement Fund ("IMRF")**

**Plan Description** – The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with 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](http://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 2010 used by the City was 9.03% of payroll (0.0% for SLEP). The employer annual required contribution rate for the calendar year 2010 was 11.66% (12.91% 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 the fiscal year ended April 30, 2011, the City's annual pension cost for the Regular Plan was \$425,731 and its required contribution was \$533,056. For the SLEP Plan, the City's required and actual contribution was \$0 for the fiscal year ended April 30, 2011.

**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)**

Fiscal Year Ended April 30,	Annual Pension Cost (APC)	Net Pension Obligation	Percentage of APC Contributed
Regular:			
2011	\$ 425,731	148,822	84.03 %
2010	355,910	40,628	77.44
2009	334,161	-	100.00
SLEP:			
2011	-	-	100.00
2010	-	-	100.00
2009	-	-	100.00

The required contribution for 2010 was determined as part of the December 31, 2008 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) post-retirement benefit increases of 3% annually. The actuarial value of the IMRF's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period using a 20% corridor. The City's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis. The City's SLEP plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on open 30 year basis.

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

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**IV. Other Information (cont'd)**

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

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

**Funding Status and Funding Progress** – As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 55.93% funded. The actuarial accrued liability for benefits was \$9,529,703 and the actuarial value of assets was \$5,329,611, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,200,092. The covered payroll (annual payroll of active employees covered by the plan) was \$4,436,821 and the ratio of the UAAL to the covered payroll was 95%.

As of December 31, 2010, the most recent actuarial valuation date, the SLEP plan was 209.67% funded. The actuarial accrued liability for benefits was \$39,931 and the actuarial value of assets was \$83,724, resulting in an overfunded actuarial accrued liability (OAAL) of \$43,793. 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.

**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>
<b>Total</b>	<u><u>67</u></u>

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

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**IV. Other Information (cont'd)**

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

**2. Police Pension (cont'd)**

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.

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.

**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)**

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
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Current employees:

Accumulated employee contributions, including allocated investment earnings	-
Employer-financed, vested	-
Employer-financed, nonvested	<u>9,137,495</u>

<b>Total actuarial accrued liability</b>	<b>20,610,538</b>
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<b>Net assets available for benefits, at market</b>	<u><b>7,325,846</b></u>
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<b>Unfunded actuarial accrued liability</b>	<u><b>\$ 13,284,692</b></u>
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Information regarding actuarial present value of vested and nonvested accumulated benefits is not available. Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

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

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

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

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**IV. Other Information (cont'd)**

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

**2. Police Pension (cont'd)**

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:

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>
<b>Total</b>	<u><b>38</b></u>

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

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**IV. Other Information (cont'd)**

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

**3. Firefighters' Pension (cont'd)**

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.

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.

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

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**IV. Other Information (cont'd)**

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

**3. Firefighters' Pension (cont'd)**

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>
<b>Total actuarial accrued liability</b>	<b>12,033,126</b>
<b>Net assets available for benefits, at market</b>	<u><b>5,488,895</b></u>
<b>Unfunded actuarial accrued liability</b>	<u><b>\$ 6,544,231</b></u>

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.

**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)**

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.

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

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**IV. Other Information (cont'd)**

**F. 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, 2011**

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
<b>Regular</b>						
12/31/10	\$ 5,329,611	\$ 9,529,703	\$ 4,200,092	55.93%	\$4,436,821	94.66%
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%
<b>SLEP</b>						
12/31/10	83,724	39,931	(43,793)	209.67%	-	0.00%
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%

See independent auditor's report.

**City of Blue Island  
Police and Firefighters' Pension Funds  
Required Supplementary Information -  
Schedule of Funding Progress  
April 30, 2011**

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
<b>Police Pension Fund</b>						
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%
<b>Firefighters' Pension Fund</b>						
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.



**GENERAL FUND**

**City of Blue Island  
General Fund  
Schedule of Revenues - Budget and Actual  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
Property taxes	\$ 3,206,456	\$ 3,276,057
Personal property replacement tax	300,000	253,827
Other taxes:		
State income and use	2,250,000	2,224,737
Utility	1,900,000	1,563,222
Municipal retailers' occupation tax	1,500,000	1,183,308
<b>Total taxes</b>	<b>9,156,456</b>	<b>8,501,151</b>
Licenses:		
Vehicle	400,000	367,957
Liquor	40,046	35,760
Business	84,308	75,284
Contractors	45,019	40,200
Animal	627	560
<b>Total licenses</b>	<b>570,000</b>	<b>519,761</b>
Permits:		
Building	97,326	80,489
Electrical	20,459	16,920
Sewer	2,902	2,400
Other	29,313	24,242
<b>Total permits</b>	<b>150,000</b>	<b>124,051</b>
Fines:		
Police	635,223	708,709
Building violations	8,322	9,285
Railroad	6,455	7,202
<b>Total fines</b>	<b>650,000</b>	<b>725,196</b>
Grants	2,400,000	472,872

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Revenues - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
Interest	\$ -	\$ 1,911
Other:		
Sanitation and recycling fees	1,500,000	1,294,096
Ambulance user fees	370,000	349,850
City parking lots	150,000	114,337
Insurance reimbursements	200,000	1,038,083
Maintenance of state roads and traffic signals	100,000	93,232
Miscellaneous	600,000	932,376
Motor fuel tax reimbursement	-	590,602
Television franchise fees	200,000	154,885
Telephone franchise fees	40,000	74,005
Telephone surcharges - 9-1-1 system	380,000	245,865
User fees - 9-1-1 system	750,000	651,054
Vital statistics	-	44,083
<b>Total other</b>	<b>4,290,000</b>	<b>5,582,468</b>
<b>Total revenues</b>	<b>\$ 17,216,456</b>	<b>\$ 15,927,410</b>

See independent auditor's report.

