

CITY OF BLUE ISLAND, ILLINOIS COOK COUNTY

Annual Financial Report

For the Year Ended April 30, 2013

Administrative Office

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Blue Island, Illinois 60406

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Domingo F. Vargas – Mayor
Randy Heuser – City Clerk
Carmine Bilotto – City Treasurer
Terrance R. Sullivan – Director of Constituent Services
John Rita Jr. – Director of Public Safety
Mack Galvan – Director of Municipal Services

Mayor
Domingo F. Vargas

Aldermen

Ward 1: Tom Hawley
Christine Buckner Cheatle
Ward 2: Charissa Bilotto
Leticia Vieyra
Ward 3: Nancy Rita
Kevin Donahue
Ward 4: Marcia Stone
Candace Carr
Ward 5: Janice Ostling
Kenneth Pittman Sr.
Ward 6: Dexter R. Johnson
Jairo Frausto
Ward 7: Nancy Thompson
James Johanson

Prepared by:

Department of Finance
Carmine Bilotto – Treasurer

12/06/2013

**City of Blue Island
Audit Report
For the Year Ended April 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

12/06/2013

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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 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, 2013, and the statement of revenues, expenditures and changes in fund balance – budget and actual for the General Fund, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility.

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

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

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

Basis for Qualified Opinions on the Governmental and Business-type Activities of the Primary Government and the Proprietary Funds

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 position 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 position, and change the expenses of governmental and business-type activities, and proprietary funds. The amount by which this departure would affect the liabilities, net position and expenses of the governmental and business-type activities of the primary government and proprietary funds is not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions on the Governmental and Business-Type Activities of the Primary Government and the Proprietary Funds” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the primary government and the proprietary funds of the City Blue Island, Illinois, as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unqualified Opinions DRAFT SUBJECT TO CHANGE

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit, each major fund other than the proprietary funds, and the aggregate remaining fund information of the City Blue Island, Illinois, as of and for the year ended April 30, 2013, and the statement of revenues, expenditures and changes in fund balance – budget and actual for the General Fund in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note I. N. to the financial statements, the City adopted the provisions of GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the schedule of funding progress on pages 4-13 and 67-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

12/06/2013

Required Supplementary Information (cont'd)

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blue Island's basic financial statements. The General Fund schedules of revenues and of expenditures – budget and actual, the combining balance sheet and combining statement of revenues, expenditures and changes in fund balances for nonmajor governmental funds, statement of revenues, expenditures and changes in fund balance – budget and actual for individual nonmajor governmental funds, the capital projects fund - community development block grant – schedule of community development projects – cash basis, schedule of operating expenses – budget and actual for the water and golf course funds, capital assets used in the operation of governmental funds – schedule by source, balance sheet and schedule of revenues, expenditures and changes in fund balances for the public library (discretely presented component unit), and the schedule of general obligation debt to maturity (hereinafter referred to as “supplementary information”) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions” paragraph on the water and golf course funds, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical information and continuing bond disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not provide an opinion or any assurance on them.

December 10, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

12/06/2013

**City of Blue Island, Illinois
Management's Discussion and Analysis
April 30, 2013**

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, 2013.

Financial Highlights

The assets of the City of Blue Island exceeded its liabilities at the close of the most recent fiscal year by \$37,927,083 (*net position*). Of this amount, \$41,671,604 is invested in capital assets net of related debt, and \$11,015,593 is restricted for other purposes. The City's unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors, was at a deficit of \$14,760,114. 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 position, but only the portion of the future tax receipts already levied has been included.

- The government's total net position decreased due to current year operations by \$975,300 primarily due to increases in depreciation expense and the net pension obligation. Beginning net position was restated to increase the net pension obligation for police and firefighter pension plans by \$998,556 at April 30, 2012, and to write off deferred bond issuance costs totaling \$138,149 due to adopting Governmental Accounting Standards Board Statement 65.
- As of the close of the current fiscal year, the City of Blue Island's governmental funds reported a combined ending fund deficit of \$169,240, a decrease of \$1,668,097 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 \$11,013,660.
- The City of Blue Island's total general obligation and alternate revenue bonds decreased by \$2,582,000 (25.91 percent) during the current fiscal year.

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

12/06/2013

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 position changed during the most recent fiscal year. All changes in net position 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.

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The government-wide financial statements can be found on pages 14 through 16 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 fifteen individual governmental funds at April 30, 2013. 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, Special Tax Increment Allocation Fund VI, individual Debt Service Funds for six 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 17 through 25 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 26 through 30 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 31 through 66 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 67 and 68 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. The General Fund detail schedules and the combining and individual fund statements and schedules can be found on pages 69 through 107 of this report.

Government-wide Financial Analysis

As noted earlier, net position 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 \$37,927,083 at the close of the most recent fiscal year.

By far the largest portion of the City of Blue Island's net position 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.

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City of Blue Island
Statement of Net Position
As of April 30, 2013
(in millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 5.7	\$ 2.4	\$ 8.1
Capital assets	32.5	15.1	47.6
Total assets	\$ 38.2	\$ 17.5	\$ 55.7
Long-term liabilities	\$ 10.6	\$ 4.5	\$ 15.1
Other liabilities	2.3	.3	2.6
Total liabilities	\$ 12.9	\$ 4.8	\$ 17.7
Net position:			
Invested in capital assets, net of related debt	\$ 31.0	\$ 10.6	\$ 41.6
Restricted	10.9	.2	11.1
Unrestricted	(16.6)	1.9	(14.7)
Total net position	\$ 25.3	\$ 12.7	\$ 38.0

Government-wide Financial Analysis (cont'd)

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

A summary of the statement of net position at April 30, 2012 is below:

**City of Blue Island
Statement of Net Position
As of April 30, 2012
(in millions)**

	Governmental Activities	Business-type Activities	Primary Government
Current and other assets	\$ 8.0	\$ 2.4	\$ 10.4
Capital assets	32.8	14.4	47.2
Total assets	\$ 40.8	\$ 16.8	\$ 57.6
Noncurrent liabilities	\$ 11.8	\$ 3.9	\$ 15.2
Other liabilities	2.0	.3	2.3
Total liabilities	\$ 13.3	\$ 4.2	\$ 17.5
Net position:			
Invested in capital assets, net of related debt	\$ 31.3	\$ 10.6	\$ 41.9
Restricted	11.3	.1	11.4
Unrestricted	(15.1)	1.9	(13.2)
Total net position	\$ 27.5	\$ 12.6	\$ 40.1

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Governmental Activities. Governmental activities decreased the City of Blue Island's net position by \$1,184,809, due in large measure to an increase in the net pension obligation of \$919,319. Expenses decreased by \$175,821 which included the increase to the net pension obligation. Revenues decreased by \$1,489,044 as incremental tax revenues decreased due to a combination of actual increments received on the 2011 levy falling short of expectations and significant decreases in the equalized assessed valuations in TIF Districts II, III and V resulted in much lower amounts being levied in the 2012 tax year.

Government-wide Financial Analysis (cont'd)

Business-type Activities. Business-type activities increased the City of Blue Island's net position by \$209,509, compared to a decrease of \$89,570 in the prior year. The improvement from the prior year was due primarily to increased revenues in the Water Fund.

**City of Blue Island
Changes in Net Position
For the Fiscal Year Ended April 30, 2013
(in millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$ 5.5	28.1 %	\$ 5.5	95.0 %	\$ 11.0	43.4%
Operating grants	.9	4.4	-	-	.9	3.4
Capital grants	.5	2.5	.3	5.0	.8	3.0
General revenue:						
Property taxes	6.0	30.8	-	-	6.0	23.7
Other taxes	6.4	32.4	-	-	6.4	25.0
Other revenues	.3	1.8	-	-	.3	1.5
Total Revenues	19.6		5.8		25.4	
Expenses:						
Governmental activities:						
General government	6.4	30.9	-	-	6.4	24.3
Public safety	9.0	43.1	-	-	9.0	34.0
Civil service	.1	0.1	-	-	.1	.1
Public works	5.0	24.4	-	-	5.0	19.2
Senior citizens	.1	0.5	-	-	.1	.4
Interest	.2	1.0	-	-	.2	.8
Business-type:						
Water and sewer	-	-	4.5	80.1	4.5	17.0
Golf course	-	-	1.1	19.9	1.1	4.2
Total expenses	20.8		5.6		26.4	
Changes in net position	\$ (1.2)		\$.2		\$ (1.0)	

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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) decreased as the EAV decreased.
- Incremental tax revenues in the five Tax Increment Financing Districts decreased by \$1,840,618 in the current year as the EAV and extended taxes decreased.
- Enterprise Fund operating revenues increased as water and sewer rates increased and Golf Course 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 Position
For the Fiscal Year Ended April 30, 2012
(in millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$ 5.7	27.1 %	\$ 5.2	100.0 %	\$ 10.9	41.6%
Operating grants	1.2	5.5	-	-	1.2	4.4
Capital grants	.1	0.5	-	-	.1	0.4
General revenue:						
Property taxes	7.9	37.3	-	-	7.9	29.9
Other taxes	5.8	27.7	-	-	5.8	22.2
Other revenues	.4	1.9	-	-	.4	1.5
Total revenues	21.1		5.2		26.3	
Expenses:						
Governmental activities:						
General government	7.7	36.7	-	-	7.7	29.3
Public safety	8.7	41.7	-	-	8.7	33.3
Civil service	.1	0.2	-	-	.1	.1
Public works	4.1	19.5	-	-	4.1	15.6
Senior citizens	.1	0.5	-	-	.1	.4
Interest	.3	1.4	-	-	.3	1.2
Business-type:						
Water and sewer	-	-	4.2	78.8	4.2	15.9
Golf Course	-	-	1.1	21.2	1.1	4.2
Total expenses	21.0		5.3		26.3	
Changes in net position	\$ 0.1		\$ (0.1)		\$ -	

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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 position of the Water and Sewer and Golf Course funds at the end of the year amounted to \$1,868,906. The total increase in net position for the funds was \$121,232, which includes a restatement of beginning net position of \$88,277 to expense deferred bond issuance costs in accordance with GASB Statement 65. 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)		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Taxes	\$ 3.2	\$ 3.2	\$ 3.4
Intergovernmental	5.9	5.9	5.7
Other	8.1	8.1	7.2
Total revenues	<u>17.2</u>	<u>17.2</u>	<u>16.3</u>
Expenditures:			
Current:			
General government	2.3	2.3	1.6
Building	.5	.5	.4
Planning	.9	.9	.4
Police	4.6	4.6	4.9
911 Center	1.5	1.5	1.1
Fire	2.7	2.7	2.1
Public works	9.9	9.9	3.5
Insurance loss	6.2	6.2	3.2
Marketing	1.3	1.3	.3
Total expenditures	<u>29.9</u>	<u>29.9</u>	<u>17.5</u>
Other financing uses	<u>-</u>	<u>-</u>	<u>(.2)</u>
Change in fund balance	<u>\$ (12.7)</u>	<u>\$ (12.7)</u>	<u>\$ (1.4)</u>

Intergovernmental tax and other 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, 2013 amounts to \$47,624,164 (\$47,206,295 at April 30, 2012), which is net of accumulated depreciation. This investment in capital assets includes land, buildings, utility system and improvements, and equipment, including vehicles. The total change in the City of Blue Island's investment in capital assets between the current fiscal year and the prior year's annual report was an increase of \$417,869. This included a decrease in the governmental activities of \$290,637 and an increase of \$708,506 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, and renovations to the water tower and system funded largely by a loan from the Illinois Environmental Protection Agency.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 20.3	\$ 20.3	\$.7	\$.7	\$ 21.0	\$ 21.0
Buildings and land improvements	5.5	5.7	2.8	3.0	8.3	8.7
Infrastructure	5.3	5.4	11.4	10.5	16.7	15.9
Construction in progress	-	-	-	.1	-	.1
Equipment	1.4	1.4	.2	.1	1.6	1.5
Total	\$ 32.5	\$ 32.8	\$ 15.1	\$ 14.4	\$ 47.6	\$ 47.2

Additional information on the City of Blue Island's capital assets can be found in Note III.C. on pages 44 through 46 of this report.

Long-term Debt. At the end of fiscal year 2013, the City of Blue Island had total bonded debt outstanding of \$7,380,000 (\$9,620,000 at 2012). The balance at April 30, 2013 included only general obligation bonds. All of this bonded debt is backed by the full faith and credit of the government. In the prior year, the City issued \$1,100,000 General Obligation Judgment Bonds to finance a legal settlement. In April 2007, the City issued \$1,000,000 general sales tax/revenue sharing receipts alternate revenue source bonds which were paid off in the current year.

In the current year, the City participated in the Illinois Environmental Protection Agency's Public Water Supply Loan Program, borrowing \$897,560 to be repaid in semiannual installments of \$26,005 inclusive of interest at 1.25%, commencing October 7, 2013 through October 7, 2032.

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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 3.8	\$ 5.8	\$ -	\$ -	\$ 3.8	\$ 5.8
Alternate revenue source bonds		.3	3.6	3.8	3.6	4.1
Illinois EPA Water Supply Loan Program	-	-	.9	-	.9	-
	<u>\$ 3.8</u>	<u>\$ 6.1</u>	<u>\$ 4.5</u>	<u>\$ 3.8</u>	<u>\$ 8.3</u>	<u>\$ 9.9</u>

The City of Blue Island's total debt, including notes payable, decreased by \$1,684,440 during the current fiscal year.

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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, 2013 was \$11,539,318.

Additional information on the City of Blue Island's long-term debt can be found in Note III.F. on pages 48 through 53 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 City Clerk, 13051 South Greenwood Avenue, Blue Island, Illinois 60406.

