



## **City of Blue Island, Illinois**

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED APRIL 30, 2012

**Selden Fox, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS

# CITY OF BLUE ISLAND, ILLINOIS COOK COUNTY

## **Annual Financial Report**

For the Year Ended April 30, 2012

### **Administrative Office**

13051 South Greenwood Avenue  
Blue Island, Illinois 60406

(708) 597-8600

### **Administrative Staff**

Donald E. Peloquin – Mayor  
Michael A. Anastasia – Finance Director  
Pamela Frasor – City Clerk  
Carmine Bilotto – City Treasurer  
James Brosnahan – City Attorney  
Douglas E. Hoglund – Police Chief  
Terrance Vrshek – Fire Chief  
Terrance R. Sullivan – Risk Manager

### **Mayor**

Donald E. Peloquin

### **Aldermen**

Ward 1: Jerry Natalino  
Christine Buckner Cheadle  
Ward 2: Cathie Spizzirri  
Leticia Vieyra  
Ward 3: Nancy Rita  
Mark Patoska  
Ward 4: Marcia Stone  
Mark L. Ruthenberg  
Ward 5: Janice Ostling  
Michael Janko  
Ward 6: Dexter R. Johnson  
Jairo Fraust  
Ward 7: Nancy Thompson  
Domingo Vargas

Prepared by:

Department of Finance  
Carmine Bilotto – Treasurer

**City of Blue Island  
Audit Report  
For the Year Ended April 30, 2012**

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## **INDEPENDENT AUDITOR'S REPORT**

# Selden Fox, LTD.

A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS  
619 Enterprise Drive  
Oak Brook, Illinois 60523-8835

630-954-1400  
630-954-1327 FAX

email@seldenfox.com  
www.seldenfox.com

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Blue Island, Illinois** as of and for the year ended April 30, 2012, and the statement of revenue, expenditures and changes in fund balance – budget and actual for the General Fund, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Blue Island's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note IV. E. to the financial statements, management did not obtain an actuarial valuation for the police and firefighters' pension plans as of April 30, 2012. Management last obtained an actuarial valuation for the police and firefighters' pension plans as of April 30, 2011; the previous valuation was as of April 30, 2007. Management has recorded a liability equal to the net pension obligation as of April 30, 2007 plus the increase in the net pension obligation for the year ended April 30, 2011, but has not recorded an adjustment for any change in that liability between April 30, 2007 and April 30, 2011. Accounting principles generally accepted in the United States of America require the cost of providing pension benefits to be accrued as a liability and expense as employees earn the right to the benefits. The change in this liability each year would either increase or decrease the change in net assets of governmental activities. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental activities is not reasonably determinable.

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

In our opinion, except for the effects of not adjusting the liability for the net pension obligation of the police and firefighters' pension funds as described in the second preceding paragraph, and for not recording a liability for certain other post-employment benefit costs and of not recording an adjustment to beginning net assets and the current period change in that liability in the governmental and business-type activities and proprietary fund activities, as described in the previous paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Blue Island, Illinois, as of April 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The supplementary information as listed in the accompanying table of contents is presented for purposes of additional analysis, and is not a required part of the basic financial statements of the City of Blue Island, Illinois. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

*Selden Fox, Ltd.*

November 26, 2012



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

**City of Blue Island, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2012**

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, 2012.

**Financial Highlights**

The assets of the City of Blue Island exceeded its liabilities at the close of the most recent fiscal year by \$40,034,088 (*net assets*). Of this amount, \$41,926,295 is invested in capital assets net of related debt, and \$11,341,597 is restricted for other purposes. The City's unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors, were at a deficit of \$13,233,805. Included within this deficit are amounts that will be needed to make future principal and interest payments on refunding bond issues, which will be funded through future tax levies. The liability for the debt is included in the statement of net assets, but only the portion of the future tax receipts already levied has been included.

- The government's total net assets decreased due to current year operations by \$6,028 primarily due to increases in depreciation expense and the net pension obligation.
- As of the close of the current fiscal year, the City of Blue Island's governmental funds reported combined ending fund balance of \$1,498,857, a decrease of \$675,781 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 \$9,756,995.
- The City of Blue Island's total general obligation and alternate revenue bonds decreased by \$1,044,000 (9.49 percent) during the current fiscal year.

**Overview of the Financial Statements**

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

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

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

## **Overview of the Financial Statements (cont'd)**

### **Government-wide Financial Statements (cont'd)**

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

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

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

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

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

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

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

## **Overview of the Financial Statements (cont'd)**

### ***Governmental Funds*** (cont'd)

The City of Blue Island maintains fifteen individual governmental funds at April 30, 2012. 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 16 through 24 of this report.

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

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

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

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

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

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

## Overview of the Financial Statements (cont'd)

### Other Information (cont'd)

and a balance sheet and schedule of revenues, expenditures and changes in fund balance – budget and actual for the Public Library are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 66 through 104 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Blue Island, assets exceeded liabilities by \$39,756,879 at the close of the most recent fiscal year.