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
<b>General Government:</b>		
<b>Salaries and benefits:</b>		
<b>Mayor's office:</b>		
Full-time salaries	\$ 140,000	\$ 138,017
Part-time salaries	20,000	30,000
Overtime salaries	1,000	-
<b>Finance:</b>		
Full-time salaries	220,000	220,048
Part-time salaries	20,000	12,854
Overtime salaries	1,000	204
<b>Clerk's office:</b>		
Full-time salaries	106,000	77,761
Part-time salaries	2,000	-
<b>General government:</b>		
Part-time salaries	50,000	50,400
Aldermen salaries	33,600	36,200
Seniors' program salaries	73,000	71,234
Salary reimbursements - grant funds	-	(77,483)
Illinois Municipal Retirement Fund	49,000	54,094
Payroll taxes - FICA and Medicare	52,550	46,909
Life/unemployment insurance	2,000	8,100
<b>Total salaries and benefits</b>	<b>770,150</b>	<b>668,338</b>
<b>Services:</b>		
Audit	25,000	8,489
Computers and software	70,500	38,723
Concrete/stone/asphalt	-	27
Expenses of City officials	61,200	61,200
Legal	250,000	96,583
Other	5,000	4,144
Professional consulting and engineering	103,000	73,306
Telephone	162,000	124,100
<b>Total services</b>	<b>676,700</b>	<b>406,572</b>
<b>Supplies and materials:</b>		
Maintenance supplies	9,800	5,530
Operating supplies	2,800	45
Printing, postage and office supplies	32,500	26,366
Small equipment	1,000	712
Vehicle sticker program	10,000	9,624
<b>Total supplies and materials</b>	<b>56,100</b>	<b>42,277</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
General government (cont'd):		
Repairs and maintenance:		
Building	\$ 7,000	\$ 11,742
Curbs and sidewalks	2,000	-
Equipment	6,500	6,725
Outside contractors	500	4,108
<b>Total repairs and maintenance</b>	<b>16,000</b>	<b>22,575</b>
Miscellaneous:		
Bank service charges	2,000	1,267
Community promotions	7,500	10,893
Dues and subscriptions	24,950	13,924
Employee/office services	2,700	431
Interest expense - tax anticipation warrants	15,268	34,283
Legal notices	6,000	2,294
Licenses/fees	41,500	59,494
Main Street Director and other expenses	15,000	18,500
Meetings and seminars	8,600	250
Other	324,100	2,527
Travel/transportation	9,000	5,072
<b>Total miscellaneous</b>	<b>456,618</b>	<b>148,935</b>
Capital expenditures	4,500	-
<b>Total General Government</b>	<b>\$ 1,980,068</b>	<b>\$ 1,288,697</b>
Building Department:		
Salaries and benefits:		
Full-time salaries	\$ 220,000	\$ 220,070
Part-time salaries	50,000	34,182
Illinois Municipal Retirement Fund	25,000	21,958
Payroll taxes - FICA and Medicare	25,000	19,058
<b>Total salaries and benefits</b>	<b>320,000</b>	<b>295,268</b>
Services:		
Computers and software	1,500	960
Engineering	27,500	10,489
Other contractual services	15,000	10,228
Telephone	500	28
Training	1,000	-
<b>Total services</b>	<b>45,500</b>	<b>21,705</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
<b>Building Department (cont'd):</b>		
Supplies and materials:		
Board up expense	\$ 9,000	\$ 8,197
Buildings and street signs	500	45
Gasoline and oil for vehicles	7,500	5,352
Maintenance supplies	500	255
Operating supplies	500	640
Printing, postage and office supplies	4,500	3,659
Radio equipment	1,000	161
Uniforms	2,000	318
<b>Total supplies and materials</b>	<b>25,500</b>	<b>18,627</b>
Repairs and maintenance:		
Building	1,000	-
Elevator inspections	5,000	3,794
Equipment	2,000	2,462
Lot/property	7,000	2,585
Outside contractors	3,000	7,990
Vehicle	4,000	1,319
<b>Total repairs and maintenance</b>	<b>22,000</b>	<b>18,150</b>
Miscellaneous:		
Dues and subscriptions	2,000	-
Employee/office services	500	-
Legal notices	1,000	123
Licenses and fees	1,500	-
Meetings and seminars	1,000	-
Travel and transportation	-	58
<b>Total miscellaneous</b>	<b>6,000</b>	<b>181</b>
<b>Total Building Department</b>	<b>\$ 419,000</b>	<b>\$ 353,931</b>
Planning Department:		
Salaries and benefits:		
Full-time salaries	\$ 110,000	\$ 105,400
Illinois Municipal Retirement Fund	11,000	10,655
Payroll taxes - FICA and Medicare	9,500	7,872
<b>Total salaries and benefits</b>	<b>130,500</b>	<b>123,927</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
<b>Planning Department (cont'd):</b>		
Services:		
Computers and software	\$ 9,268	\$ 2,860
Other contractual services	118,428	80,471
Professional consulting	727,032	111,624
Training	3,000	-
<b>Total services</b>	<b>857,728</b>	<b>194,955</b>
Supplies and materials:		
Building and street signs	52,500	-
Film and photo processing	300	-
Printing, postage and office supplies	11,080	4,012
Small equipment	750	-
<b>Total supplies and materials</b>	<b>64,630</b>	<b>4,012</b>
Repairs and maintenance:		
Equipment	50,500	-
Outside contractors	-	120
<b>Total repairs and maintenance</b>	<b>50,500</b>	<b>120</b>
Miscellaneous:		
Advertising and marketing	56,760	-
Community promotions	5,000	-
Dues and subscriptions	5,786	2,597
Legal notices	-	155
Meetings and seminars	3,000	489
Travel/transportation	4,500	1,513
<b>Total miscellaneous</b>	<b>75,046</b>	<b>4,754</b>
Capital outlay - office equipment	2,000	-
<b>Total Planning Department</b>	<b>\$ 1,180,404</b>	<b>\$ 327,768</b>
<b>Police Department:</b>		
Salaries and benefits:		
Officers:		
Full-time salaries	\$ 2,652,000	\$ 2,555,611
Overtime salaries	350,000	377,400
Records and desk clerks:		
Full-time salaries	390,000	397,927
Part-time salaries	50,000	31,247
Overtime salaries	50,000	35,689

(cont'd)