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BASIC FINANCIAL STATEMENTS

12/06/2013

**City of Blue Island
Statement of Net Position
April 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
Assets				
Cash and investments	\$ 1,551,960	\$ 69,291	\$ 1,621,251	\$ 1,251,625
Receivables	5,323,517	424,451	5,747,968	698,453
Due from primary government	-	-	-	58,129
Internal balances	(1,714,697)	1,714,697	-	-
Restricted cash	484,602	164,380	648,982	-
Prepaid items	19,648	-	19,648	-
Inventory	-	38,679	38,679	-
Capital assets not depreciated - land	20,289,512	678,958	20,968,470	-
Capital assets (net of accumulated depreciation):				
Buildings and land improvements	5,470,697	2,872,174	8,342,871	22,685
Infrastructure	5,820,449	11,386,467	16,706,916	-
Equipment	1,421,778	184,129	1,605,907	48,422
Total assets	38,167,466	17,533,226	55,700,692	2,079,314
Liabilities				
Accounts payable and other accrued expenses	1,877,816	215,934	2,093,750	55,911
Accrued interest expense	54,282	68,547	122,829	-
Due to component unit	58,129	-	58,129	-
Deferred revenue	318,912	-	318,912	-
Noncurrent liabilities:				
Due within one year	1,640,000	276,510	1,916,510	-
Due in more than one year	8,953,698	4,309,781	13,263,479	-
Total liabilities	12,902,837	4,870,772	17,773,609	55,911
Net Position				
Invested in capital assets, net of related debt	31,042,436	10,629,168	41,671,604	71,107
Restricted for grant purposes	216,890	-	216,890	-
Restricted for public safety	267,712	-	267,712	-
Restricted by state statute	9,686,805	-	9,686,805	-
Restricted for debt service	679,806	164,380	844,186	-
Unrestricted	(16,629,020)	1,868,906	(14,760,114)	1,952,296
Total net position	\$ 25,264,629	\$ 12,662,454	\$ 37,927,083	\$ 2,023,403

See accompanying notes and independent auditor's report.

12/06/2013

**City of Blue Island
Statement of Activities
For the Year Ended April 30, 2013**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit Public Library
Primary government:								
Governmental activities:								
General government	\$ 6,381,668	\$ 2,132,149	\$ 851,151	\$ -	\$ (3,398,368)	\$ -	\$ (3,398,368)	\$ -
Public safety	8,982,665	1,991,376	20,750	-	(6,970,539)	-	(6,970,539)	-
Public works	5,077,804	1,384,398	-	486,568	(3,206,838)	-	(3,206,838)	-
Civil defense	28,808	-	-	-	(28,808)	-	(28,808)	-
Senior citizens	108,065	6,961	-	-	(101,104)	-	(101,104)	-
Interest on long-term debt	209,889	-	-	-	(209,889)	-	(209,889)	-
Total governmental activities	20,788,899	5,514,884	871,901	486,568	(13,915,546)	-	(13,915,546)	-
Business-type activities:								
Water and sewer	4,489,265	4,450,798	291,450	-	-	252,983	252,983	-
Golf course	1,111,859	1,067,943	-	-	-	(43,916)	(43,916)	-
Total business-type activities	5,601,124	5,518,741	-	291,450	-	209,067	209,067	-
Total primary government	\$26,390,023	\$11,033,625	\$ 871,901	\$ 778,018	\$ (13,915,546)	\$ 209,067	\$ (13,706,479)	\$ -
Component unit - Public Library	\$ 1,457,840	\$ 56,260	\$ 24,311	\$ -	\$ -	\$ -	\$ -	\$ (1,377,269)
General revenues:								
Property taxes					6,036,938	-	6,036,938	1,316,657
Replacement taxes					236,252	-	236,252	50,983
Sales taxes					1,308,173	-	1,308,173	-
Income taxes					2,243,002	-	2,243,002	-
Motor fuel taxes					675,901	-	675,901	-
Utility taxes					1,492,471	-	1,492,471	-
Local use, gaming and foreign fire taxes					390,012	-	390,012	-
Rental income/reimbursements/miscellaneous					345,713	250	345,963	1,856
Unrestricted investment earnings					2,275	192	2,467	1,688
Total general revenues					12,730,737	442	12,731,179	1,371,184
Changes in net position					(1,184,809)	209,509	(975,300)	(6,085)
Net position, beginning of the year, as previously reported					27,492,866	12,541,222	40,034,088	2,029,488
Restatement of beginning net pension obligation					(998,556)	-	(998,556)	-
Restatement to expense deferred bond issuance costs					(44,872)	(88,277)	(133,149)	-
Net position, beginning of the year, as restated					26,449,438	12,452,945	38,902,383	2,029,488
Net position, end of the year					\$ 25,264,629	\$ 12,662,454	\$ 37,927,083	\$ 2,023,403

See accompanying notes and independent auditor's report.

**City of Blue Island
Balance Sheet - Governmental Funds
April 30, 2013**

	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
Assets						
Cash and investments	\$ 562	\$ 113,826	\$ 467,900	\$ 656,599	\$ 313,073	\$ 1,551,960
Receivables:						
Property taxes	1,696,732	504,675	386,769	604,153	387,084	3,579,413
Customers	132,799	-	-	-	-	132,799
Grants	2,737	-	-	-	300,345	303,082
Other	45,791	-	-	-	40,768	86,559
Due from other governmental agencies	1,221,664	-	-	-	-	1,221,664
Due from other funds	3,433,412	4,941,876	3,246,054	220,921	1,612,841	13,455,104
Interfund receivables	-	64,776	-	-	-	64,776
Restricted cash	484,602	-	-	-	-	484,602
Prepaid items	19,648	-	-	-	-	19,648
Advances to other funds	-	162,420	-	-	-	162,420
Total assets	\$ 7,037,947	\$ 5,787,573	\$ 4,100,723	\$ 1,481,673	\$ 2,654,111	\$ 21,062,027
Liabilities, Deferred Inflows and Fund Balance (Deficit)						
Liabilities:						
Accounts payable	\$ 505,122	\$ -	\$ -	\$ 870,016	\$ 26,844	\$ 1,401,982
Accrued expenses	257,600	-	-	-	-	257,600
Due to other funds	14,584,344	-	-	1,500	583,957	15,169,801
Due to component unit	58,129	-	-	-	-	58,129
Deferred revenue and other liabilities	-	-	-	-	318,912	318,912
Interfund payables	64,776	-	-	-	-	64,776
Claims incurred and unreported	218,234	-	-	-	-	218,234
Advances from other funds	162,420	-	-	-	-	162,420
Total liabilities	15,850,625	-	-	871,516	929,713	17,651,854
Deferred inflows:						
Property taxes	1,696,732	504,675	386,769	604,153	387,084	3,579,413
Fund balance (deficit):						
Nonspendable	19,648	-	-	-	-	19,648
Restricted for grant purposes	216,890	-	-	-	-	216,890
Restricted for public safety	267,712	-	-	-	-	267,712
Restricted under state statute	-	5,282,898	3,713,954	6,004	683,949	9,686,805
Restricted for debt service	-	-	-	-	679,806	679,806
Unassigned	(11,013,660)	-	-	-	(26,441)	(11,040,101)
Total fund balance (deficit)	(10,509,410)	5,282,898	3,713,954	6,004	1,337,314	(169,240)
Total liabilities, deferred inflows and fund balance (deficit)	\$ 7,037,947	\$ 5,787,573	\$ 4,100,723	\$ 1,481,673	\$ 2,654,111	\$ 21,062,027

See accompanying notes and independent auditor's report.

City of Blue Island
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
April 30, 2013

Total fund balance (deficit) - governmental funds (page 18) \$ (169,240)

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 32,502,436

Bond issuance costs are amortized over the life of the issue for governmental activities, but expensed in the period paid in the governmental funds.

Interest expense is not subject to accrual in the governmental funds. (54,282)

Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net position. 3,579,713

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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (10,593,698)

Net position of governmental activities (page 14) \$ 25,264,629

City of Blue Island
Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficit) - Governmental Funds
For the Year Ended April 30, 2013

	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
Revenues:						
Property taxes	\$ 3,451,718	\$ 865,631	\$ 816,912	\$ 1,021,156	\$ 808,087	\$ 6,963,504
Personal property and replacement taxes	236,252	-	-	-	-	236,252
Other taxes	5,433,658	-	-	-	-	5,433,658
Licenses	534,757	-	-	-	-	534,757
Permits	206,367	-	-	-	-	206,367
State allotments	-	-	-	-	675,901	675,901
Fines	662,485	-	-	-	-	662,485
Grants	871,901	-	-	-	486,568	1,358,469
Interest	1,060	222	236	462	295	2,275
9-1-1 system fees	956,156	-	-	-	-	956,156
Sanitation fees	1,384,398	-	-	-	-	1,384,398
Other	2,561,312	-	-	-	-	2,561,312
Total revenues	16,300,064	865,853	817,148	1,021,618	1,970,851	20,975,534
Expenditures:						
Current:						
General government	1,598,348	10,596	4,813	171,147	35,671	1,820,575
Building	409,574	-	-	-	-	409,574
Planning	366,441	-	-	-	-	366,441
Police	5,953,738	-	-	-	-	5,953,738
Fire	2,138,388	-	-	-	-	2,138,388
Public works	3,558,813	-	-	-	-	3,558,813
Street	-	-	18,394	961,865	662,824	1,643,083
Insurance loss	3,201,471	-	-	-	-	3,201,471
Civil Service Commission	28,808	-	-	-	-	28,808
Marketing	259,179	-	-	-	-	259,179
Debt service	8,082	-	-	-	2,601,558	2,609,640
Capital outlay	-	1,500	-	90,000	562,421	653,921
Total expenditures	17,522,842	12,096	23,207	1,223,012	3,862,474	22,643,631

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(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, 2013

	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
Revenues over (under) expenditures before other financing sources (uses)	\$ (1,222,778)	\$ 853,757	\$ 793,941	\$ (201,394)	\$ (1,891,623)	\$ (1,668,097)
Other financing sources (uses):						
Transfers in	-	-	-	-	1,807,732	1,807,732
Transfers out	(208,005)	(810,419)	(789,308)	-	-	(1,807,732)
Total other financing sources (uses)	(208,005)	(810,419)	(789,308)	-	1,807,732	-
Net changes in fund balances (deficit)	(1,430,783)	43,338	4,633	(201,394)	(83,891)	(1,668,097)
Fund balances (deficit), beginning of the year	(9,078,627)	5,239,560	3,709,321	207,398	1,421,205	1,498,857
Fund balances (deficit), end of the year	\$ (10,509,410)	\$ 5,282,898	\$ 3,713,954	\$ 6,004	\$ 1,337,314	\$ (169,240)

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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, 2013**

Amounts reported for governmental activities in the statement of activities (pages 15 and 16) are different because:

Net change in fund balance - total governmental funds (page 23)	\$ (1,668,097)
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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 (\$855,104) exceeds capital asset additions (\$564,467) in the current period.	(290,637)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(926,565)
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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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Repayment of principal on bonds	2,357,000
Net amortization of bond premiums	2,313

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.	
Change in accrued interest	42,750
Change in compensated absences payable	217,746
Change in net pension obligation	<u>(919,319)</u>

Change in net position of governmental activities (page 16)	<u>\$ (1,184,809)</u>
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See accompanying notes and independent auditor's report.

12/06/2013

**City of Blue Island
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Deficit - Budget and Actual
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Revenues:		
Taxes:		
Property taxes	\$ 3,224,000	\$ 3,451,718
Personal property replacement tax	400,000	236,252
Other taxes	5,530,000	5,433,658
Licenses	570,001	534,757
Permits	150,000	206,367
Fines	649,999	662,485
Grants	2,400,000	871,901
Interest	-	1,060
Other	4,310,000	4,901,866
	17,234,000	16,300,064
Expenditures:		
Current:		
General government	2,284,250	1,598,348
Building	476,100	409,574
Planning	882,490	366,441
Police	4,592,000	4,884,419
911 Center	1,539,850	1,069,319
Fire	2,668,100	2,138,388
Public works	9,937,300	3,558,813
Insurance loss	6,201,900	3,201,471
Civil Service Commission	49,000	28,808
Marketing	1,259,400	259,179
Debt service	-	8,082
	29,890,390	17,522,842
Total expenditures	29,890,390	17,522,842
Revenues under expenditures before other financing uses	\$(12,656,390)	(1,222,778)
Other financing uses - transfers out		(208,005)
Changes in fund deficit		(1,430,783)
Fund deficit, beginning of the year		(9,078,627)
Fund deficit, end of the year		\$(10,509,410)

See accompanying notes and independent auditor's report.

12/06/2013

**City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Net Position
April 30, 2013**

Assets	<u>Water</u>	<u>Golf Course</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 41,697	\$ 27,594	\$ 69,291
Accounts receivable:			
Customers	439,451	-	439,451
Less allowance for doubtful accounts	(15,000)	-	(15,000)
Due from other funds	5,174,718	-	5,174,718
Inventory	-	38,679	38,679
Total current assets	<u>5,640,866</u>	<u>66,273</u>	<u>5,707,139</u>
Restricted assets - cash - bond-reserve-accounts	164,380		164,380
Property and equipment:			
Land	8,958	670,000	678,958
Buildings and land improvements	108,054	4,640,426	4,748,480
Infrastructure	20,773,348	-	20,773,348
Equipment	1,027,677	540,417	1,568,094
Less accumulated depreciation	(10,317,561)	(2,329,591)	(12,647,152)
Total capital assets	<u>11,600,476</u>	<u>3,521,252</u>	<u>15,121,728</u>
Total assets	<u>\$17,405,722</u>	<u>\$ 3,587,525</u>	<u>\$20,993,247</u>

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Liabilities	<u>Water</u>	<u>Golf Course</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 125,109	\$ 49,047	\$ 174,156
Accrued salaries	18,166	11,165	29,331
Due to other funds	-	3,460,021	3,460,021
EPA loan payable	42,788	-	42,788
Bonds payable	225,000	-	225,000
Unamortized bond premium	3,722	-	3,722
Other liabilities	2,666	9,781	12,447
Total current liabilities	<u>417,451</u>	<u>3,530,014</u>	<u>3,947,465</u>
Current liabilities payable from restricted assets - accrued interest	68,547		68,547
Long-term liabilities (net of current maturities):			
Compensated absences payable	35,553	-	35,553
EPA loan payable	854,772	-	854,772
Bonds payable	3,370,000	-	3,370,000
Unamortized bond premium	54,456	-	54,456
Total noncurrent liabilities	<u>4,383,328</u>	<u>-</u>	<u>4,383,328</u>
Total liabilities	<u>4,800,779</u>	<u>3,530,014</u>	<u>8,330,793</u>
Net Position			
Invested in capital assets, net of related debt	7,107,916	3,521,252	10,629,168
Restricted for debt service	164,380	-	164,380
Unrestricted	5,332,647	(3,463,741)	1,868,906
Total net position	<u>12,604,943</u>	<u>57,511</u>	<u>12,662,454</u>
	<u>\$17,405,722</u>	<u>\$ 3,587,525</u>	<u>\$20,993,247</u>

12/06/2013

City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended April 30, 2013

	Water	Golf Course	Total
Operating revenues:			
Water	\$ 3,756,150	\$ -	\$ 3,756,150
Sewer maintenance	685,615	-	685,615
Water meter	4,260	-	4,260
Golf course	-	750,855	750,855
Pro shop and concessions	-	317,088	317,088
Miscellaneous	1,132	250	1,382
Total operating revenues	4,447,157	1,068,193	5,515,350
Operating expenses	4,319,174	1,111,859	5,431,033
Operating income (loss)	127,983	(43,666)	84,317
Nonoperating income (expenses):			
Grant income	291,450	-	291,450
Interest income	142	50	192
Interest expense	(170,091)	-	(170,091)
Bond premium amortization	3,641	-	3,641
Nonoperating income (expense)	125,142	50	125,192
Changes in net position	253,125	(43,616)	209,509
Net position, beginning of the year, as previously reported	12,440,095	101,127	12,541,222
Restatement to expense deferred bond issuance costs	(88,277)	-	(88,277)
Net position, beginning of the year, as restated	12,351,818	101,127	12,452,945
Net position, end of the year	\$12,604,943	\$ 57,511	\$12,662,454

See accompanying notes and independent auditor's report.

12/06/2013

City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Cash Flows
For the Year Ended April 30, 2013

	Water	Golf Course	Total
Cash flows from operating activities:			
Receipts from customers	\$ 4,447,157	\$ 1,068,193	\$ 5,515,350
Payments to suppliers	(3,146,266)	(746,950)	(3,893,216)
Payments to employees	(680,697)	(247,006)	(927,703)
Net cash from operating activities	620,194	74,237	694,431
Cash flows from noncapital financing activities - advances to other funds	59,624	(43,993)	15,631
Net cash from noncapital financing activities	59,624	(43,993)	15,631
Cash flows from capital and related financing activities:			
Grant proceeds	291,450	-	291,450
Purchase of capital assets	(1,342,359)	(32,900)	(1,375,259)
Proceeds from loan payable	897,560	-	897,560
Principal paid on capital debt	(225,000)	-	(225,000)
Interest paid on capital debt	(174,075)	-	(174,075)
Net cash from capital and related financing activities	(552,424)	(32,900)	(585,324)
Cash flows from investing activities:			
Purchase of investments	-	(2)	(2)
Interest income	142	50	192
Net cash from investing activities	142	48	190
Net increase (decrease) in cash	127,536	(2,608)	124,928
Cash and restricted cash, beginning of the year	77,645	28,239	105,884
Cash and restricted cash, end of the year	\$ 205,181	\$ 25,631	\$ 230,812

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City of Blue Island
Proprietary Funds - Enterprise Funds
Statement of Cash Flows (cont'd)
For the Year Ended April 30, 2013

	Water	Golf Course	Total
Cash	\$ 40,801	\$ 25,631	\$ 66,432
Investments	896	1,963	2,859
Cash and investments	\$ 41,697	\$ 27,594	\$ 69,291
Cash	\$ 40,801	\$ 25,631	\$ 66,432
Restricted cash	164,380	-	164,380
Cash and restricted cash	\$ 205,181	\$ 25,631	\$ 230,812
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 127,983	\$ (43,666)	\$ 84,317
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	545,725	121,029	666,754
Increase in inventory	-	(7,592)	(7,592)
Increase (decrease) in accounts payable	(55,208)	2,072	(53,136)
Increase in accrued salaries and compensated absences	1,694	3,694	5,388
Decrease in other liabilities	-	(1,300)	(1,300)
Net cash from operating activities	\$ 620,194	\$ 74,237	\$ 694,431

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City of Blue Island
Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. The Reporting Entity

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

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

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

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

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

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

The statement of net position presents the City's nonfiduciary assets and liabilities with the difference reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use is either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the criteria of the two preceding categories.

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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 third Tax Increment Financing (TIF) District and related expenditures incurred in connection with this TIF.

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

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

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

Special Tax Increment Allocation Fund V – A Special Revenue Fund used to account for the accumulation of incremental tax revenues from the City's fifth 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.

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.

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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.

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

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

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

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

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. The allowance for uncollectible property taxes is based on past collection history and current economic conditions. Capital assets are depreciated over their estimated useful lives. 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, 2013).

Certain Significant Concentrations – Approximately 81%, or \$4,450,000, of revenue of proprietary funds is from water and sewer operations, and 19%, or \$1,070,000, of revenue is from golf club operations. On the statement of net position, receivables of governmental activities consist of property taxes (67%), other taxes (23%), grants and other (7%), and customer accounts (3%). Receivables of business-type activities consist of billed and unbilled utilities receivable.

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)

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. 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 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."

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 the Water Fund Revenue Bonds provide for deposits as determined by corporate authorities. No amounts have been determined for deposit to this account.

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

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

I. Capital Assets

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

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 enterprise fund capital asset is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

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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 for employees with twenty years of service, in both the government-wide and proprietary fund financial statements as a liability.

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

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

K. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations, including compensated absences and net pension obligation, are reported as liabilities in the applicable governmental or business-type activities and proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as expenses/expenditures at the time of issuance.

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.

DRAFT Deferred Revenue **SUBJECT TO CHANGE**

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 Position

Governmental funds' fund balance is classified as nonspendable or spendable, and spendable fund balance is classified further as restricted, committed, assigned or unassigned. 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 in accordance with various grant agreements totaling \$216,890, and a portion restricted for public safety purposes related to narcotic asset seizures totaling \$267,712. The remainder of the General Fund fund balance is considered unassigned. The fund balances of the Special Tax Increment Allocation Funds and the Motor Fuel Tax Fund are restricted for use in accordance with the Illinois Tax Increment Allocation Redevelopment Act and the Motor Fuel Tax Law, respectively. Debt Service Fund balances resulting from property taxes levied for the payment of debt service are considered restricted. 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.

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

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

M. Fund Balance/Net Position (cont'd)

There are no committed or assigned fund balances. Negative fund balances are considered unassigned.

In the government-wide and proprietary fund financial statements, restricted net position is legally restricted by outside parties for a specific purpose. A portion of governmental activities' net position is restricted for the same purposes as governmental fund balances. A portion of the business-type activities' and Water Fund's net position is 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 position consists of net position that does not meet the definition of restricted or invested in capital assets, net of related debt.

Within the government-wide and proprietary financial statements, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Within the governmental funds, restricted resources are utilized first, followed, as available, by committed, assigned and unassigned.

N. Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position – Restatement

For the year ended April 30, 2013, the City adopted the provisions of GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. Statement No. 63 amends the net asset reporting requirements in Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Statement No. 65 established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The implementation of these standards reduced previously reported governmental and business-type activities' net position as of the beginning of the year by \$44,872 and \$88,277, respectively, to eliminate unamortized bond issuance costs. This restatement has been presented in the statement of activities for the year ended April 30, 2013.

The implementation of these standards resulted in a reclassification of deferred property tax revenue, formerly presented as a current liability, as a deferred inflow of resources.

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

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:

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By two-thirds vote transfer within any department amounts appropriated for an object or purpose to another object or purpose. No object or purpose can be reduced below an amount sufficient to provide for all obligations incurred or to be incurred against the appropriation.

- Adopt a supplemental Appropriation Ordinance in an amount not to exceed any additional revenue available, including unappropriated fund balances, or amounts estimated to be received after adoption of the annual Appropriation Ordinance.
- No other appropriation can be adopted during the fiscal year, unless approved by a petition signed by fifty (50) percent of the number of individuals who voted for Mayor at the last general municipal election, or by a majority of individuals voting on the question in a regular general election or an emergency referendum.
- Management cannot amend the Appropriation Ordinance. However, expenditures may exceed appropriations at the subobject level. The City Aldermen, as outlined above, must approve expenditures that exceed individual appropriations at the object level.

For the year ended April 30, 2013, there were no supplemental appropriations.

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

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

A. Budgetary Information (cont'd)

B. Deficit Fund Equity

The General Fund has a deficit fund balance of \$10,509,410. Funding of this deficit is expected from future tax revenues and transfers from other funds, and a reduction of future operating expenditures.

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, 2013, the Junior Bond and Interest Account was underfunded by \$21,200. Funds were accumulated in the City's general checking account to meet the next interest payment subsequent to year end.

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III. Detailed Notes For All Activities and Fund Types

A. Deposits and Investments

Statutes authorize the City to invest in the following:

- Bonds, notes, certificates of indebtedness, Treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
- Bonds, notes, debentures or similar obligations of the United States of America or its agencies.
- Savings accounts, certificates of deposit, time accounts, or any other investment constituting direct obligations of a bank, as defined by the Illinois Banking Act. Securities legally issuable by savings and loan associations incorporated under the laws of any state of the United States of America. Share accounts and share certificates of a credit union chartered under the laws of the state of Illinois or United States of America, provided the principal office of the credit union is located within the state of Illinois. Short-term discount obligations of the Federal National Mortgage Association (FNMA).
- Investments may be made only in financial institutions which are insured by either the Federal Deposit Insurance Corporation, or other applicable law for credit unions.

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)

- 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 agree 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.

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Investments with maturities of one year or more from the date of purchase are stated at fair 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 \$2,127,972, and the bank balance was \$2,584,097 (\$499,344 and \$508,922, respectively for the City's component unit). Cash on hand totaled \$775 for the City and \$495 for the City's component unit. Of the bank balance, \$500,000 was covered by Federal Depository Insurance (\$264,411 for the City's component unit). The remaining balance of the City's deposits of \$2,084,097 (Library's deposits of \$244,511) was uninsured and uncollateralized. Collateral with a fair 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, 2013:

	Carrying Amount	Fair Value
Illinois Funds Primary government	\$ 141,486	\$ 141,486
Component unit	\$ 751,786	\$ 751,832

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

	Primary Government	Component Unit
Cash on hand	\$ 775	\$ 495
Carrying amount of deposits	2,127,972	499,344
Carrying amount of investments	141,486	751,786
Total	\$ 2,270,233	\$ 1,251,625
Statement of Financial Position:		
Cash and investments	\$ 1,621,251	1,251,625
Restricted cash	648,982	-
	\$ 2,270,233	\$ 1,251,625

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)

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 fair 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, 2013 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.

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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, 2013, and trade receivables outstanding for greater than 90 days were not considered material at April 30, 2013.

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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, 2013 is as follows:

	<u>Balances May 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances April 30, 2013</u>
Governmental Activities				
Capital assets not being depreciated – land	\$ 20,289,512	\$ -	\$ -	\$ 20,289,512
Capital assets being depreciated:				
Buildings and land improvements	12,113,337	79,350	-	12,192,687
Infrastructure	15,845,119	237,115	-	16,082,234
Equipment	7,790,888	248,002	-	8,038,890
Total capital assets being depreciated	<u>35,749,344</u>	<u>564,467</u>	<u>-</u>	<u>36,313,811</u>
Less accumulated depreciation for:				
Buildings and land improvements	6,402,125	319,865	-	6,721,990
Infrastructure	10,492,414	269,371	-	10,761,785
Equipment	6,351,244	265,868	-	6,617,112
Total accumulated depreciation	<u>23,245,783</u>	<u>855,104</u>	<u>-</u>	<u>24,100,887</u>
Total capital assets being depreciated, net	<u>12,503,561</u>	<u>(290,637)</u>	<u>-</u>	<u>12,212,924</u>
Governmental activities, capital assets, net	<u>\$ 32,793,073</u>	<u>\$ (290,637)</u>	<u>\$ -</u>	<u>\$ 32,502,436</u>

DRAFT SUBJECT TO CHANGE

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	\$	598,885
Public safety		217,171
Highways and streets		39,048
Total depreciation – governmental activities	\$	855,104

	<u>Balances May 1, 2012</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balances April 30, 2013</u>
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 678,958	\$ -	\$ -	\$ 678,958
Construction in progress	69,393	-	(69,393)	-
Capital assets not being depreciated	748,351	-	(69,393)	678,958
Capital assets being depreciated:				
Buildings and land improvements	4,741,383	7,096	-	4,748,479
Infrastructure	19,417,974	1,285,982	69,393	20,773,349
Equipment	1,485,912	82,182	-	1,568,094
Capital assets being depreciated	25,645,269	1,375,260	69,393	27,089,922
Less accumulated depreciation for:				
Buildings and land improvements	1,775,566	100,739	-	1,876,305
Infrastructure	8,871,388	515,494	-	9,386,882
Equipment	1,333,444	50,521	-	1,383,965
Total accumulated depreciation	11,980,398	666,754	-	12,647,152
Capital assets being depreciated, net	13,664,871	708,506	69,393	14,442,770
Capital assets, net	\$ 14,413,222	\$ 708,506	\$ -	\$ 15,121,728

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)

	Balances May 1, 2012	Additions	Retirements	Balances April 30, 2013
Component Unit				
Capital assets being depreciated:				
Buildings and land improvements	\$ 29,317	\$ -	\$ -	\$ 29,317
Equipment	98,070	15,595	-	113,665
Capital assets being depreciated	127,387	15,595	-	142,982
Less accumulated depreciation for:				
Buildings and land improvements	5,655	977	-	6,632
Equipment	55,436	9,807	-	65,243
Total accumulated depreciation	61,091	10,784	-	71,875
Capital assets being depreciated, net	\$ 66,296	\$ 4,811	\$ -	\$ 71,107

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D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of April 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from other funds:		
General	Golf Course	\$ 3,406,881
General	CDBG Fund	435
General	Special Tax Increment Allocation Fund VI	26,096
Motor Fuel Tax	General	285,242
Special Tax Increment Allocation Fund I	General	129,419
Special Tax Increment Allocation Fund II	General	4,731,554
Special Tax Increment Allocation Fund III	General	2,897,450
Special Tax Increment Allocation Fund IV	General	220,921