**City of Blue Island**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
Police Department (cont'd):		
Salaries and benefits (cont'd):		
Crossing guards	\$ 75,000	\$ 21,213
Part-time police	150,000	101,495
Illinois Municipal Retirement Fund - police clerks	45,000	41,912
Payroll taxes - FICA and Medicare	96,000	80,838
Unemployment insurance	8,000	4,259
Contribution to pension plan - replacement taxes	-	18,774
<b>Total salaries and benefits</b>	<b>3,866,000</b>	<b>3,666,365</b>
Services:		
Animal care	2,000	119
Computers and software	25,000	22,515
Other contractual services	5,000	4,652
Personnel hiring/exams	3,500	497
Prisoner care	9,000	3,804
Professional consulting	8,000	10,693
Telephone	50,000	42,171
Training	20,000	9,991
Utilities	2,000	967
<b>Total services</b>	<b>124,500</b>	<b>95,409</b>
Supplies and materials:		
Ammunition/guns	10,000	7,101
Asset forfeiture expense	-	226,981
Building and street signs	1,000	211
Film and photo processing	1,000	-
Gasoline and oil for vehicles	175,000	144,179
Maintenance supplies	15,000	8,159
Operating supplies	9,000	4,101
Printing, postage and office supplies	42,000	37,628
Small equipment	8,500	5,684
Uniforms	35,000	32,646
<b>Total supplies and materials</b>	<b>296,500</b>	<b>466,690</b>
Repairs and maintenance:		
Building	6,000	15,113
Equipment	50,000	22,970
Outside contractors	1,000	629
Vehicle	125,000	76,596
<b>Total repairs and maintenance</b>	<b>182,000</b>	<b>115,308</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
Police Department (cont'd):		
Miscellaneous:		
Collection services	\$ 20,000	\$ 18,954
Community promotions	1,000	42
Dues and subscriptions	2,750	1,250
Employee/office services	2,000	1,601
Licenses/fees	7,500	12,435
Meetings and seminars	1,500	-
Rentals and leasing fees	2,000	-
Travel/transportation	1,000	173
<b>Total miscellaneous</b>	<b>37,750</b>	<b>34,455</b>
Capital expenditures	51,500	-
<b>Total Police Department</b>	<b>\$ 4,558,250</b>	<b>\$ 4,378,227</b>
9-1-1 Department:		
Salaries and benefits:		
Full-time salaries	\$ 750,000	\$ 671,857
Part-time salaries	30,000	35,808
Overtime salaries	50,000	43,837
Illinois Municipal Retirement Fund	75,000	63,689
Payroll taxes - FICA and Medicare	49,500	49,579
Unemployment insurance	1,000	(523)
<b>Total salaries and benefits</b>	<b>955,500</b>	<b>864,247</b>
Services:		
Computers and software	250,000	75,590
Professional consulting	1,000	-
Telephone	100,000	3,379
Training	5,000	836
Utilities	1,000	516
<b>Total services</b>	<b>357,000</b>	<b>80,321</b>
Supplies and materials:		
Film and photo processing	-	250
Gasoline and oil for vehicles	1,200	47
Maintenance supplies	1,500	1,170
Operating supplies	2,000	1,239
Printing, postage and office supplies	7,150	4,069
Small equipment	41,000	12
Uniforms	9,100	1,300
<b>Total supplies and materials</b>	<b>61,950</b>	<b>8,087</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
9-1-1 Department (cont'd):		
Repairs and maintenance:		
Building	\$ 10,000	\$ 5,115
Equipment	100,000	58,735
Outside contractors	65,000	5,783
Vehicle	1,000	123
<b>Total repairs and maintenance</b>	<b>176,000</b>	<b>69,756</b>
Miscellaneous:		
Community promotions	1,000	786
Dues and subscriptions	550	444
Employee/office services	500	-
Meetings and seminars	500	-
Travel/transportation	1,500	49
<b>Total miscellaneous</b>	<b>4,050</b>	<b>1,279</b>
Capital expenditures	100,000	-
<b>Total 911 Department</b>	<b>\$ 1,654,500</b>	<b>\$ 1,023,690</b>
Fire Department:		
Salaries and benefits:		
Full-time salaries	\$ 1,770,000	\$ 1,434,454
Part-time salaries	60,000	18,726
Overtime salaries	120,000	125,120
Illinois Municipal Retirement Fund	4,500	2,599
Payroll taxes - FICA and Medicare	24,500	20,239
Contribution to pension plan - replacement taxes	-	19,636
<b>Total salaries and benefits</b>	<b>1,979,000</b>	<b>1,620,774</b>
Services:		
Ambulance processing fee	40,000	34,514
Computers and software	110,000	1,362
Other contractual services	1,500	-
Professional consulting	1,000	25
Telephone	3,500	1,280
Training	25,000	59
<b>Total services</b>	<b>181,000</b>	<b>37,240</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
Fire Department (cont'd):		
Supplies and materials:		
Film and photo processing	\$ 100	\$ -
Gasoline and oil for vehicles	7,000	5,593
Maintenance supplies	10,000	3,915
Operating supplies	7,000	2,637
Printing, postage and office supplies	6,000	2,491
Small equipment	100,000	6,212
Uniforms	40,000	13,409
Utilities	5,000	1,772
<b>Total supplies and materials</b>	<b>175,100</b>	<b>36,029</b>
Repairs and maintenance:		
Building	20,000	12,007
Equipment	10,000	10,699
Outside contractors	1,500	405
Vehicle	45,000	20,842
<b>Total repairs and maintenance</b>	<b>76,500</b>	<b>43,953</b>
Miscellaneous:		
Community promotions	2,000	345
Dues and subscriptions	8,000	6,707
Employee/office services	2,500	248
Licenses/fees	1,000	120
Meetings and seminars	1,500	-
Physical exams	10,000	3,210
Rentals and leasing fees	2,500	1,182
Travel/transportation	500	-
<b>Total miscellaneous</b>	<b>28,000</b>	<b>11,812</b>
Capital expenditures	311,000	13,105
<b>Total Fire Department</b>	<b>\$ 2,750,600</b>	<b>\$ 1,762,913</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
<b>Public Works Department:</b>		
Salaries and benefits:		
Full-time salaries	\$ 1,100,000	\$ 895,982
Part-time salaries	45,000	105,419
Overtime salaries	80,000	44,092
Illinois Municipal Retirement Fund	100,000	95,214
Payroll taxes - FICA and Medicare	90,000	78,900
<b>Total salaries and benefits</b>	<b>1,415,000</b>	<b>1,219,607</b>
Services:		
Computers and software	2,000	754
Engineering	200,000	181,033
Garbage and recycling	1,040,000	1,058,319
Other	2,500	-
Snow removal	70,000	70,652
Telephone	2,500	64
Training	2,500	-
Utilities	267,500	267,812
<b>Total services</b>	<b>1,587,000</b>	<b>1,578,634</b>
Supplies and materials:		
Building and street signs	25,000	3,770
Concrete/asphalt/stone	40,000	-
Gasoline and oil for vehicles	85,000	59,245
Maintenance supplies	50,000	32,622
Operating supplies	17,000	11,567
Printing, postage and office supplies	3,500	1,371
Small equipment	18,500	12,519
Uniforms	12,000	10,000
<b>Total supplies and materials</b>	<b>251,000</b>	<b>131,094</b>
Repairs and maintenance:		
Building	5,000	2,604
Equipment	45,000	39,466
Equipment rental	2,500	214
Lot/property maintenance	40,000	-
Outside contractors	2,500,000	-
Street lighting system	150,000	-
Street resurfacing/repairs	40,000	18,296
Traffic signals	50,000	25,879
Tree program	75,000	32,089
Vehicle	70,000	29,283
<b>Total repairs and maintenance</b>	<b>2,977,500</b>	<b>147,831</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
<b>Public Works Department (cont'd):</b>		
Miscellaneous:		
Dues and subscriptions	\$ 1,100	\$ 100
Employee/office services	6,000	1,308
Licenses and fees	-	99
Meetings and seminars	500	126
Rentals and leasing fees	3,500	2,057
<b>Total miscellaneous</b>	<b>11,100</b>	<b>3,690</b>
Capital expenditures:		
Bridge improvement/maintenance	3,000,000	-
Curb and sidewalk improvements	450,000	-
Building and grounds improvements	50,000	-
Machinery and equipment	30,000	-
Office equipment	5,000	-
Vehicles	85,000	34,500
<b>Total capital expenditures</b>	<b>3,620,000</b>	<b>34,500</b>
<b>Total Public Works Department</b>	<b>\$ 9,861,600</b>	<b>\$ 3,115,356</b>
<b>Playground and Recreation Department:</b>		
Salaries and benefits:		
Full-time salaries	\$ 60,000	\$ 27,477
Part-time salaries	70,000	15,385
Illinois Municipal Retirement Fund	8,000	3,400
Payroll taxes - FICA and Medicare	10,000	3,279
<b>Total salaries and benefits</b>	<b>148,000</b>	<b>49,541</b>
Services:		
Computers and software	1,000	-
Other contractual services	5,000	-
Telephone	2,500	1,079
Utilities	2,500	1,156
<b>Total services</b>	<b>11,000</b>	<b>2,235</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
Playground and Recreation Department (cont'd):		
Supplies and materials:		
Food for resale	\$ 20,000	\$ 809
Maintenance supplies	5,000	137
Material and supplies of fee-supporting recreational programs	2,000	2,071
Merchandise for resale	2,000	-
Operating supplies	2,000	156
Printing, postage and office supplies	4,000	64
<b>Total supplies and materials</b>	<b>35,000</b>	<b>3,237</b>
Repairs and maintenance:		
Building	6,000	6,649
Equipment	2,000	396
Equipment rental	2,000	-
Lot/property	1,000	-
Outside contractors	1,000	1,908
<b>Total repairs and maintenance</b>	<b>12,000</b>	<b>8,953</b>
Miscellaneous:		
Advertising and marketing	1,500	-
Bank service charges	100	-
Community promotions	2,500	1,750
Dues and subscriptions	1,050	133
Employee/office services	300	-
Meetings and seminars	2,500	-
Rentals and leasing fees	2,000	-
<b>Total miscellaneous</b>	<b>9,950</b>	<b>1,883</b>
Capital expenditures	57,000	-
<b>Total Playground and Recreation Department</b>	<b>\$ 272,950</b>	<b>\$ 65,849</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
<b>Insurance Loss Department:</b>		
Salaries and benefits:		
Full-time salaries	\$ 83,200	\$ 83,908
Illinois Municipal Retirement Fund	8,000	8,477
Payroll taxes - FICA and Medicare	6,500	6,320
Employee medical insurance	2,420,000	2,511,258
<b>Total salaries and benefits</b>	<b>2,517,700</b>	<b>2,609,963</b>
Services:		
Auto/property damage claims	20,000	3,500
Insurance - buildings/vehicles	75,000	53,178
Insurance fees	50,000	41,419
Legal fees	-	-
Medical liability claim expense	275,000	139,430
Personal injury claims	1,500,000	144,240
Workers' compensation disability medical claims	150,000	140,420
<b>Total services</b>	<b>2,070,000</b>	<b>522,187</b>
Miscellaneous:		
Licenses/fees	1,000	-
Meetings and seminars	500	-
Travel/transportation	600	600
<b>Total miscellaneous</b>	<b>2,100</b>	<b>600</b>
<b>Total Insurance Loss Department</b>	<b>\$ 4,589,800</b>	<b>\$ 3,132,750</b>
Civil Service Commission	\$ 39,000	\$ 36,828