(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)

Receivable Fund	Payable Fund	Amount
Due to/from other funds (cont'd):		
Alternate Bond Fund – Series 1995	General	\$ 404,631
1998 TIF General Obligation	General	757,232
General Obligation Bond Fund – Series 2011	General	36,317
Water	General	5,121,578
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 V	4,500
Special Tax Increment Allocation Fund III	1998 TIF General Obligation	348,604
		<u>\$ 18,629,822</u>
Interfund receivable/payable:		
Special Tax Increment Allocation Fund II	General	<u>\$ 64,776</u>
Advances to/from other funds:		
Special Tax Increment Allocation Fund II	General	<u>\$ 162,420</u>

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

Subsequent to year end, the City Council adopted an ordinance authorizing a transfer from the Water Fund to the General Fund in an amount necessary to eliminate the balance due between the 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, 2013 are as follows:

Transfer In Fund	Transfer Out Fund	Amount
CDBG Fund	General Fund	\$ 75,513
General Obligation Bond Fund Series 2007	General Fund	132,492
1997 TIF General Obligation	Special Tax Increment Allocation Fund II	499,225
1998 TIF General Obligation	Special Tax Increment Allocation Fund III	789,308
2003 TIF General Obligation	Special Tax Increment Allocation Fund II	311,194
		<u>\$ 1,807,732</u>

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The transfer from the General Fund to the CDBG Fund was for administrative charges related to the CDBG program not paid for from grant funds. The transfer from the General Fund to the General Obligation Bond Fund Series 2007 was made to properly allocate funds pledged to make current principal and interest payments on the alternate revenue bonds. The transfers from the Special Tax Increment Allocation Fund II and Special Tax Increment Allocation Fund III were 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, 2013 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, 2012</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balances April 30, 2013</u>
General Obligation Bonds:				
1995 Golf Course Refunding Bonds (Alternate Revenue Source), original principal \$6,240,000, annual principal due December 1 at amounts ranging from \$485,000 to \$515,000 through December 1, 2014, interest at 5.30%.	\$ 1,460,000	\$ -	\$ 460,000	\$ 1,000,000
2011 General Obligation (Judgment Funding) Bonds, original principal \$1,100,000, semiannual principal of \$55,000 due July 1 and January 1 commencing July 1, 2010 through January 1, 2022; interest payable monthly at a rate equal to the bank rate (1.32% at April 30, 2013).	1,100,000	-	110,000	990,000
General Obligation Tax Increment Bonds:				
1997 Tax Increment Refunding Series, original principal \$3,070,000, due annually on December 15 with final payment of \$475,000 made December 15, 2012, interest at 5.10%.	475,000	-	475,000	-
1998 Tax Increment Refunding Series, original principal \$6,250,000, due annually on December 15 at amounts ranging from \$715,000 to \$750,000 through December 15, 2014, interest at 4.85% to 4.90%.	2,150,000	-	685,000	1,465,000
2003 Tax Increment Refunding Series, original principal \$2,175,000, due annually on December 15 with final payment of \$330,000 due December 15, 2013, interest at 4.375%.	615,000	-	285,000	330,000

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(cont'd)

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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, 2012</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balances April 30, 2013</u>
2006 Waterworks and Sewerage Bonds (Alternate Revenue Source), original principal \$4,635,000, annual principal due December 1 at amounts ranging from \$225,000 to \$380,000 through December 1, 2024, interest at 4.25% to 4.75%.	\$ 3,820,000	\$ -	\$ 225,000	\$ 3,595,000
	<u>\$ 9,620,000</u>	<u>\$ -</u>	<u>\$ 2,240,000</u>	<u>\$ 7,380,000</u>
General sales tax/revenue sharing receipts alternate revenue source bonds: Original principal \$1,000,000, final payments made June 1 and December 1, 2012 at \$110,000 and \$232,00, respectively, plus interest at 4.75%.	\$ 342,000	\$ -	\$ 342,000	\$ -
Illinois Environmental Protection Agency Public Water Supply Loan Program: Original principal \$897,560, semiannual payments of \$26,005 including interest of 1.25% due on October 7 and April 7, commencing October 7, 2013	\$ -	\$ 897,560	\$ -	\$ 897,560

DRAFT SUBJECT TO CHANGE

The 2006 Waterworks and Sewerage Refunding Bonds and the Illinois Environmental Protection Agency Water Supply Loan are recorded as a liabilities 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
Governmental activities due in 2014:			
1995 Golf Course	\$ 538,000	\$ 485,000	\$ 53,000
1998 Tax Increment	786,427	715,000	71,427
2003 Tax Increment	344,438	330,000	14,438
2011 Judgment	122,704	110,000	12,704
2014	1,791,569	1,640,000	151,569
2015	1,450,298	1,375,000	75,298
2016	119,801	110,000	9,801
2017	118,349	110,000	8,349
2018	116,897	110,000	6,897
2019-2022	453,068	440,000	13,068
Totals	\$ 4,049,982	\$ 3,785,000	\$ 264,982

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Fiscal Year Ending April 30	General Obligation Bonds		
	Total	Principal	Interest
Business-type activities (Waterworks and Sewerage Series 2006):			
2014	\$ 394,512	\$ 230,000	\$ 164,512
2015	394,737	240,000	154,737
2016	399,538	255,000	144,538
2017	398,063	265,000	133,063
2018	396,138	275,000	121,138
2019 – 2023	1,989,915	1,585,000	404,915
2024 – 2025	798,438	745,000	53,438
Totals	\$ 4,771,341	\$ 3,595,000	\$ 1,176,341

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	2013 Illinois Environmental Protection Agency Public Water Supply Loan Program		
	Total	Principal	Interest
Business-type activities:			
2014	\$ 52,009	\$ 42,788	\$ 9,221
2015	52,009	41,454	10,555
2016	52,009	41,973	10,036
2017	52,009	42,500	9,509
2018	52,009	43,033	8,976
2019 - 2023	260,045	223,394	36,651
2024 - 2028	260,045	267,755	22,290
2029 - 2033	231,684	224,663	7,024
	<u>\$ 1,011,822</u>	<u>\$ 897,560</u>	<u>\$ 114,262</u>

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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, 2013, 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)

Noncurrent Liability Summary:

	<u>May 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2013</u>
Governmental Activities				
General obligation bonds	\$ 5,800,000	\$ -	\$ 2,015,000	\$ 3,785,000
Sales tax/revenue sharing receipts (ARS) bonds	342,000	-	342,000	-
Compensated absences	527,488	5,433	223,179	309,742
Refunding bond premium	4,625	-	2,313	2,312
Net pension obligation	<u>4,578,769</u>	<u>1,917,875</u>	<u>-</u>	<u>6,496,644</u>
Subtotal	<u>11,252,882</u>	<u>1,923,308</u>	<u>2,582,492</u>	<u>10,593,698</u>
Water Fund				
General obligation bonds	3,820,000	-	225,000	3,595,000
EPA Loan	-	897,560	-	897,560
Compensated absences	35,553	-	-	35,553
Reoffering premium	<u>61,819</u>	<u>-</u>	<u>3,641</u>	<u>58,178</u>
Subtotal	<u>3,917,372</u>	<u>897,560</u>	<u>228,641</u>	<u>4,586,291</u>
Total	<u>\$ 15,170,254</u>	<u>\$ 2,820,868</u>	<u>\$ 2,811,133</u>	<u>\$ 15,179,989</u>

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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, the amount of that loss can be reasonably estimated, and expendable resources are available to pay the expenditures. These losses include an estimate of claims that have been incurred, but not reported of \$218,234 for employee health.

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

IV. Other Information (cont'd)

A. Risk Management (cont'd)

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, 2009 resulted in the following:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
Workers' compensation and general liability:				
2010 – 2011	\$ -	\$ 427,590	\$ (427,590)	\$ -
2011 – 2012	-	1,653,608	(1,653,608)	-
2012 – 2013	-	425,319	(425,319)	-
Health claims:				
2010 – 2011	131,842	2,942,714	(2,721,687)	352,869
2011 – 2012	352,869	2,575,325	(2,795,181)	133,013
2012 – 2013	133,013	2,373,888	(2,288,667)	218,234

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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, V and VI in November 1989, December 1992, January 1994, September 2007, November 2008, and September 2012, respectively. The Tax Increment Financing District I was closed in a 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 (2012 EAV latest available), is as follows:

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

IV. Other Information (cont'd)

C. Tax Increment Redevelopment Project (cont'd)

	Base EAV	2012 EAV
District II	\$ 9,578,727	\$ 16,254,043
District III	1,473,597	7,933,697
District IV	4,090,525	4,239,082
District V	9,684,012	12,205,052
District VI	933,560	572,093

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.

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E. Pension and Retirement Plan Commitments

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

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

IV. Other Information (cont'd)

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

1. Illinois Municipal Retirement Fund ("IMRF")

Plan Descriptions, Provisions and Funding Policies – 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.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate (average of the last 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate (average of the last 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or half the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements, including contribution rate, are established by state statute.

Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary and the City is required 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 2012 used by the City was 13.48% of payroll (0.0% for SLEP). The employer annual required contribution rate for the calendar year 2012 was 15.26% (12.96% for SLEP).

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)

Plan Descriptions, Provisions and Funding Policies (cont'd)

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, 2013, the City's annual pension cost for the Regular Plan was \$619,471 and its required contribution was \$614,332. For the SLEP Plan, the City's required and actual contribution was \$0 for the fiscal year ended April 30, 2013.

The net pension liability of \$292,727 was comprised of the following

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Annual required contribution	\$	614,332
Interest on the net pension asset		18,018
Adjustment to the ARC		<u>(12,879)</u>
Annual pension cost		619,471
Fiscal 2013 contribution		<u>566,979</u>
Increase in pension liability		52,492
Net pension liability at April 30, 2012		<u>240,234</u>
Net pension liability at April 30, 2013	\$	<u>292,727</u>

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the three years ended April 30, 2013, 2012, and 2011 is as follows:

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:			
2013	\$ 619,471	\$ 292,727	91.53 %
2012	620,910	240,234	85.28
2011	533,925	148,822	79.74

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2013	-	-	100.00
2012	-	-	100.00
2011	-	-	100.00

The required contribution for 2012 was determined as part of the December 31, 2010 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 fair 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)**

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, 2012, the most recent actuarial valuation date, the Regular plan was 65.81% funded. The actuarial accrued liability for benefits was \$11,012,112 and the actuarial value of assets was \$7,246,945, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,765,167. The covered payroll (annual payroll of active employees covered by the plan) was \$4,658,625 and the ratio of the UAAL to the covered payroll was 80.82%.

As of December 31, 2012, the most recent actuarial valuation date, the SLEP plan was 200.08% funded. The actuarial accrued liability for benefits was \$46,145 and the actuarial value of assets was \$92,329, resulting in an overfunded actuarial accrued liability (OAAL) of \$46,184. 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.

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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 City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2013 was \$2,653,307. At April 30, 2013, 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	35
Current employees	<u>37</u>
Total	<u><u>72</u></u>

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

IV. Other Information (cont'd)

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

2. Police Pension (cont'd)

The Police Pension Plan provides retirement benefits, as well as death and disability benefits. Employees hired prior to January 1, 2011 age 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, with a minimum benefit of \$1,000 per month. Employees hired after January 1, 2011 age 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of the average salary for each year of service up to 30 years, to a maximum of 75% of such salary for the eight consecutive years prior to retirement times the number of years of service, to a maximum of 75% of the average 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 of employees hired before January 1, 2011 receive 100% of the employee's retirement benefit. Surviving spouses of employees hired after January 1, 2011 receive 66.67% of the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

The monthly pension of a police officer hired prior to January 1, 2011 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.

The monthly pension of a police officer hired after January 1, 2011 who retired with ten or more years of service shall be increased annually, following the later of the first anniversary date of retirement or attainment of age 60, by the lesser of one-half of the annual unadjusted percentage increase in the consumer price index or 3%.

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, or ten years if hired after January 1, 2011, 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 2040, the City's contributions must accumulate to the point where the unfunded liability for the Police Pension Plan is fully funded.

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**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)

As of April 30, 2013, the annual required contribution of the City necessary to cover normal cost was calculated to be \$465,715, and the annual required contribution necessary to amortize the unfunded actuarial accrued liability over a period of 27 years was calculated to be \$1,149,129. 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. In the current fiscal year, the City contributed \$27,420 to the Police Pension Fund representing the Plan's share of replacement taxes received by the City.

The actuarial accrued liability and net position held in trust for pension benefits at April 30, 2013 is presented below:

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Actuarial accrued liability:	
Retirees and beneficiaries currently receiving benefits, and terminated employees not yet receiving benefits	\$ 19,906,533
Current employees:	
Accumulated employee contributions, including allocated investment earnings	-
Employer-financed, vested	-
Employer-financed, nonvested	<u>12,861,555</u>
Total actuarial accrued liability	32,768,088
Net position available for benefits, fair value	<u>9,562,447</u>
Unfunded actuarial accrued liability	<u>\$ 23,205,641</u>

The actuarial present value of vested and nonvested accumulated benefits at April 30, 2013 totaled \$24,658,538 and \$2,770,991, respectively.

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, 2013, 2012 and 2011 is as follows:

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)

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed
4/30/13	\$ 1,719,781	68.4 %
4/30/12	1,730,255	58.3
4/30/11	1,448,002	66.6

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.

DRAFT SUBJECT TO CHANGE

The net pension liability of \$3,767,445 recorded in governmental activities was determined as follows:

Annual pension cost	\$ 1,719,781
Fiscal 2012 contribution	<u>1,176,332</u>
Increase in pension liability	543,449
Net pension liability at April 30, 2012	<u>3,223,996</u>
Net pension liability at April 30, 2013	<u>\$ 3,767,445</u>

A prior period adjustment was made to reduce beginning net position by \$720,864, to record the change in the net pension obligation for the fiscal year ended April 30, 2012, as the valuation was not available at the time the prior year annual financial report was issued.

As of April 30, 2013, the most recent actuarial valuation date, the Police Pension Plan was 29.2% funded. The actuarial accrued liability for benefits was \$32,768,088 and the actuarial value of assets was \$9,562,447, resulting in an underfunded actuarial accrued liability (UAAL) of \$23,205,641. The covered payroll (annual payroll of active employees covered by the plan) was \$2,653,307 and the ratio of the UAAL to the covered payroll was 874.6%.

The required supplementary information, a schedule of funding progress for the last six years, may be found on page 68.

**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

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 City's payroll for employees covered by the Firefighters' Pension Plan for the year ended April 30, 2013 was \$1,360,796. At April 30, 2013, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	26
Current employees	22
Total	48

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The Firefighters' Pension Plan provides retirement benefits, as well as death and disability benefits. Employees hired prior to January 1, 2011 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 hired after January 1, 2011 attaining the age of fifty-five or more with ten or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of the average salary the eight consecutive years prior to retirement times the number of years of service, to a maximum of 75% of the average 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 of employees hired before January 1, 2011 receive 100% of the employee's retirement benefit. Surviving spouses of employees hired after January 1, 2011 receive 66.67% of the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

The monthly pension of a firefighter, hired prior to January 1, 2011, 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.

12/06/2013

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)

The monthly pension of a firefighter hired after January 1, 2011 who retired with ten or more years of service shall be increased annually, following the later of the first anniversary date of retirement or attainment of age 60, by the lesser of one-half of the annual unadjusted percentage increase in the consumer price index or 3%.

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 for payment of normal (current year's) cost and amortization of accrued past service liability over 30 years.

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As of April 30, 2013, the annual required contribution of the City necessary to cover normal cost, and to amortize the unfunded actuarial accrued liability over a period of 29 years, was calculated to be \$950,510. 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 \$19,308 to the Firefighters' Pension Fund representing the Plan's share of replacement taxes received by the City.

The actuarial accrued liability and net position held in trust for pension benefits at April 30, 2013 is presented below:

Actuarial accrued liability:

Retirees and beneficiaries currently receiving benefits, and terminated employees not yet receiving benefits	\$ 12,933,999
Current employees:	
Accumulated employee contributions, including allocated investment earnings	-
Employer-financed, vested	-
Employer-financed, nonvested	<u>5,151,995</u>
Total actuarial accrued liability	18,085,994
Net position available for benefits, fair value	<u>5,849,197</u>
Unfunded actuarial accrued liability	<u>\$ 12,236,797</u>

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

IV. Other Information (cont'd)

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

3. Firefighters' Pension (cont'd)

The actuarial present value of vested and nonvested accumulated benefits at April 30, 2013 totaled \$15,631,425 and \$946,763, respectively.

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, 2013, 2012 and 2011, respectively, is as follows:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
4/30/13	\$ 944,218	65.8%
4/30/12	970,140	71.4
4/30/11	762,043	53.7

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

The net pension liability of \$2,436,472 recorded in governmental activities was determined as follows:

Annual pension cost	\$ 944,218
Fiscal 2013 contribution	<u>620,840</u>
Increase in pension liability	323,378
Net pension liability at April 30, 2012	<u>2,113,094</u>
Net pension liability at April 30, 2013	<u>\$ 2,436,472</u>

A prior period adjustment was made to reduce beginning net position by \$277,692, to record the change in the net pension obligation for the fiscal year ended April 30, 2012, as the valuation was not available at the time the prior year annual financial report was issued.

As of April 30, 2013, the most recent actuarial valuation date, the Firefighters' Pension Plan was 32.3% funded. The actuarial accrued liability for benefits was \$18,085,994 and the actuarial value of assets was \$5,849,197, resulting in an underfunded actuarial accrued liability (UAAL) of \$12,236,797. The covered payroll (annual payroll of active employees covered by the plan) was \$1,360,796 and the ratio of the UAAL to the covered payroll was 899.2%.

12/06/2013

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)

The required supplementary information, a schedule of funding progress for the last six years, may be found on page 68.

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.

G. Redevelopment Agreement

The City entered into a redevelopment agreement concerning redevelopment of certain property, MetroSouth Medical Center, located in the TIF V District. Under terms of the agreement, the City has agreed to pay or reimburse the Developer for up to \$4,000,000 of redevelopment project costs, as defined in the agreement, payable from incremental property taxes received by the City from real estate taxes paid by the Developer. The City is entitled to receive \$150,000 from the second installment of the 2009 real estate taxes due and payable from the Developer, \$400,000 from the first installment of the 2010 real estate taxes, and \$150,000 from the second installment of the 2011 real estate taxes, and first and second installment of 2012 real estate taxes. The City will remit all taxes received in excess of the above amounts, up to a total reimbursement of \$4,000,000. As of April 30, 2012, the City has reimbursed the Developer \$3,418,925. No additional amounts were reimbursed by the City for the fiscal year ended April 30, 2013.

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REQUIRED SUPPLEMENTARY INFORMATION

12/06/2013

**City of Blue Island
Illinois Municipal Retirement Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Regular						
12/31/12	\$ 7,246,945	\$ 11,012,112	\$ 3,765,167	65.81%	\$ 4,658,625	80.82%
12/31/11	5,756,100	10,053,013	4,296,913	57.26%	4,432,079	96.95%
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%

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12/31/12	92,329	46,145	(46,184)	200.08%	-	0.00%
12/31/11	87,231	42,926	(44,305)	203.21%	-	0.00%
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%

See independent auditor's report.

12/06/2013

**City of Blue Island
Police and Firefighters' Pension Funds
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police Pension Fund						
4/30/13	\$ 9,562,447	\$32,768,088	\$23,205,641	29.18%	\$2,653,307	874.59%
4/30/12	9,102,077	31,910,991	22,808,914	28.52%	2,748,150	829.97%
4/30/11	8,695,301	32,342,635	23,647,334	26.88%	2,512,809	941.07%
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%

Firefighters' Pension Fund

4/30/13	\$ 5,849,197	\$18,085,994	\$12,236,797	32.34%	\$1,560,796	899.24%
4/30/12	5,767,191	17,908,100	12,140,909	32.20%	1,299,300	934.42%
4/30/11	5,491,966	17,878,663	12,386,697	30.72%	1,403,305	882.68%
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%

No valuations were prepared between April 30, 2007 and April 30, 2011.

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.

12/06/2013

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SUPPLEMENTAL SECTION

12/06/2013

DRAFT SUBJECT TO CHANGE

GENERAL FUND

12/06/2013

**City of Blue Island
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Property taxes	\$ 3,224,000	\$ 3,451,718
Personal property replacement tax	400,000	236,252
Other taxes:		
State income and use	2,330,000	2,619,624
Utility	1,900,000	1,492,471
Municipal retailers' occupation tax	1,300,000	1,308,173
Gaming	-	13,390
Total taxes	9,154,000	9,121,628
Licenses:		
Vehicle	400,000	379,799
Liquor	41,405	67,741
Business	88,229	80,422
Contractors	39,632	36,125
Animal	735	670
Total licenses	570,001	534,757
Permits:		
Building	70,138	96,495
Electrical	10,060	13,840
Other	69,802	96,032
Total permits	150,000	206,367
Fines:		
Police	633,394	645,560
Building violations	11,684	11,908
Railroad	4,921	5,017
Total fines	649,999	662,485
Grants	2,400,000	871,901

(cont'd)

12/06/2013

**City of Blue Island
General Fund
Schedule of Revenues - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Interest	\$ -	\$ 1,060
Other:		
Sanitation and recycling fees	1,500,000	1,384,398
Ambulance user fees	370,000	397,387
City parking lots	150,000	116,242
Insurance reimbursements	200,000	393,091
Maintenance of state roads and traffic signals	100,000	99,023
Miscellaneous	600,000	714,807
Motor fuel tax reimbursement	-	528,602
Television franchise fees	200,000	175,885
Telephone franchise fees	60,000	92,387
Telephone surcharges - 9-1-1 system	380,000	228,848
User fees - 9-1-1 system	750,000	727,308
Vital statistics	-	43,888
Total other	4,310,000	4,901,866
Total revenues	\$ 17,234,000	\$ 16,300,064

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**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
General government:		
Salaries and benefits:		
Mayor's office:		
Full-time salaries	\$ 140,000	\$ 117,247
Part-time salaries	30,000	30,115
Overtime salaries	1,000	-
Finance:		
Full-time salaries	250,000	287,543
Part-time salaries	5,000	6,938
Overtime salaries	1,000	638
Clerk's office:		
Full-time salaries	80,000	80,674
Part-time salaries	2,000	-
General government:		
Full-time salaries	175,000	48,846
Part-time salaries	70,000	77,509
Aldermen salaries	33,600	36,540
Seniors' program salaries	76,000	73,245
Salary reimbursements - grant funds	-	(83,727)
Illinois Municipal Retirement Fund	105,500	90,917
Payroll taxes - FICA and Medicare	77,500	56,346
Life/unemployment insurance	23,000	15,494
Total salaries and benefits	1,069,600	838,325
Services:		
Audit	35,000	20,438
Computers and software	64,500	33,591
Expenses of City officials	61,200	61,200
Legal	400,000	146,847
Other	35,500	24,261
Professional consulting and engineering	101,500	103,813
Telephone	152,000	45,459
Training		283
Total services	849,700	435,892
Supplies and materials:		
Maintenance supplies	9,300	6,466
Operating supplies	3,800	859
Printing, postage and office supplies	40,000	26,475
Small equipment	1,000	1,365
Vehicle sticker program	10,000	1,125
Total supplies and materials	64,100	36,290

(cont'd)

12/06/2013

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
General government (cont'd):		
Repairs and maintenance:		
Building	\$ 7,500	\$ 51,668
Curbs and sidewalks	2,000	-
Equipment	14,000	84,430
Lot/property maintenance	-	3,375
Outside contractors	1,500	380
Total repairs and maintenance	25,000	139,853
Miscellaneous:		
Advertising and marketing	-	1,854
Bank service charges	2,000	1,316
Community promotions	10,000	10,464
Dues and subscriptions	22,950	14,855
Employee/office services	2,700	393
Interest expense - tax anticipation warrants	95,000	232
Legal notices	6,000	1,464
Licenses/fees	80,500	76,801
Main Street Director and other expenses	15,000	14,800
Meetings and seminars	6,100	778
Other	23,600	14,343
Travel/transportation	7,500	2,930
Total miscellaneous	271,350	140,730
Capital expenditures	4,500	7,258
Total general government	\$ 2,284,250	\$ 1,598,348
Building Department:		
Salaries and benefits:		
Full-time salaries	\$ 280,000	\$ 283,168
Part-time salaries	30,000	19,842
Illinois Municipal Retirement Fund	31,000	39,274
Payroll taxes - FICA and Medicare	25,000	22,567
Total salaries and benefits	366,000	364,851
Services:		
Computers and software	15,000	2,638
Other contractual services	15,000	-
Professional consulting and engineering	22,500	7,113
Telephone	500	-
Training	3,000	-
Total services	56,000	9,751

(cont'd)

12/06/2013

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Building Department (cont'd):		
Supplies and materials:		
Board up expense	\$ 2,000	\$ 145
Buildings and street signs	500	135
Gasoline and oil for vehicles	10,000	5,835
Maintenance supplies	500	85
Operating supplies	1,000	393
Printing, postage and office supplies	5,000	4,978
Radio equipment	1,000	218
Uniforms	2,000	21
Total supplies and materials	22,000	11,810
Repairs and maintenance:		
Building	1,000	3,122
Elevator inspections	5,000	16,033
Equipment	2,500	-
Lot/property	6,000	-
Outside contractors	8,000	-
Vehicle	3,500	2,514
Total repairs and maintenance	26,000	21,669
Miscellaneous:		
Dues and subscriptions	2,000	425
Employee/office services	500	-
Legal notices	1,000	283
Licenses and fees	1,500	-
Meetings and seminars	1,000	785
Travel and transportation	100	-
Total miscellaneous	6,100	1,493
Total Building Department	\$ 476,100	\$ 409,574
Planning Department:		
Salaries and benefits:		
Full-time salaries	\$ 135,000	\$ 130,059
Illinois Municipal Retirement Fund	23,000	18,038
Payroll taxes - FICA and Medicare	13,000	9,534
Total salaries and benefits	171,000	157,631

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**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Planning Department (cont'd):		
Services:		
Computers and software	\$ 6,900	\$ 4,129
Other contractual services	43,840	31,253
Professional consulting	622,650	165,363
Training	3,000	-
Total services	676,390	200,745
Supplies and materials:		
Film and photo processing	300	-
Printing, postage and office supplies	8,300	1,919
Small equipment	750	-
Total supplies and materials	9,350	1,919
Repairs and maintenance - equipment	500	-
Miscellaneous:		
Advertising and marketing	1,000	-
Community promotions	14,000	3,893
Dues and subscriptions	4,750	1,185
Meetings and seminars	3,000	379
Pass through grant expenditures	-	507
Travel/transportation	1,000	182
Total miscellaneous	23,750	6,146
Capital outlay - office equipment	1,500	-
Total Planning Department	\$ 882,490	\$ 366,441
Police Department:		
Salaries and benefits:		
Officers:		
Full-time salaries	\$ 2,775,000	\$ 2,713,962
Overtime salaries	350,000	380,335
Records and desk clerks:		
Full-time salaries	405,000	359,311
Part-time salaries	50,000	36,398
Overtime salaries	45,000	20,557

DRAFT SUBJECT TO CHANGE

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Police Department (cont'd):		
Salaries and benefits (cont'd):		
Part-time police	\$ 150,000	\$ 123,735
Illinois Municipal Retirement Fund - police clerks	50,000	52,897
Payroll taxes - FICA and Medicare	100,000	80,450
Unemployment insurance	2,000	5,721
Contribution to pension plan	-	27,420
Total salaries and benefits	3,927,000	3,800,786
Services:		
Animal care	3,500	4,362
Computers and software	40,000	58,937
Other contractual services	4,000	-
Personnel hiring/exams	2,000	-
Prisoner care	8,000	5,084
Professional consulting	15,000	18,968
Telephone	40,000	17,447
Training	30,000	11,775
Utilities	3,000	1,183
Total services	145,500	117,756
Supplies and materials:		
Ammunition/guns	12,000	6,161
Asset forfeiture expense	-	393,113
Building and street signs	1,000	435
Film and photo processing	500	-
Gasoline and oil for vehicles	175,000	157,148
Maintenance supplies	12,000	6,239
Operating supplies	10,000	6,318
Printing, postage and office supplies	41,000	28,269
Small equipment	7,500	8,739
Uniforms	42,000	36,868
Total supplies and materials	301,000	643,290
Repairs and maintenance:		
Building	27,000	32,091
Equipment	30,000	101,846
Outside contractors	1,000	4,620
Vehicle	120,000	78,364
Total repairs and maintenance	178,000	216,921