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original and Final Budget	Actual
<b>Marketing Department:</b>		
Salaries and benefits:		
Full-time salaries	\$ 58,000	\$ 51,426
Illinois Municipal Retirement Fund	5,800	5,212
Payroll taxes - FICA and Medicare	4,500	3,769
<b>Total salaries and benefits</b>	<b>68,300</b>	<b>60,407</b>
Services:		
Computers and software	1,500	-
Insurance	4,055	3,355
Other contractual services	8,000	-
Training	500	-
<b>Total services</b>	<b>14,055</b>	<b>3,355</b>
Supplies and materials - printing, postage and office supplies	17,735	1,084
Miscellaneous:		
Advertising and marketing	7,625	288
Community promotions	90,000	38,710
Dues and subscriptions	700	-
Licenses and fees	2,000	-
Meetings and seminars	5,100	189
Pass through grant expenditures	1,491,798	159,307
Rentals and leasing fees	8,000	-
State/federal grant match	24,000	-
Travel/transportation	600	600
<b>Total miscellaneous</b>	<b>1,629,823</b>	<b>199,094</b>
Capital expenditures	500	-
<b>Total Marketing Department</b>	<b>\$ 1,730,413</b>	<b>\$ 263,940</b>
Debt service - Police Department - capital lease obligations	\$ 97,230	\$ 120,063

See independent auditor's report.

**NONMAJOR GOVERNMENTAL FUNDS**

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

### **Debt Service Funds**

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

### **Capital Projects Fund**

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

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

**City of Blue Island**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**April 30, 2011**

	Special Revenue Funds	Debt Service Funds	Capital Projects - CDBG Fund	Total
<b>Assets</b>				
Cash and investments	\$ 115,950	\$ -	\$ -	\$ 115,950
Receivables:				
Property taxes receivable - net of allowance for uncollectible taxes	25,183	766,213	-	791,396
Grants receivable	-	-	136,216	136,216
Other	48,426	-	-	48,426
Due from other funds	522,796	2,404,010	12,837	2,939,643
<b>Total assets</b>	<b>\$ 712,355</b>	<b>\$3,170,223</b>	<b>\$ 149,053</b>	<b>\$4,031,631</b>
<b>Liabilities</b>				
Liabilities:				
Accounts payable	\$ 19,255	\$ -	\$ -	\$ 19,255
Due to other funds	39,052	518,374	-	557,426
Deferred revenue:				
Property taxes	25,183	766,213	-	791,396
Grant revenue	-	-	149,053	149,053
Other revenue	19,003	-	-	19,003
<b>Total liabilities</b>	<b>102,493</b>	<b>1,284,587</b>	<b>149,053</b>	<b>1,536,133</b>
<b>Fund Balances</b>				
Restricted by state statute	150,758	-	-	150,758
Assigned, reported in:				
Debt Service Funds	-	1,885,636	-	1,885,636
Special Revenue Funds	459,104	-	-	459,104
<b>Total fund balances</b>	<b>609,862</b>	<b>1,885,636</b>	<b>-</b>	<b>2,495,498</b>
<b>Total liabilities and fund balances</b>	<b>\$ 712,355</b>	<b>\$3,170,223</b>	<b>\$ 149,053</b>	<b>\$4,031,631</b>

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, 2011**

	Special Revenue Funds	Debt Service Funds	Capital Projects - CDBG Fund	Total
<b>Revenues:</b>				
Property taxes	\$ 63,907	\$1,726,139	\$ -	\$1,790,046
State allotments	593,572	-	-	593,572
Grants	-	-	424,852	424,852
Interest	179	-	432	611
Miscellaneous	95,016	-	-	95,016
<b>Total revenues</b>	<b>752,674</b>	<b>1,726,139</b>	<b>425,284</b>	<b>2,904,097</b>
<b>Expenditures:</b>				
Current:				
General government	31,173	-	-	31,173
Street maintenance	787,004	-	-	787,004
Debt service:				
Principal	-	1,928,000	-	1,928,000
Interest	-	429,929	-	429,929
Capital outlay - redevelopment projects	-	-	425,284	425,284
<b>Total expenditures</b>	<b>818,177</b>	<b>2,357,929</b>	<b>425,284</b>	<b>3,601,390</b>
<b>Revenues over (under) expenditures before other financing sources (uses)</b>	<b>(65,503)</b>	<b>(631,790)</b>	<b>-</b>	<b>(697,293)</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	503,700	-	503,700
Operating transfers out	(427,436)	(3,613)	-	(431,049)
<b>Total other financing sources (uses)</b>	<b>(427,436)</b>	<b>500,087</b>	<b>-</b>	<b>72,651</b>
<b>Net changes in fund balances</b>	<b>(492,939)</b>	<b>(131,703)</b>	<b>-</b>	<b>(624,642)</b>
Fund balances, beginning of the year	1,102,801	2,017,339	-	3,120,140
Fund balances, end of the year	\$ 609,862	\$1,885,636	\$ -	\$2,495,498

See independent auditor's report.

**City of Blue Island  
Combining Balance Sheet - Nonmajor Special Revenue Funds  
April 30, 2011**

<b>Assets</b>	<u>Motor Fuel Tax</u>	<u>Special Tax Increment Allocation Fund I</u>	<u>Special Tax Increment Allocation Fund IV</u>	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total</u>
Cash and investments	\$ 41,679	\$ -	\$ 74,271	\$ -	\$ -	\$ 115,950
Receivables:						
Property taxes receivable - net of allowance for uncollectible taxes	-	-	25,183	-	-	25,183
Other	48,426	-	-	-	-	48,426
Due from other funds	393,331	129,419	46	-	-	522,796
<b>Total assets</b>	<b>\$ 483,436</b>	<b>\$ 129,419</b>	<b>\$ 99,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 712,355</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 5,329	\$ -	\$ 13,926	\$ -	\$ -	\$ 19,255
Due to other funds	-	39,052	-	-	-	39,052
Deferred revenue - property tax	-	-	25,183	-	-	25,183
Deferred revenue - other	19,003	-	-	-	-	19,003
<b>Total liabilities</b>	<b>24,332</b>	<b>39,052</b>	<b>39,109</b>	<b>-</b>	<b>-</b>	<b>102,493</b>
Fund balances:						
Restricted by state statute	-	90,367	60,391	-	-	150,758
Assigned	459,104	-	-	-	-	459,104
<b>Total fund balances</b>	<b>459,104</b>	<b>90,367</b>	<b>60,391</b>	<b>-</b>	<b>-</b>	<b>609,862</b>
<b>Total liabilities and fund balances</b>	<b>\$ 483,436</b>	<b>\$ 129,419</b>	<b>\$ 99,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 712,355</b>

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, 2011**

	Motor Fuel Tax	Special Tax Increment Allocation Fund I	Special Tax Increment Allocation Fund IV	Police Pension Fund	Firefighters' Pension Fund	Total
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ 63,907	\$ -	\$ -	\$ 63,907
State allotments	593,572	-	-	-	-	593,572
Interest	140	-	39	-	-	179
Miscellaneous	95,016	-	-	-	-	95,016
<b>Total revenues</b>	<b>688,728</b>	<b>-</b>	<b>63,946</b>	<b>-</b>	<b>-</b>	<b>752,674</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	3,520	27,653	-	-	31,173
Street maintenance	787,004	-	-	-	-	787,004
<b>Total expenditures</b>	<b>787,004</b>	<b>3,520</b>	<b>27,653</b>	<b>-</b>	<b>-</b>	<b>818,177</b>
<b>Revenues over (under) expenditures before other financing uses</b>	<b>(98,276)</b>	<b>(3,520)</b>	<b>36,293</b>	<b>-</b>	<b>-</b>	<b>(65,503)</b>
Other financing uses - transfers out	-	-	-	(311,241)	(116,195)	(427,436)
<b>Net changes in fund balances</b>	<b>(98,276)</b>	<b>(3,520)</b>	<b>36,293</b>	<b>(311,241)</b>	<b>(116,195)</b>	<b>(492,939)</b>
Fund balances, beginning of the year	557,380	93,887	24,098	311,241	116,195	1,102,801
Fund balances, end of the year	<b>\$ 459,104</b>	<b>\$ 90,367</b>	<b>\$ 60,391</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 609,862</b>

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, 2011**

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues:			
State allotments	\$ 700,000	\$ 593,572	\$ (106,428)
Interest	10,000	140	(9,860)
Miscellaneous	-	95,016	95,016
<b>Total revenues</b>	710,000	<b>688,728</b>	<b>(21,272)</b>
Expenditures - current - street maintenance	1,175,000	787,004	387,996
<b>Net changes in fund balance</b>	<b>\$ (465,000)</b>	<b>(98,276)</b>	<b>\$ 366,724</b>
Fund balance, beginning of the year		557,380	
Fund balance, end of the year		<b>\$ 459,104</b>	

See independent auditor's report.

**City of Blue Island**  
**Combining Balance Sheet - Nonmajor Debt Service Funds**  
**April 30, 2011**

<b>Assets</b>	<u>Alternate Bond Fund Series 1995</u>	<u>Special Tax Series 1997</u>	<u>Increment Allocation Funds</u>		<u>General Obligation Bond Fund Series 2005</u>	<u>General Obligation Bond Fund Series 2007</u>	<u>Total</u>
			<u>Series 1998</u>	<u>Series 2003</u>			
Property taxes receivable, net of allowance for uncollectible accounts	\$ 275,191	\$ -	\$ 363,889	\$ 2,719	\$ -	\$ 124,414	\$ 766,213
Due from other funds	401,114	490,662	1,329,131	81,475	-	101,628	2,404,010
<b>Total assets</b>	<b>\$ 676,305</b>	<b>\$ 490,662</b>	<b>\$1,693,020</b>	<b>\$ 84,194</b>	<b>\$ -</b>	<b>\$ 226,042</b>	<b>\$3,170,223</b>
<b>Liabilities and Municipal Equity</b>							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ 518,374	\$ -	\$ -	\$ -	\$ 518,374
Deferred revenue - property tax	275,191	-	363,889	2,719	-	124,414	766,213
<b>Total liabilities</b>	<b>275,191</b>	<b>-</b>	<b>882,263</b>	<b>2,719</b>	<b>-</b>	<b>124,414</b>	<b>1,284,587</b>
Municipal equity - fund balance - assigned	401,114	490,662	810,757	81,475	-	101,628	1,885,636
<b>Total liabilities and municipal equity</b>	<b>\$ 676,305</b>	<b>\$ 490,662</b>	<b>\$1,693,020</b>	<b>\$ 84,194</b>	<b>\$ -</b>	<b>\$ 226,042</b>	<b>\$3,170,223</b>

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, 2011**

	Alternate Bond Fund Series 1995	Special Tax Series 1997	Increment Allocation Funds		General Obligation Bond Fund Series 2005	General Obligation Bond Fund Series 2007	Total
			Series 1998	Series 2003			
Revenues - property taxes	\$ 577,692	\$ -	\$ 702,761	\$ 162,545	\$ 43,555	\$ 239,586	<b>\$1,726,139</b>
Expenditures - debt service:							
Principal	415,000	435,000	540,000	255,000	79,000	204,000	<b>1,928,000</b>
Interest	121,865	68,700	155,703	46,794	3,129	33,738	<b>429,929</b>
<b>Total expenditures</b>	<b>536,865</b>	<b>503,700</b>	<b>695,703</b>	<b>301,794</b>	<b>82,129</b>	<b>237,738</b>	<b>2,357,929</b>
<b>Revenues over (under) expenditures     before other financing sources (uses)</b>	<b>40,827</b>	<b>(503,700)</b>	<b>7,058</b>	<b>(139,249)</b>	<b>(38,574)</b>	<b>1,848</b>	<b>(631,790)</b>
Other financing sources (uses):							
Transfers in	-	503,700	-	-	-	-	<b>503,700</b>
Transfers out	-	-	-	-	(3,613)	-	<b>(3,613)</b>
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>503,700</b>	<b>-</b>	<b>-</b>	<b>(3,613)</b>	<b>-</b>	<b>500,087</b>
<b>Net changes in fund balances</b>	<b>40,827</b>	<b>-</b>	<b>7,058</b>	<b>(139,249)</b>	<b>(42,187)</b>	<b>1,848</b>	<b>(131,703)</b>
Fund balances, beginning of the year	360,287	490,662	803,699	220,724	42,187	99,780	<b>2,017,339</b>
Fund balances, end of the year	<b>\$ 401,114</b>	<b>\$ 490,662</b>	<b>\$ 810,757</b>	<b>\$ 81,475</b>	<b>\$ -</b>	<b>\$ 101,628</b>	<b>\$1,885,636</b>

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, 2011**

	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	\$ -	\$ 432	\$ 275,634	\$ 2,515	\$ 275,634	\$ -	\$ -
Construction projects:									
Union and High Streets	08-002	Yes	255,000	218,784	218,784	218,784	218,784	-	36,216
Ann Street	08-201-R	Yes	200,000	200,000	200,000	200,000	200,000	-	-
Maple Avenue	10-003	No	100,000	-	-	-	-	-	100,000
<b>Program balance</b>			<b>\$ 555,000</b>	<b>\$ 419,216</b>	<b>\$ 694,418</b>	<b>\$ 421,299</b>	<b>\$ 694,418</b>	<b>\$ -</b>	<b>\$ 136,216</b>

See independent auditor's report.