(cont'd)

12/06/2013

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Police Department (cont'd):		
Miscellaneous:		
Collection services	\$ 19,000	\$ -
Community promotions	1,000	-
Dues and subscriptions	4,500	125
Employee/office services	2,000	18
Licenses/fees	10,000	5,698
Meetings and seminars	1,000	110
Rentals and leasing fees	1,000	-
Travel/transportation	1,000	5,054
Total miscellaneous	39,500	11,005
Capital expenditures	1,000	94,661
Total Police Department	\$ 4,592,000	\$ 4,884,419
9-1-1 Department:		
Salaries and benefits:		
Full-time salaries	\$ 710,000	\$ 674,790
Part-time salaries	30,000	17,422
Overtime salaries	45,000	56,931
Illinois Municipal Retirement Fund	90,000	100,615
Payroll taxes - FICA and Medicare	57,000	54,971
Unemployment insurance	1,000	-
Total salaries and benefits	933,000	904,729
Services:		
Computers and software	150,000	3,759
Professional consulting	1,500	-
Telephone	100,000	98,902
Training	5,000	1,723
Utilities	3,650	1,168
Total services	260,150	105,552
Supplies and materials:		
Film and photo processing	100	-
Gasoline and oil for vehicles	1,000	-
Maintenance supplies	2,000	1,127
Operating supplies	4,000	-
Printing, postage and office supplies	7,650	1,108
Small equipment	41,000	4,400
Uniforms	11,000	9,750
Total supplies and materials	66,750	16,385

(cont'd)

12/06/2013

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
9-1-1 Department (cont'd):		
Repairs and maintenance:		
Building	\$ 10,000	\$ 5,829
Equipment	100,000	36,019
Outside contractors	65,000	-
Vehicle	1,000	-
Total repairs and maintenance	176,000	41,848
Miscellaneous:		
Advertising and marketing	-	298
Community promotions	500	-
Dues and subscriptions	750	444
Employee/office services	500	-
Meetings and seminars	500	-
Rentals and leasing fees	200	-
Travel/transportation	1,500	63
Total miscellaneous	3,950	805
Capital expenditures	100,000	-
Total 911 Department	\$ 1,539,850	\$ 1,069,319
Fire Department:		
Salaries and benefits:		
Full-time salaries	\$ 1,600,000	\$ 1,568,298
Part-time salaries	95,000	91,875
Overtime salaries	115,000	111,094
Illinois Municipal Retirement Fund	5,000	5,879
Payroll taxes - FICA and Medicare	28,000	34,364
Contribution to pension plan	-	19,308
Total salaries and benefits	1,843,000	1,830,818
Services:		
Ambulance processing fee	40,000	41,508
Computers and software	25,000	16,450
Other contractual services	1,500	-
Professional consulting	5,000	5,056
Telephone	4,000	2,682
Training	45,000	7,811
Total services	120,500	73,507

(cont'd)

12/06/2013

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Fire Department (cont'd):		
Supplies and materials:		
Film and photo processing	\$ 100	\$ -
Gasoline and oil for vehicles	9,000	6,260
Maintenance supplies	8,000	5,829
Operating supplies	7,000	5,455
Printing, postage and office supplies	6,000	2,929
Small equipment	260,000	13,450
Uniforms	35,000	21,323
Utilities	5,000	1,067
Total supplies and materials	330,100	56,313
Repairs and maintenance:		
Building	25,000	58,686
Equipment	18,000	8,234
Outside contractors	1,500	1,120
Vehicle	37,500	30,177
Total repairs and maintenance	82,000	108,217
Miscellaneous:		
Community promotions	2,000	1,049
Dues and subscriptions	10,000	5,199
Employee/office services	2,500	-
Licenses/fees	1,500	250
Meetings and seminars	1,500	894
Physical exams	9,000	8,340
Rentals and leasing fees	2,500	1,743
Travel/transportation	500	-
Total miscellaneous	29,500	17,475
Capital expenditures	263,000	52,058
Total Fire Department	\$ 2,668,100	\$ 2,138,388

DRAFT SUBJECT TO CHANGE

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Public Works Department:		
Salaries and benefits:		
Full-time salaries	\$ 950,000	\$ 933,459
Part-time salaries	120,000	131,101
Overtime salaries	60,000	40,258
Illinois Municipal Retirement Fund	125,000	134,858
Payroll taxes - FICA and Medicare	90,000	81,954
Total salaries and benefits	1,345,000	1,321,630
Services:		
Computers and software	1,500	1,717
Engineering	195,000	138,252
Garbage and recycling	1,200,000	1,197,843
Other	1,500	235
Snow removal	70,000	725
Telephone	1,000	74
Training	1,500	-
Utilities	302,500	178,882
Total services	1,773,000	1,517,728
Supplies and materials:		
Building and street signs	25,000	6,305
Concrete/asphalt/stone	40,000	13,859
Gasoline and oil for vehicles	80,000	67,957
Maintenance supplies	40,000	24,852
Operating supplies	15,000	12,562
Printing, postage and office supplies	2,500	1,106
Small equipment	28,000	5,860
Uniforms	12,000	10,500
Total supplies and materials	242,500	143,001
Repairs and maintenance:		
Building	4,000	81,347
Equipment	45,000	37,473
Equipment rental	5,000	1,103
Lot/property maintenance	30,000	9,935
Outside contractors	2,500,000	181,259
Street lighting system	100,000	16,089
Street resurfacing/repairs	70,000	14,583
Traffic signals	40,000	14,324
Tree program	100,000	154,538
Vehicle	80,000	63,397
Total repairs and maintenance	2,974,000	574,048

(cont'd)

12/06/2013

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Public Works Department (cont'd):		
Miscellaneous:		
Dues and subscriptions	\$ 1,000	\$ 115
Employee/office services	1,000	736
Licenses and fees	100	-
Meetings and seminars	500	192
Rentals and leasing fees	3,000	1,342
Travel/transportation	200	21
Total miscellaneous	5,800	2,406
Capital expenditures:		
Bridge improvement/maintenance	3,000,000	-
Curb and sidewalk improvements	450,000	-
Machinery and equipment	60,000	-
Office equipment	2,000	-
Vehicles	85,000	-
Total capital expenditures	3,597,000	-
Total Public Works Department	\$ 9,937,300	\$ 3,558,813
Insurance Loss Department:		
Salaries and benefits:		
Full-time salaries	\$ 87,000	\$ 86,672
Illinois Municipal Retirement Fund	10,000	12,028
Payroll taxes - FICA and Medicare	6,800	6,531
Employee medical insurance	3,670,000	2,200,794
Total salaries and benefits	3,773,800	2,306,025
Services:		
Auto/property damage claims	15,000	11,734
Insurance - buildings/vehicles	70,000	56,708
Insurance fees	61,000	124,491
Legal fees	5,000	2,685
Medical liability claim expense	275,000	169,967
Personal injury claims	1,750,000	372,443
Professional consulting	-	1,700
Workers' compensation disability medical claims	250,000	155,118
Total services	2,426,000	894,846

DRAFT SUBJECT TO CHANGE

**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original and Final Budget	Actual
Insurance Loss Department (cont'd):		
Miscellaneous:		
Licenses/fees	\$ 1,000	\$ -
Meetings and seminars	500	-
Travel/transportation	600	600
Total miscellaneous	2,100	600
Total Insurance Loss Department	\$ 6,201,900	\$ 3,201,471
Civil Service Commission	\$ 49,000	\$ 28,808
Marketing Department:		
Salaries and benefits:		
Full-time salaries	\$ 60,000	\$ 59,549
Illinois Municipal Retirement Fund	7,500	8,256
Payroll taxes - FICA and Medicare	5,000	4,874
Total salaries and benefits	72,500	72,179
Services:		
Computers and software	300	305
Insurance	4,500	1,960
Other contractual services	5,000	-
Training	500	-
Total services	10,300	2,265
Supplies and materials - printing, postage and office supplies	8,800	735
Miscellaneous:		
Advertising and marketing	6,000	2,053
Community promotions	27,000	19,423
Dues and subscriptions	400	-
Licenses and fees	2,000	-
Meetings and seminars	5,500	80
Pass through grant expenditures	1,064,400	161,844
State/federal grant match	61,000	-
Travel/transportation	1,000	600
Total miscellaneous	1,167,300	184,000

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**City of Blue Island
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>
Marketing Department (cont'd):		
Capital expenditures	\$ 500	\$ -
Total Marketing Department	<u>\$ 1,259,400</u>	<u>\$ 259,179</u>
Debt service - interest expense	<u>\$ -</u>	<u>\$ 8,082</u>

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NONMAJOR GOVERNMENTAL FUNDS

12/06/2013

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.

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 Funds

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, 2013

Assets	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects - CDBG Fund</u>	<u>Total</u>
Cash and investments	\$ 312,983	\$ -	\$ 90	\$ 313,073
Receivables:				
Property taxes receivable - net of allowance for uncollectible taxes	-	387,084	-	387,084
Grants receivable	-	-	258,329	258,329
Other	40,768	-	-	40,768
Due from other funds	<u>414,661</u>	<u>1,198,180</u>	<u>-</u>	<u>1,612,841</u>
Total assets	\$ 768,412	\$ 1,585,264	\$ 258,419	\$ 2,612,095
Liabilities, Deferred Inflows and Fund Balances (Deficit)				
Liabilities:				
Accounts payable	\$ 26,844	\$ -	\$ -	\$ 26,844
Due to other funds	65,148	518,374	435	583,957
Deferred revenue:				
Grant revenue	-	-	258,329	258,329
Other revenue	<u>18,567</u>	<u>-</u>	<u>-</u>	<u>18,567</u>
Total liabilities	<u>110,559</u>	<u>518,374</u>	<u>258,764</u>	<u>887,697</u>
Deferred inflows - property taxes	<u>-</u>	<u>387,084</u>	<u>-</u>	<u>387,084</u>
Fund Balances (Deficit)				
Restricted by state statute	683,949	-	-	683,949
Restricted for debt service	-	679,806	-	679,806
Unassigned	<u>(26,096)</u>	<u>-</u>	<u>(345)</u>	<u>(26,441)</u>
Total fund balances (deficit)	<u>657,853</u>	<u>679,806</u>	<u>(345)</u>	<u>1,337,314</u>
Total liabilities, deferred inflows and fund balances (deficit)	\$ 768,412	\$ 1,585,264	\$ 258,419	\$ 2,612,095

DRAFT SUBJECT TO CHANGE

City of Blue Island
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficit) - Nonmajor Governmental Funds
For the Year Ended April 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects - CDBG Fund	Total
Revenues:				
Property taxes	\$ 45,205	\$ 762,882	\$ -	\$ 808,087
State allotments	675,901	-	-	675,901
Grants	-	-	486,568	486,568
Interest	205	-	90	295
Total revenues	721,311	762,882	486,658	1,970,851
Expenditures:				
Current:				
General government	35,576	-	95	35,671
Street maintenance	662,824	-	-	662,824
Debt service:				
Principal	-	2,357,000	-	2,357,000
Interest	-	244,558	-	244,558
Capital outlay - redevelopment projects	-	-	562,421	562,421
Total expenditures	698,400	2,601,558	562,516	3,862,474
Revenues over (under) expenditures before other financing sources	22,911	(1,838,676)	(75,858)	(1,891,623)
Other financing sources - transfers in	-	1,732,219	75,513	1,807,732
Net changes in fund balances (deficit)	22,911	(106,457)	(345)	(83,891)
Fund balances, beginning of the year	634,942	786,263	-	1,421,205
Fund balances (deficit), end of the year	\$ 657,853	\$ 679,806	\$ (345)	\$ 1,337,314

DRAFT SUBJECT TO CHANGE

City of Blue Island
Combining Balance Sheet - Nonmajor Special Revenue Funds
April 30, 2013

Assets	<u>Motor Fuel Tax</u>	<u>Special Tax Increment Allocation Fund I</u>	<u>Special Tax Increment Allocation Fund IV</u>	<u>Special Tax Increment Allocation Fund VI</u>	<u>Total</u>
Cash and investments	\$ 219,139	\$ -	\$ 93,844	\$ -	\$ 312,983
Other receivables	40,768	-	-	-	40,768
Due from other funds	285,242	129,419	-	-	414,661
Total assets	\$ 545,149	\$ 129,419	\$ 93,844	\$ -	\$ 768,412
Liabilities and Fund Balances (Deficit)					
Liabilities:					
Accounts payable	\$ 3,707	\$ -	\$ 23,137	\$ -	\$ 26,844
Due to other funds	18,567	39,052	-	26,096	65,148
Deferred revenue - other	-	-	-	-	18,567
Total liabilities	22,274	39,052	23,137	26,096	110,559
Fund balances (deficit):					
Restricted by state statute	522,875	90,367	70,707	-	683,949
Unassigned	-	-	-	(26,096)	(26,096)
Total fund balances (deficit)	522,875	90,367	70,707	(26,096)	657,853
Total liabilities and fund balances (deficit)	\$ 545,149	\$ 129,419	\$ 93,844	\$ -	\$ 768,412

DRAFT SUBJECT TO CHANGE

City of Blue Island
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficit) - Nonmajor Special Revenue Funds
For the Year Ended April 30, 2013