**City of Blue Island  
Water Fund  
Schedule of Operating Expenses - Budget and Actual  
For the Year Ended April 30, 2011**

	<u>Budget</u>	<u>Actual</u>
<b>Salaries and benefits:</b>		
Full-time salaries	\$ 750,000	\$ 628,058
Part-time salaries	40,000	26,906
Overtime salaries	35,000	37,200
Illinois Municipal Retirement	75,000	63,626
Payroll taxes - FICA and Medicare	63,000	53,237
Employee medical insurance	425,000	387,559
Life insurance	2,000	1,452
<b>Services:</b>		
Audit	5,000	5,000
Computers and software	10,000	2,375
Electricity	55,000	52,813
Engineering	151,500	110,633
Other	5,000	3,864
Telephone	10,000	2,914
Training	1,500	2,496
Utilities	3,000	2,318
Water billing	35,000	23,482
<b>Supplies and materials:</b>		
Concrete/asphalt/stone	30,000	13,596
Gasoline and oil	25,000	24,390
Maintenance supplies	40,000	21,611
Operating supplies	40,000	20,666
Printing, postage and office supplies	8,500	31,782
Uniforms	5,500	5,223
<b>Maintenance and repair:</b>		
Building	10,000	7,889
Equipment	20,000	19,602
Lot/property	1,000	-
Outside contractors	1,600,000	165,144
Tree maintenance	2,500	-
Vehicle	30,000	6,751

(cont'd)

**City of Blue Island**  
**Water Fund**  
**Schedule of Operating Expenses - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2011**

	Budget	Actual
Water purchased from Chicago	\$ 1,800,000	\$ 1,750,140
Miscellaneous:		
Bank charges	5,000	17,489
Contingent	1,000	400
Dues and subscriptions	1,500	370
Employee/office services	1,000	168
Licenses and fees	10,000	5,009
Meetings and seminars	1,000	140
Miscellaneous	1,500	45
Rentals and leasing fees	15,000	10,191
Travel and transportation	-	7
Capital expenditures:		
New equipment	4,000	1,850
Water meter purchases	55,000	30,907
Improvements	10,000	-
Vehicles	30,000	-
Retirement of bonds	251,925	205,000
Bond interest and trustee fees	200,215	188,295
	<b>\$ 5,865,640</b>	<b>3,930,598</b>
Less:		
Amounts capitalized as property and equipment		(89,890)
Payment of bond principal and interest		(393,295)
<b>Operating expenses before depreciation</b>		<b>3,447,413</b>
Depreciation		487,031
<b>Total operating expenses</b>		<b>\$ 3,934,444</b>

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, 2011**

	<u>Budget</u>	<u>Actual</u>
<b>Salaries and benefits:</b>		
Full-time salaries	\$ 72,000	\$ 73,798
Part-time salaries	215,000	178,475
Illinois Municipal Retirement	7,200	7,159
Payroll taxes - FICA and Medicare	22,200	19,180
Employee medical insurance	17,500	11,205
Employee life insurance	200	132
Unemployment insurance	3,500	3,866
<b>Services:</b>		
Audit	3,000	3,000
Computers and software	1,000	-
Insurance	1,500	1,638
Servicescape, Inc.	360,000	338,006
Telephone	4,500	3,158
Training	500	-
Utilities	34,000	24,470
<b>Supplies and materials:</b>		
Gas and oil	45,000	31,979
Maintenance supplies	3,000	2,676
Operating supplies	8,000	4,528
Printing, postage and office supplies	1,400	444
Small equipment	2,500	449
Uniforms	3,000	-
<b>Maintenance and repair:</b>		
Building	10,000	-
Equipment	8,000	7,995
Equipment rental	2,000	-
Lot/property	2,000	3,136
Outside contractors	60,000	-
Vehicle	2,000	295
Merchandise for resale	186,000	177,687

(cont'd)

**City of Blue Island  
Golf Course Fund  
Schedule of Operating Expenses - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	<u>Budget</u>	<u>Actual</u>
Miscellaneous:		
Advertising and marketing	\$ 7,000	\$ 3,533
Agent/trust fees	600	585
Dues and subscriptions	5,500	3,707
Employee/office services	500	487
Licenses and fees	1,500	500
Meetings and seminars	500	-
Miscellaneous	54,000	61,829
Capital expenditures	<u>35,000</u>	<u>24,450</u>
	<u>\$ 1,179,600</u>	<u>988,367</u>
Less amounts capitalized as property and equipment		<u>(24,450)</u>
<b>Operating expenses before depreciation</b>		<b>963,917</b>
Depreciation		<u>132,394</u>
<b>Total operating expenses</b>		<b><u>\$ 1,096,311</u></b>

See independent auditor's report.

**City of Blue Island**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**April 30, 2011**

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<b>Assets</b>	
Municipal land, buildings and improvements	<u>\$ 32,402,849</u>
Infrastructure	<u>14,846,915</u>
Equipment:	
Police and fire	4,652,871
Playground and recreation	19,503
Civil defense	64,973
Public works	968,423
Street	218,757
Sanitation	57,210
9-1-1 system	856,052
General	<u>801,169</u>
<b>Total equipment</b>	<u>7,638,958</u>
<b>Total capital assets used in the operation of governmental funds</b>	<u>\$ 54,888,722</u>
 <b>Other Credits</b>  	
Investment in general capital assets	<u>\$ 54,888,722</u>

See independent auditor's report.

**City of Blue Island  
Public Library  
Balance Sheet  
April 30, 2011**

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**Assets**

Cash and investments	\$ 1,043,385
Receivables:	
Property taxes	820,966
Other	43
Due from primary government	7,301
Prepaid expenses	<u>4,623</u>
<b>Total assets</b>	<b><u>\$ 1,876,318</u></b>

**Liabilities and Fund Balance**

Accounts payable	\$ 44,604
Deferred revenue and other liabilities	<u>781,373</u>
<b>Total liabilities</b>	<b><u>825,977</u></b>
Fund balance:	
Nonspendable	4,623
Assigned	<u>1,045,718</u>
<b>Total fund balance</b>	<b><u>1,050,341</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,876,318</u></b>

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, 2011**

	<u>Budget</u>	<u>Actual</u>
<b>Revenues:</b>		
Property taxes	\$ 1,324,450	\$ 1,252,687
Personal property replacement taxes	50,000	54,616
Fines	16,000	18,324
State library/other grants	33,500	28,728
Interest income	1,000	1,152
Other	36,400	52,920
	<hr/>	<hr/>
<b>Total revenues</b>	<b>1,461,350</b>	<b>1,408,427</b>
<hr/>		
<b>Expenditures:</b>		
<b>Current:</b>		
<b>Salaries and benefits:</b>		
Salaries	780,000	766,333
Illinois Municipal Retirement	65,000	61,769
Payroll tax - FICA and Medicare	63,000	57,632
Unemployment tax	-	2,392
Employee medical insurance	60,000	54,971
<b>Services:</b>		
Audit	-	4,250
Computers and software/computer service	20,000	23,360
Finance/bank charges	2,000	6,460
Heat/light/water	24,000	6,797
Insurance	30,000	14,379
Legal	12,000	7,377
Other contractual services	-	9,554
Professional consulting	5,000	8,210
Telephone	12,000	6,027
T1 line	-	2,623
<b>Supplies and materials:</b>		
Audio-visual materials	30,000	34,504
Book purchasing and processing	110,000	88,855
Maintenance supplies	10,000	7,918
On-line resources	22,000	15,529
Periodical subscriptions	18,000	11,055
Printing, postage and office supplies	6,000	21,691

(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**

	<u>Budget</u>	<u>Actual</u>
Expenditures (cont'd):		
Current (cont'd):		
Maintenance and repair:		
Contract maintenance	\$ 27,275	\$ 35,507
Equipment	-	582
Miscellaneous:		
Advertising and marketing	3,000	2,364
Contingent	-	2,609
Dues and memberships	-	920
Meetings and seminars	12,000	5,106
Programming	20,000	18,127
Rentals and leasing fees	20,000	25,299
Shipping, handling and delivery	5,500	1,766
Staff reimbursed purchases	-	193
Capital expenditures:		
Computer equipment	20,000	17,368
Library equipment	25,750	8,416
	<u>1,402,525</u>	<u>1,329,943</u>
<b>Total expenditures</b>		
	<u>\$ 58,825</u>	<u>78,484</u>
Fund balance, beginning of the year		<u>971,857</u>
Fund balance, end of the year		<u>\$ 1,050,341</u>

See independent auditor's report.