	Motor Fuel Tax	Special Tax Increment Allocation Fund I	Special Tax Increment Allocation Fund IV	Special Tax Increment Allocation Fund VI	Total
Revenues:					
Property taxes	\$ -	\$ -	\$ 45,205	\$ -	\$ 45,205
State allotments	675,901	-	-	-	675,901
Interest	163	-	42	-	205
Total revenues	<u>676,064</u>	<u>-</u>	<u>45,247</u>	<u>-</u>	<u>721,311</u>
Expenditures:					
Current:					
General government	-	-	35,576	-	35,576
Street maintenance	656,009	-	6,815	-	662,824
Total expenditures	<u>656,009</u>	<u>-</u>	<u>42,391</u>	<u>-</u>	<u>698,400</u>
Net changes in fund balances (deficit)	<u>20,055</u>	<u>-</u>	<u>2,856</u>	<u>-</u>	<u>22,911</u>
Fund balances (deficit), beginning of the year	502,820	90,367	67,851	(26,096)	634,942
Fund balances (deficit), end of the year	<u>\$ 522,875</u>	<u>\$ 90,367</u>	<u>\$ 70,707</u>	<u>\$ (26,096)</u>	<u>\$ 657,853</u>

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**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, 2013**

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues:			
State allotments	\$ 780,000	\$ 675,901	\$ (104,099)
Interest	1,000	163	(837)
Total revenues	<u>781,000</u>	<u>676,064</u>	<u>(104,936)</u>
Expenditures - current - street - street maintenance	<u>1,175,000</u>	<u>656,009</u>	<u>518,991</u>
Net changes in fund balance	<u>\$ (394,000)</u>	<u>20,055</u>	<u>\$ 414,055</u>

Fund balance, beginning of the year	502,820
Fund balance, end of the year	<u>\$ 522,875</u>

DRAFT SUBJECT TO CHANGE

City of Blue Island
Combining Balance Sheet - Nonmajor Debt Service Funds
April 30, 2013

Assets	Alternate Bond Fund Series 1995	Special Tax Series 1997	Increment Allocation Funds		General Obligation Bond Fund Series 2007	General Obligation Bond Fund Series 2011	Total
			Series 1998	Series 2003			
Property taxes receivable, net of allowance for uncollectible accounts	\$ 282,183	\$ -	\$ -	\$ -	\$ -	\$ 104,901	\$ 387,084
Due from other funds	404,631	-	757,232	-	-	36,317	1,198,180
Total assets	\$ 686,814	\$ -	\$ 757,232	\$ -	\$ -	\$ 141,218	\$1,585,264
Liabilities, Deferred Inflows and Municipal Equity							
Liabilities - due to other funds	\$ -	\$ -	\$ 518,374	\$ -	\$ -	\$ -	\$ 518,374
Deferred inflows - property taxes	282,183	-	-	-	-	104,901	387,084
Municipal equity - fund balance - restricted	404,631	-	238,858	-	-	36,317	679,806
Total liabilities, deferred inflows and municipal equity	\$ 686,814	\$ -	\$ 757,232	\$ -	\$ -	\$ 141,218	\$1,585,264

DRAFT SUBJECT TO CHANGE

City of Blue Island
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Debt Service Funds
For the Year Ended April 30, 2013

	Alternate Bond Fund Series 1995	Special Tax Series 1997	Increment Allocation Funds		General Obligation Bond Fund Series 2007	General Obligation Bond Fund Series 2011	Total
			Series 1998	Series 2003			
Revenues - property taxes	\$ 542,790	\$ -	\$ -	\$ -	\$ 114,993	\$ 105,099	\$ 762,882
Expenditures - debt service:							
Principal	460,000	475,000	685,000	285,000	342,000	110,000	2,357,000
Interest	77,380	24,225	104,308	26,194	9,959	2,492	244,558
Total expenditures	537,380	499,225	789,308	311,194	351,959	112,492	2,601,558
Revenues over (under) expenditures before other financing sources	5,410	(499,225)	(789,308)	(311,194)	(236,966)	(7,393)	(1,838,676)
Other financing sources - transfers in		499,225	789,308	311,194	132,492	-	1,732,219
Net changes in fund balances	5,410	-	-	-	(104,474)	(7,393)	(106,457)
Fund balances, beginning of the year	399,221	-	238,858	-	104,474	43,710	786,263
Fund balances, end of the year	\$ 404,631	\$ -	\$ 238,858	\$ -	\$ -	\$ 36,317	\$ 679,806

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City of Blue Island
Capital Projects Fund - Community Development Block Grant
Schedule of Specific Community Development
Projects - Cash Basis
April 30, 2013

	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:									
Construction projects:									
High Street and Union Street	08-002			\$ 99,999	\$ 99,999	\$ 99,999	\$ 99,999	\$ -	\$ (99,999)
Maple Avenue, 119th Street to 120th Street	10-003	Yes	256,215	166,672	277,991	166,672	277,991	-	(21,776)
Maple Avenue, 120th Street to 123rd Street	11-002	Yes	200,000	219,896	219,896	219,896	219,896	-	(19,896)
Additional funding - Projects 10-003, 11-002, 08-201-R		Yes	142,017					-	142,017
Greenwood Avenue	12-002	No	300,000	-	-	-	-	-	300,000
Program balance			\$ 898,232	\$ 486,567	\$ 597,886	\$ 486,567	\$ 597,886	\$ -	\$ 300,346

DRAFT SUBJECT TO CHANGE

**City of Blue Island
Water Fund
Schedule of Operating Expenses - Budget and Actual
For the Year Ended April 30, 2013**

	<u>Budget</u>	<u>Actual</u>
Salaries and benefits:		
Full-time salaries	\$ 750,000	\$ 641,392
Part-time salaries	40,000	10,977
Overtime salaries	40,000	30,022
Illinois Municipal Retirement	85,000	93,352
Payroll taxes - FICA and Medicare	60,000	50,587
Employee medical insurance	440,000	336,729
Life insurance	2,000	1,520
Services:		
Audit	7,000	6,000
Computers and software	10,000	11,038
Electricity	60,000	62,494
Engineering	151,500	138,442
Other	5,000	10,686
Telephone	7,500	3,643
Training	2,500	2,368
Utilities	7,000	3,928
Water billing	35,000	33,020
Supplies and materials:		
Buildings and street signs	-	100
Concrete/asphalt/stone	30,000	12,437
Gasoline and oil	30,000	28,893
Maintenance supplies	30,000	22,476
Operating supplies	30,000	21,624
Printing, postage and office supplies	48,500	47,766
Uniforms	5,500	4,730
Maintenance and repair:		
Building	10,000	18,072
Equipment	25,000	46,587
Lot/property	1,000	-
Outside contractors	1,500,000	1,275,062
Tree maintenance	2,500	-
Vehicle	30,000	7,829

(cont'd)

12/06/2013

**City of Blue Island
Water Fund
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	<u>Budget</u>	<u>Actual</u>
Water purchased from Chicago	\$ 2,100,000	\$ 2,066,517
Miscellaneous:		
Bank charges	15,000	8,391
Contingent	500	400
Dues and subscriptions	1,500	761
Employee/office services	500	276
Licenses and fees	10,000	7,900
Meetings and seminars	1,000	1,790
Miscellaneous	500	2,646
Rentals and leasing fees	15,000	7,596
Capital expenditures:		
Machinery and equipment	64,000	57,815
Water meter purchases	80,000	27,835
Improvements	55,000	-
Office equipment	1,000	-
Retirement of bonds	825,000	225,000
Bond interest	200,000	170,091
	<u>\$ 6,814,000</u>	<u>5,498,792</u>
Less:		
Amounts capitalized as property and equipment		(1,330,252)
Payment of bond principal and interest		(395,091)
Operating expenses before depreciation		3,773,449
Depreciation		<u>545,725</u>
Total operating expenses		<u>\$ 4,319,174</u>

See independent auditor's report.

12/06/2013

**City of Blue Island
Golf Course Fund
Schedule of Operating Expenses - Budget and Actual
For the Year Ended April 30, 2013**

	<u>Budget</u>	<u>Actual</u>
Salaries and benefits:		
Full-time salaries	\$ 75,000	\$ 76,788
Part-time salaries	207,000	173,912
Illinois Municipal Retirement	9,500	12,755
Payroll taxes - FICA and Medicare	22,200	19,059
Employee medical insurance	15,200	5,137
Employee life insurance	4,000	111
Unemployment insurance	2,000	1,810
Services:		
Audit	30,000	4,000
Computers and software	1,200	1,474
Insurance	12,000	1,941
Servicescape, Inc.	4,000	349,427
Telephone	65,000	2,857
Training	400	135
Utilities	13,500	20,315
Supplies and materials:		
Gas and oil	2,000	44,623
Maintenance supplies	4,000	3,692
Operating supplies	11,000	6,278
Printing, postage and office supplies	600	471
Uniforms	500	1,597
Maintenance and repair:		
Building	16,000	8,021
Equipment	13,000	6,613
Outside contractors	1,200	11,000
Vehicle	3,000	4,769
Merchandise for resale	130,000	172,784

(cont'd)

12/06/2013

City of Blue Island
Golf Course Fund
Schedule of Operating Expenses - Budget and Actual (cont'd)
For the Year Ended April 30, 2013

	Budget	Actual
Miscellaneous:		
Advertising and marketing	\$ 60,000	\$ 3,870
Agent/trust fees	500	545
Dues and subscriptions	364,000	220
Employee/office services	2,000	453
Licenses and fees	4,000	500
Miscellaneous	74,000	60,686
Capital expenditures	8,000	23,659
	\$ 1,154,800	1,019,502
Less amounts capitalized as property and equipment		(28,672)
Operating expenses before depreciation		990,830
Depreciation		121,029
Total operating expenses		\$ 1,111,859

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**City of Blue Island
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
April 30, 2013**

Assets	
Municipal land, buildings and improvements	<u>\$ 32,482,199</u>
Infrastructure	<u>16,082,234</u>
Equipment:	
Police and fire	4,856,456
Playground and recreation	19,503
Civil defense	64,973
Public works	1,027,656
Street	218,757
Sanitation	57,210
9-1-1 system	943,531
General	<u>850,804</u>
Total equipment	<u>8,088,890</u>
Total capital assets used in the operation of governmental funds	<u>\$ 56,603,323</u>
Other Credits	
Investment in general capital assets	<u>\$ 56,603,323</u>

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**City of Blue Island
Public Library
Balance Sheet
April 30, 2013**

Assets

Cash and investments	\$ 1,251,625
Receivables - property taxes	698,453
Due from primary government	<u>58,129</u>
Total assets	<u>\$ 2,008,207</u>

Liabilities and Fund Balance

Accounts payable	\$ 55,911
Deferred revenue and other liabilities	<u>689,662</u>
Total liabilities	745,573

Fund balance - assigned for Library operations	1,262,634
Total liabilities and fund balance	<u>\$ 2,008,207</u>

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**City of Blue Island
Public Library
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2013**

	Budget	Actual
Revenues:		
Property taxes	\$ 1,262,000	\$ 1,366,164
Personal property replacement taxes	50,000	50,983
Fines and fees	51,300	56,260
State library/other grants	59,500	24,311
Interest income	1,000	1,688
Other	2,200	1,856
	1,426,000	1,501,262
 Total revenues		
 Expenditures:		
Current:		
Salaries and benefits:		
Salaries	782,000	846,931
Illinois Municipal Retirement	85,000	92,665
Payroll tax - FICA and Medicare	60,000	62,107
Unemployment tax	4,000	1,739
Employee medical insurance	65,000	67,114
Services:		
Audit	5,000	4,450
Computers and software/computer service	9,000	11,127
Finance/bank charges	1,000	675
Heat/light/water	9,000	6,291
Insurance	19,000	9,617
Legal	2,000	270
Other contractual services	8,000	4,756
Professional consulting	7,000	4,730
Telephone	7,000	8,016
T1 line	4,000	-
Supplies and materials:		
Audio-visual materials	36,000	21,450
Book purchasing and processing	99,000	76,144
Maintenance supplies	7,000	7,523
On-line resources	50,000	49,008
Periodical subscriptions	12,500	1,744
Printing, postage and office supplies	28,900	30,262

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**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, 2013**

	Budget	Actual
Expenditures (cont'd):		
Current (cont'd):		
Maintenance and repair:		
Building repairs and renovations	\$ 14,000	\$ 11,846
Contract maintenance	24,000	38,009
Equipment	1,000	1,214
Miscellaneous:		
Advertising and marketing	4,000	1,076
Contingent	3,500	1,546
Dues and memberships	4,200	3,430
Meetings and seminars	13,500	11,664
Programming	31,000	30,857
Rentals and leasing fees	21,000	12,029
Shipping, handling and delivery	3,000	2,921
Staff reimbursed purchases	-	163
Travel	-	1,004
Capital expenditures:		
Computer equipment	32,000	32,654
Library equipment	18,000	8,579
	1,469,600	1,462,651
Total expenditures		
	1,469,600	1,462,651
Revenues over (under) expenditures	\$ (43,600)	38,611
Fund balance, beginning of the year		1,224,023
Fund balance, end of the year		\$ 1,262,634

DRAFT SUBJECT TO CHANGE

City of Blue Island
Schedule of General Obligation Debt to Maturity
April 30, 2013

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 1998 Dated March 1, 1998		General Obligation Tax Increment Bonds, Series 2003 Dated July 30, 2003		General Obligation Judgment Bonds, Series 2011 Dated December 16, 2011	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2014	\$ 1,640,000	\$ 167,740	\$ 485,000	\$ 53,000	\$ 715,000	\$ 71,428	\$ 330,000	\$ 14,437	\$ 110,000
2015	1,375,000	89,620	515,000	27,295	750,000	36,750	-	-	110,000	25,575
2016	110,000	22,275	-	-	-	-	-	-	110,000	22,275
2017	110,000	18,975	-	-	-	-	-	-	110,000	18,975
2018	110,000	15,675	-	-	-	-	-	-	110,000	15,675
2019	110,000	12,375	-	-	-	-	-	-	110,000	12,375
2020	110,000	9,075	-	-	-	-	-	-	110,000	9,075
2021	110,000	5,775	-	-	-	-	-	-	110,000	5,775
2022	110,000	2,475	-	-	-	-	-	-	110,000	2,475
	\$ 3,785,000	\$ 343,985	\$ 1,000,000	\$ 80,295	\$ 1,465,000	\$ 108,178	\$ 330,000	\$ 14,437	\$ 990,000	\$ 141,075

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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.