**City of Blue Island  
Schedule of General Obligation Debt to Maturity  
April 30, 2011**

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
	2012	\$ 1,715,000	\$ 315,106	\$ 440,000	\$ 100,700	\$ 450,000
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	-	-
	<b>\$ 6,415,000</b>	<b>\$ 750,122</b>	<b>\$ 1,900,000</b>	<b>\$ 258,375</b>	<b>\$ 925,000</b>	<b>\$ 71,175</b>

General Obligation Tax Increment Bonds, Series 1998 Dated March 1, 1998		General Obligation Tax Increment Bonds, Series 2003 Dated July 30, 2003	
Principal	Interest	Principal	Interest
\$ 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	-	-
<b>\$ 2,715,000</b>	<b>\$ 343,347</b>	<b>\$ 875,000</b>	<b>\$ 77,225</b>

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

See independent auditor's report.



**City of Blue Island**  
**Schedule of Tax Collections and Taxes Refundable**  
**For the Year Ended April 30, 2011**

Levy Year	Tax Extension	Gross Taxes Collected		
		Prior	For the Year Ended April 30, 2011	Total as of April 30, 2011
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	7,878,989	-	7,878,989
2009	8,482,603	3,806,313	5,826,019	9,632,332
2010	10,367,721	-	4,654,026	4,654,026
	<u>\$ 75,576,206</u>	<u>\$ 61,812,758</u>	<u>\$ 10,480,045</u>	<u>\$ 72,292,803</u>
<b>By Fund:</b>				
<b>General:</b>				
				\$ 2,003,494
				350,846
				129,348
				241,786
				211,563
				211,563
				56,936
				70,521
				<u>3,276,057</u>
<b>Special Revenue:</b>				
				833,632
				806,062
				63,907
				2,561,273
				<u>4,264,874</u>
<b>Debt Service:</b>				
				577,692
				702,761
				162,545
				43,555
				239,585
				<u>1,726,138</u>
				<u>1,212,976</u>
				<u>\$ 10,480,045</u>

See independent auditor's report.

Percent Collected	Gross Receivable April 30, 2011	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)	-
113.55%	(1,149,729)	(1,149,729)	-
44.89%	5,713,695	-	5,713,695
	<u>\$ 3,283,403</u>	<u>\$ (2,430,292)</u>	<u>\$ 5,713,695</u>
<b>By Fund:</b>			
<b>General:</b>			
			\$ 1,079,303
			210,166
			31,324
			125,504
			109,816
			109,816
			33,150
			36,605
			<u>1,735,684</u>
<b>Special Revenue:</b>			
			1,084,350
			387,077
			25,183
			894,222
			<u>2,390,832</u>
<b>Debt Service:</b>			
			275,191
			363,889
			2,719
			124,414
			<u>766,213</u>
			<u>820,966</u>
			<u>\$ 5,713,695</u>

**City of Blue Island  
Schedule of Valuations, Rates and  
Extensions for Tax Levy Year 2010  
For the Year Ended April 30, 2011**

Tax Levy Year	Assessed Valuation	Extended Tax Rate
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	301,871,416	2.4988
2009	303,600,890	2.4019
2010	302,729,252	2.5914

The 2010 gross tax levy is analyzed below:

	Rate	Percent	Amount
<b>General:</b>			
Corporate	\$ 0.3253	12.54	\$ 984,778
Garbage	0.1888	7.29	571,552
Illinois Municipal Retirement	0.1347	5.20	407,776
Playgrounds	0.0201	0.78	60,848
Liability insurance	0.0235	0.91	71,141
Street and bridge	0.0805	3.11	243,697
Fire protection	0.0670	2.59	202,828
Police protection	0.0738	2.85	223,414
Social Security	0.1155	4.46	349,652
Auditing	0.0084	0.32	25,429
Crossing guards	0.0101	0.39	30,575
Workers' compensation	0.0369	1.42	111,707
Unemployment insurance	0.0070	0.27	21,191
<b>Total general</b>	<b>1.0916</b>	<b>42.13</b>	<b>3,304,588</b>
Library	0.4562	17.60	1,381,050
Library building and maintenance	0.0171	0.66	51,766
Bond and interest	0.5114	19.73	1,548,117
Police Pension	0.3409	13.16	1,032,004
Firefighters' Pension	0.1742	6.72	527,354
<b>Total</b>	<b>\$ 2.5914</b>	<b>100.00</b>	<b>\$ 7,844,879</b>
Road and bridge			<b>\$ 61,000</b>

See independent auditor's report.

**City of Blue Island  
Legal Debt Margin  
For the Year Ended April 30, 2011**

		<u>2010 Tax Levy Year</u>
Assessed valuation		<u>\$ 302,729,252</u>
Statutory debt limitation (8.625% of assessed valuation)		\$ 26,110,398
Total debt:		
General Obligation Bonds:		
Series 1995, dated December 1, 1995	\$ 1,900,000	
General Obligation Tax Increment Refunding Bonds:		
Series 1997, dated September 1, 1997	925,000	
Series 1998, dated March 1, 1998	2,715,000	
Series 2003, dated July 30, 2003	875,000	
Waterworks and Sewerage Bonds (Alternate Revenue Source)	4,035,000	
General Sales Tax/Revenue Sharing Receipts Bonds (Alternate Revenue Source)	<u>556,000</u>	<u>11,006,000</u>
<b>Legal debt margin</b>		<u><b>\$ 15,104,398</b></u>

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 2010 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)	9.00

**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)	25	37
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
2009	14,175
2010	14,415
2011	14,575

(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>
2009	22,760
2010	23,230
2011	23,312

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>
1980	21,855	5,253,655
1990	21,203	5,105,067
2000	23,463	5,376,741
2010	22,556	5,194,675

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

The following table shows the age distribution of the 2010 Census populations of the City and Cook County.

<u>Category</u>	<u>City of Blue Island</u>	<u>Cook County</u>
Under 18 years	29.7%	23.7%
18 - 24 years	10.8	9.9
25 - 44 years	28.4	29.7
45 - 64 years	22.6	24.8
65 + years	8.5	11.9
Median age	31.3 years	35.3 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 2007 Through 2011**

Levy Year	Collection Year	Fiscal Year	EAV	Estimated True Cash Value	Percent Change
2005	2006	2007	\$ 252,498,526	\$ 757,495,578	3.38 %
2006	2007	2008	253,651,868	760,955,604	17.56
2007	2008	2009	264,437,769	793,313,307	0.46
2008	2009	2010	301,871,416	905,614,248	4.25
2009	2010	2011	303,600,890	910,802,670	0.57

Per capita 2009 EAV (1) \$ 12,939.56  
 Per capita 2009 estimated true cash value (1) 38,818.68

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

Source: The City

The following table sets forth the City's 2009 EAV (latest available) by use.