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STATISTICAL INFORMATION

12/06/2013

**City of Blue Island
Schedule of Tax Collections and Taxes Refundable
For the Year Ended April 30, 2013**

Levy Year	Tax Extension	Gross Taxes Collected		
		Prior	For the Year Ended April 30, 2013	Total as of April 30, 2013
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	9,632,332	-	9,632,332
2010	10,367,721	9,443,944	-	9,443,944
2011	10,149,520	4,839,896	4,724,618	9,564,514
2012	7,882,916	-	3,605,050	3,605,050
	<u>\$ 78,176,959</u>	<u>\$ 65,489,367</u>	<u>\$ 8,329,668</u>	<u>\$ 73,819,035</u>

By Fund:

General:

Corporate	2,025,883
Illinois Municipal Retirement	425,804
Street and bridge	227,765
Fire protection	314,789
Police protection	314,789
Road and bridge	59,788
Liability insurance	84,900
	<u>3,451,718</u>

Special Revenue:

Special Tax Increment Allocation Fund II	865,631
Special Tax Increment Allocation Fund III	816,912
Special Tax Increment Allocation Fund IV	45,205
Special Tax Increment Allocation Fund V	1,021,156
	<u>2,748,904</u>

Debt Service:

1995 Alternate Bonds	542,790
2007 General Sales Tax ARS Bonds	114,993
2011 General Obligation Judgment Bonds	105,099
	<u>762,882</u>

Component unit - Library

1,366,164

\$ 8,329,668

Percent Collected	Gross Receivable April 30, 2013	Provision for Loss on Collection	Net Receivable
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)	-
91.09%	923,777	923,777	-
94.24%	585,006	585,006	-
45.73%	4,277,866	-	<u>4,277,866</u>
	<u>\$ 4,357,924</u>	<u>\$ 80,058</u>	<u>\$ 4,277,866</u>

By Fund:

General:

Corporate	\$ 951,522
Illinois Municipal Retirement	226,900
Street and bridge	111,554
Fire protection	164,644
Police protection	164,644
Road and bridge	33,734
Liability insurance	43,734
	<u>1,696,732</u>

Special Revenue:

Special Tax Increment Allocation Fund II	504,675
Special Tax Increment Allocation Fund III	386,769
Special Tax Increment Allocation Fund IV	-
Special Tax Increment Allocation Fund V	604,153
	<u>1,495,597</u>

Debt Service:

1995 Alternate Bonds	282,183
2003 General Obligation TIF Refunding Series	-
2007 General Sales Tax ARS Bonds	104,901
	<u>387,084</u>

Component unit - Library

698,453

\$ 4,277,866

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**City of Blue Island
Schedule of Valuations, Rates and
Extensions for Tax Levy Year 2012
For the Year Ended April 30, 2013**

Tax Levy Year	Assessed Valuation	Extended Tax Rate
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
2011	245,174,072	3.0379
2012	223,319,634	3.3069

The 2012 gross tax levy is analyzed below:

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	Rate	Percent	Amount
General:			
Corporate	\$ 0.4375	13.24	\$ 977,023
Garbage	0.1308	3.96	292,005
Illinois Municipal Retirement	0.2034	6.15	454,230
Liability insurance	0.0392	1.19	87,550
Street and bridge	0.1000	3.02	223,320
Fire protection	0.1476	4.46	329,600
Police protection	0.1476	4.46	329,600
Social Security	0.1842	5.57	411,279
Auditing	0.0161	0.49	36,050
Workers' compensation	0.0844	2.55	188,490
Total general	1.4908	45.09	3,329,147
Library	0.6000	18.14	1,339,918
Library building and maintenance	0.0200	0.60	44,664
Bond and interest	0.3470	10.49	774,900
Police Pension	0.5627	17.02	1,256,600
Firefighters' Pension	0.2864	8.66	639,630
Total	\$ 3.3069	100.00	\$ 7,384,859
Road and bridge			\$ 63,436

**City of Blue Island
Legal Debt Margin
For the Year Ended April 30, 2013**

		<u>2012 Tax Levy Year</u>
Assessed valuation		<u>\$ 223,319,634</u>
Statutory debt limitation (8.625% of assessed valuation)		\$ 19,261,318
Total debt:		
General Obligation Bonds:		
Series 1995, dated December 1, 1995	\$ 1,000,000	
Series 2011, dated December 16, 2011	990,000	
General Obligation Tax Increment Refunding Bonds:		
Series 1998, dated March 1, 1998	1,465,000	
Series 2003, dated July 30, 2003	<u>330,000</u>	<u>3,785,000</u>

Legal debt margin \$ 15,476,318

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CONTINUING BOND DISCLOSURES

12/06/2013

**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 2013 season.

Meadows Golf Course Rates

Driving Range

<u>Bag Size</u>	<u>Fees</u>
Small bag (45 balls)	\$ 5.00
Medium bag (65 balls)	7.00
Large bag (90 balls)	9.00

Greens Fees (Subject to Revision)

	<u>Weekdays</u>	<u>Weekends</u>
18 holes weekdays	\$ 22	\$ 32
9 holes	14	18
Twilight	16	21
Senior with cart (9 holes)	21	27
Senior with cart (18 holes)	25	31
Senior walking	14	26
Junior golfer	13	18

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Cart Fees

	<u>Weekdays</u>
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**

<u>Fiscal Year Ended April 30,</u>	<u>Number of Purchases</u>
2011	14,575
2012	15,100
2013	15,100

**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>
2011	23,312
2012	24,175
2013	XX,XXX

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	21,885	5,253,685
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

**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 2009 Through 2013**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Fiscal Year</u>	<u>EAV</u>	<u>Estimated True Cash Value</u>	<u>Percent Change</u>
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
2010	2011	2012	302,729,252	908,187,756	(0.29)
2011	2012	2013	245,174,072	735,522,216	(19.01)

Per capita 2011 EAV (1) \$ 10,869.57
 Per capita 2012 estimated true cash value (1) 32,608.72

(1) Based on the City's 2010 Census population of 22,556. **DRAFT SUBJECT TO CHANGE**

Source: The City

The following table sets forth the City's 2011 EAV (latest available) by use.

**City of Blue Island
2011 Equalized Assessed Valuation by Use**

	<u>Amount</u>	<u>Percent</u>
Residential	\$ [REDACTED]	68.29 %
Commercial	[REDACTED]	22.03
Industrial	[REDACTED]	8.84
Railroad	2,788,750	0.84
Totals	\$ 245,174,072	100.00 %

Source: Cook County Clerk's office

**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 2008 through 2012 are as follows:

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Corporate	\$0.2375	\$0.2774	\$0.3253	\$0.4198	\$0.4375
Bonds and interest	0.4447	0.6112	0.5114	0.4239	0.3470
Garbage	0.1743	0.1816	0.1888	0.1919	0.1308
Police Pension	0.3548	0.3443	0.3409	0.4161	0.5627
Firefighters' Pension	0.1721	0.1670	0.1742	0.2126	0.2864
IMRF	0.1016	0.0964	0.1347	0.1639	0.2034
Street and bridge	0.0736	0.0771	0.0805	0.0960	0.1000
Playgrounds and recreation	0.0635	0.0611	0.0201	0.0000	0.0000
Fire protection	0.0595	0.0643	0.0670	0.1209	0.1476
Police protection	0.0628	0.0707	0.0738	0.1290	0.1476
Social Security	0.0890	0.0948	0.1155	0.1701	0.1842
Auditing	0.0067	0.0081	0.0084	0.0081	0.0161
Liability insurance	0.0217	0.0225	0.0235	0.0323	0.0392
Crossing guards	0.0174	0.0189	0.0101	0.0121	0.0000
Workmen's compensation	0.0334	0.0353	0.0336	0.0443	0.0844
Unemployment insurance	0.0009	0.0009	0.0070	0.0000	0.0000
Limited bonds	0.0279	0.0279	0.0000	0.0000	0.0000
Library	0.4456	0.4267	0.4562	0.5757	0.6000
Library building and maintenance	<u>0.0149</u>	<u>0.0162</u>	<u>0.0171</u>	<u>0.0192</u>	<u>0.0200</u>
	<u>\$2.4019</u>	<u>\$2.6024</u>	<u>\$2.5881</u>	<u>\$3.0379</u>	<u>\$3.3069</u>

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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>
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
2010	2011	2012	6,290,412	5,861,922	93.19
2011	2012	2013	5,892,494	5,665,648	96.15

(1) Includes the City Library levy. Amounts collected and distributed as of April 30, 2013.

Source: The City

(cont'd)

12/06/2013

**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

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

(2) Based on the City's 2008 EAV of \$301,851,416.

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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, 2009 through 2013.

**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>
2009	\$1,280,807	(9.72)%
2010	1,109,322	(13.39)
2011	1,183,308	6.67
2012	1,259,594	6.45
2013	1,308,173	3.86

Percent increase from 2009 to 2013 2.13%

Source: The City

**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, 2009 through April 30, 2013.

**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>
2009	\$624,915	(4.60)%
2010	592,137	(5.25)
2011	593,572	0.24
2012	584,296	(1.56)
2013	564,501	(3.39)

Percent decrease from 2009 to 2013 (9.67)%
Source: The City

Illinois State Income Tax

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The following table sets forth the Illinois state income and use tax revenue received for the fiscal years ended April 30, 2009 through April 30, 2013.

**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>
2009	\$2,285,570	(9.80)%
2010	2,084,723	(8.79)
2011	2,224,737	6.72
2012	2,280,343	2.50
2013	2,243,002	(1.64)

Percent decrease from 2009 to 2013 (1.86)%
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, 2009 through April 30, 2013.

**City of Blue Island
City Utility Tax**

<u>Fiscal Year Ended April 30,</u>	<u>City Utility Tax</u>	<u>Annual Change</u>
2009	\$1,724,411	(2.70)%
2010	1,541,427	(10.61)
2011	1,563,222	1.42
2012	1,487,485	(4.84)
2013	1,492,471	0.00

Percent decrease from 2009 to 2013 (13.45)%
Source: The City

(cont'd)

12/06/2013

**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, 2013**

Legal debt limit (8.625% of assessed valuation) (1)	\$ 19,261,318	
Less amount of debt applicable to legal debt limit (2)	<u>3,785,000</u>	
Legal debt margin	<u>\$ 15,476,318</u>	

(1) Based on 8.625% of the City's 2012 Equalized Assessed Valuation of \$223,319,634.

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

Source: The City

Detailed Statement of Direct Bonded Indebtedness

	Total Debt Outstanding (1)	Self-supporting	Net
General Obligation TIF Bonds (2)	\$ 1,795,000	\$ 1,795,000	\$ -
General Obligation Alternate Revenue Bonds	4,595,000	3,595,000	1,000,000
General Obligation Judgment Funding Bonds	<u>990,000</u>	<u>-</u>	<u>990,000</u>
Totals	<u>\$ 7,380,000</u>	<u>\$ 5,390,000</u>	<u>\$ 1,990,000</u>
Per capita direct bonded debt (3)			\$ 88.22
Percent of direct bonded debt to 2012 EAV (4)			0.89%
Percent of direct debt to 2012 true cash value (5)			0.30%

- (1) Debt information as of April 30, 2013.
- (2) Includes the Bonds.
- (3) Based on the City's 2010 Census population of 22,556.
- (4) Based on the City's 2012 EAV of \$223,319,634.
- (5) Based on the City's estimated 2012 True Cash Value of \$669,958,902.

Source: City of Blue Island

**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 2010 Census data (latest available), County residents work in a variety of industries. The following table categorizes the industries that the County's residents (16 years of age and older) are employed by for the County (City information not available).

<u>Industry Category</u>	<u>Cook County</u>	<u>Percent</u>
Agriculture, forestry, fishing and hunting, and mining	-	.1%
Construction	921	4.7
Manufacturing	1,718	10.7
Wholesale trade	331	2.9
Retail trade	1,043	9.9
Transportation and warehousing, and utilities	837	6.1
Information	237	2.4
Finance, insurance, real estate, and rental and leasing	687	8.2
Professional, scientific, management, administrative, and waste management services	656	13.6
Educational, health and social services	1,708	22.6
Arts, entertainment, recreation, accommodation and food services	1,069	9.7
Other services (except public administration)	517	5.2
Public administration	<u>269</u>	<u>4.1</u>
Total	<u>9,993</u>	<u>100.00%</u>

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

**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>
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	10.5	10.3	9.7	9.9
2012	11.9	9.3	8.9	8.9
2013 (1)	11.8	9.6	9.3	9.4

(1) For the month of April 2013.

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.

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<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.

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

Estimated Retail Sales

The following table reflects the breakdown of estimated retail sales according to major purchase categories for the County, State and United States for the year ended 2007.

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

(1) Dollar amount in thousands.

Source: U.S. Census Bureau 2007 Economic Census

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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>	
2008	6	\$ 947,750	\$ 10,698,343
2009	10	1,343,000	24,678,326
2010	3	440,000	4,342,877
2011	0	0	8,041,850
2012	0	0	8,641,459

Source: The City

The 2010 Census (latest information available) reported 8,911 housing units in the City and a 12.4% vacancy rate. Of the occupied units, 55.9% percent were owner-occupied. The median home value of owner-occupied homes in the City was \$156,600. 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	6.4%	2.5%	6.5%
\$50,000 to \$99,999	10.7	4.4	13.7
\$100,000 to \$149,999	25.7	9.4	13.8
\$150,000 to \$199,999	28.0	14.8	15.3
\$200,000 to \$299,999	24.7	26.8	21.9
\$300,000 or more	4.5	42.1	28.8

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

(cont'd)

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**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
Totals	100.0 %	100.0 %

Median Household Effective Buying Income	\$42,758	\$40,785
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 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	8.2%	8.6%	7.1%
\$10,000 to \$14,999	7.6	5.1	4.9
\$15,000 to \$24,999	14.0	11.5	11.0
\$25,000 to \$34,999	10.5	9.8	10.2
\$35,000 to \$49,999	17.8	13.5	13.8
\$50,000 to \$74,999	19.2	17.7	18.4
\$75,000 to \$99,999	11.7	11.8	12.6
\$100,000 to \$149,999	8.6	12.3	12.9
\$150,000 to \$199,999	2.2	4.5	4.6
\$200,000 or more	0.2	5.1	4.4
Median household income	\$50,036	\$51,466	\$52,972

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

See independent auditor's report.

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