**City of Blue Island  
2009 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
<b>Totals</b>	<b>\$ 301,871,416</b>	<b>100.00 %</b>

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 2006 through 2010 are as follows:

<b>City of Blue Island Tax Rates by Purpose Per \$100 of Equalized Assessed Valuation</b>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Corporate	\$0.2298	\$0.2337	\$0.2375	\$0.2774	\$0.3253
Bonds and interest	0.2230	0.4087	0.4447	0.6112	0.5114
Garbage	0.1866	0.1934	0.1743	0.1816	0.1888
Police Pension	0.3392	0.3746	0.3548	0.3443	0.3409
Firefighters' Pension	0.1711	0.1947	0.1721	0.1670	0.1742
IMRF	0.0805	0.0818	0.1016	0.0964	0.1347
Street and bridge	0.0842	0.0857	0.0736	0.0771	0.0805
Playgrounds and recreation	0.0593	0.0748	0.0635	0.0611	0.0201
Fire protection	0.0586	0.0596	0.0595	0.0643	0.0670
Police protection	0.0632	0.0643	0.0628	0.0707	0.0738
Social Security	0.0823	0.0837	0.0890	0.0948	0.1155
Auditing	0.0145	0.0156	0.0067	0.0081	0.0084
Liability insurance	0.0207	0.0234	0.0217	0.0225	0.0235
Crossing guards	0.0130	0.0136	0.0174	0.0189	0.0101
Workmen's compensation	0.0357	0.0370	0.0334	0.0353	0.0336
Unemployment insurance	0.0009	0.0010	0.0009	0.0009	0.0070
Limited bonds	0.0335	0.0318	0.0279	0.0279	0.0000
Library	0.5010	0.5323	0.4456	0.4267	0.4562
Library building and maintenance	<u>0.0167</u>	<u>0.0177</u>	<u>0.0149</u>	<u>0.0162</u>	<u>0.0171</u>
	<b><u>\$2.2138</u></b>	<b><u>\$2.5274</u></b>	<b><u>\$2.4019</u></b>	<b><u>\$2.6024</u></b>	<b><u>\$2.5881</u></b>

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>
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
2009	2010	2011	6,350,421	5,978,657	94.15

(1) Includes the City library levy. Amounts collected and distributed as of April 30, 2011.

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 (latest available) 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
<b>Total</b>		<b>\$ 6,707,402</b>	<b>2.22 %</b>

(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, 2007 through 2011.

**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>
2007	\$1,474,207	(3.37)%
2008	1,418,657	(3.77)
2009	1,280,807	(9.72)
2010	1,109,322	(13.39)
2011	1,183,308	6.67
Percent increase (decrease) from 2007 to 2011		(19.73)%

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, 2007 through April 30, 2011.

**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>
2007	\$680,788	(3.37)%
2008	655,034	(3.78)
2009	624,915	(4.60)
2010	592,137	(5.25)
2011	593,572	0.24
Percent decrease from 2007 to 2011		(12.81)%
Source: The City		

**Illinois State Income Tax**

The following table sets forth the Illinois state income and use tax revenue received for the fiscal years ended April 30, 2007 through April 30, 2011.

**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>
2007	\$2,324,973	11.92%
2008	2,533,894	10.79
2009	2,285,570	(9.80)
2010	2,084,723	(8.79)
2011	2,224,737	6.72
Percent decrease from 2007 to 2011		(4.31)%
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, 2007 through April 30, 2011.

**City of Blue Island  
City Utility Tax**

<u>Fiscal Year Ended April 30,</u>	<u>City Utility Tax</u>	<u>Annual Change</u>
2007	\$1,731,652	(8.06)%
2008	1,772,341	2.35
2009	1,724,411	(2.70)
2010	1,541,427	(10.61)
2011	1,563,222	1.42
Percent decrease from 2007 to 2011		(9.73)%
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, 2011**

Legal debt limit (8.625% of assessed valuation) (1)	\$ 26,110,398	
Less amount of debt applicable to legal debt limit (2)	<u>1,900,000</u>	
<b>Legal debt margin</b>	<b>\$ <u>24,210,398</u></b>	

(1) Based on 8.625% of the City's 2010 Equalized Assessed Valuation of \$302,729,252.

(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**

	<u>Total Debt Outstanding (1)</u>	<u>Self-supporting</u>	<u>Net</u>
General Obligation TIF Bonds (2)	\$ 875,000	\$ 875,000	\$ -
General Obligation Alternate Revenue Bonds	9,575,000	7,675,000	1,900,000
General Sales Tax/Revenue Sharing Bonds	<u>556,000</u>	<u>556,000</u>	<u>-</u>
<b>Totals</b>	<b>\$ <u>11,006,000</u></b>	<b>\$ <u>9,106,000</u></b>	<b>\$ <u>1,900,000</u></b>

Per capita direct bonded debt (3)	\$ 84.23
Percent of direct bonded debt to 2010 EAV (4)	0.63%
Percent of direct debt to 2010 true cash value (5)	0.21%

(1) Debt information as of April 30, 2011.

(2) Includes the Bonds.

(3) Based on the City's 2010 Census population of 22,556.

(4) Based on the City's 2010 EAV of \$302,729,252.

(5) Based on the City's estimated 2010 True Cash Value of \$908,187,756.

Source: City of Blue Island

(cont'd)

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

**Economic Profile**

**Employment**

According to the 2010 Census data (2000 Census date for City of Blue Island column), 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%	37.5%	36.1%
Service occupations	18.0	18.0	17.4
Sales and office occupations	27.2	25.3	25.4
Natural resources, construction and maintenance occupations	12.5	6.4	7.5
Production, transportation, and material moving occupations	23.0	12.8	13.6

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

According to the 2000 Census data (latest available), 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>
<b>Total</b>	<b><u>9,993</u></b>	<b><u>100.00%</u></b>

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 2011.

**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>
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	10.9	10.5	10.3	10.1
2011 (1)	10.5	10.5	8.7	8.7

(1) For the month of April 2011.

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: 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>
<b>Totals</b>	<b>\$ 70,163,610</b>	<b>100.00%</b>	<b>\$ 158,082,264</b>	<b>100.00%</b>	<b>\$ 4,351,067,983</b>	<b>100.00%</b>

(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>	
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
2010	3	440,000	4,342,877

Source: The City

The 2000 Census (latest information available) 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 2009.

**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	19.5 %	19.3 %
\$20,000 – 34,999	21.1	21.8
\$35,000 – 49,999	18.0	19.3
\$50,000 and over	41.4	39.6
<b>Totals</b>	100.0 %	100.0 %
Median Household Effective Buying Income	\$42,758	\$40,735
Average Household Effective Buying Income	N/A	51,963
Per Capita Effective Buying Income	N/A	20,076

Source: Survey of Buying Power, "Sales and Marketing Management Magazine," September 2009  
N/A – Information not available

The following table sets forth the household income by category derived from the 2010 Census (2000 Census for the City of Blue Island column as 2010 not yet available) 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%	8.6%	7.1%
\$10,000 to \$14,999	6.3	5.1	4.9
\$15,000 to \$24,999	14.9	11.5	11.0
\$25,000 to \$34,999	17.1	9.8	10.2
\$35,000 to \$49,999	18.8	13.5	13.8
\$50,000 to \$74,999	19.6	17.7	18.4
\$75,000 to \$99,999	8.6	11.8	12.6
\$100,000 to \$149,999	4.1	12.3	12.9
\$150,000 to \$199,999	0.8	4.5	4.6
\$200,000 or more	0.5	5.1	4.4
Median household income	\$36,520	\$51,466	\$52,972

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

See independent auditor's report.  
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