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

<b>City of Blue Island Statement of Net Assets As of April 30, 2012 (in millions)</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>
Current and other assets	\$ 8.0	\$ 2.4	\$ 10.4
Capital assets	32.8	14.4	47.2
<b>Total assets</b>	<b>\$ 40.8</b>	<b>\$ 16.8</b>	<b>\$ 57.6</b>
Long-term liabilities	\$ 11.3	\$ 3.9	\$ 15.2
Other liabilities	2.0	.3	2.3
<b>Total liabilities</b>	<b>\$ 13.3</b>	<b>\$ 4.2</b>	<b>\$ 17.5</b>
Net assets:			
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)
<b>Total net assets</b>	<b>\$ 27.5</b>	<b>\$ 12.6</b>	<b>\$ 40.1</b>

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

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

At the end of the current and prior fiscal years, the City of Blue Island is able to report a positive balance in both the governmental and business-type activities net assets.

A summary of the statement of net assets at April 30, 2011 is below:

<b>City of Blue Island Statement of Net Assets As of April 30, 2011 (in millions)</b>			
	Governmental Activities	Business-type Activities	Primary Government
Current and other assets	\$ 8.7	\$ 2.3	\$ 11.0
Capital assets	32.5	14.7	47.2
<b>Total assets</b>	<b>\$ 41.2</b>	<b>\$ 17.0</b>	<b>\$ 58.2</b>
Noncurrent liabilities	\$ 11.1	\$ 4.1	\$ 15.2
Other liabilities	2.7	.3	3.0
<b>Total liabilities</b>	<b>\$ 13.8</b>	<b>\$ 4.4</b>	<b>\$ 18.2</b>
Net assets:			
Invested in capital assets, net of related debt	\$ 29.8	\$ 10.7	\$ 40.5
Restricted	10.3	.1	10.4
Unrestricted	(12.7)	1.8	(10.9)
<b>Total net assets</b>	<b>\$ 27.4</b>	<b>\$ 12.6</b>	<b>\$ 40.0</b>

**Governmental Activities.** Governmental activities increased the City of Blue Island's net assets by \$83,542, despite an increase in the net pension obligation of \$927,259 as the City had its first actuarial valuation done for the police and firefighter pension in three years. Expenses increased by \$1,361,955, which included the increase to the net pension obligation. Revenues decreased by \$3,548,694 due in large measure to a decrease of \$959,754 of incremental property taxes within TIF District V. The City entered into a property tax reimbursement agreement with the entity that took over Metro South Hospital, formerly run by a not for profit organization, in which the City will reimburse certain costs incurred by the entity in the form of property tax rebates over a fixed period. The first increments were recognized in the prior year, and the redevelopment agreement expense decreased as well in the current year, from \$2,047,980 to \$1,370,945. Other revenues continued to suffer from the effects of the slow economic recovery.

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

**Business-type Activities.** Business-type activities decreased the City of Blue Island's net assets by \$89,570, compared to a decrease of \$193,162 in the prior year. The improvement from the prior year was due primarily to increased revenues at the Golf Course.

**City of Blue Island  
Changes in Net Assets  
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
<b>Total revenues</b>	<b>21.1</b>		<b>5.2</b>		<b>26.3</b>	
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
<b>Total expenses</b>	<b>21.0</b>		<b>5.3</b>		<b>26.3</b>	
<b>Change in net assets</b>	<b>\$ (0.1)</b>		<b>\$ (0.1)</b>		<b>\$ -</b>	

### Revenues:

- Property taxes available for operations (i.e., net of tax receipts for payment of principal and interest on general obligation debt and pension funds) increased slightly as the EAV increased slightly.
- Incremental tax revenues in the five Tax Increment Financing Districts decreased by \$2,146,943 in the current year as TIF V began receiving increments in the prior year, which included some catch up revenues, and the EAV decreased slightly in most TIFS.
- Enterprise Fund operating revenues remained constant.

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

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

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

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

## Financial Analysis of the Government's Funds

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

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



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

**Proprietary Funds.** The City of Blue Island's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water and Sewer and Golf Course funds at the end of the year amounted to \$1,869,659. The total decrease in net assets for the funds was \$89,570. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Blue Island's business-type activities.

### General Fund Budgetary Highlights

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

	General Fund (in millions)		
	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 3.2	\$ 3.2	\$ 3.5
Intergovernmental	5.9	5.9	5.3
Other	8.1	8.1	7.3
<b>Total revenues</b>	<b>17.2</b>	<b>17.2</b>	<b>16.1</b>
Expenditures:			
Current:			
General government	1.6	1.6	1.2
Building	.4	.4	.3
Planning	1.8	1.8	.4
Police	4.5	4.5	4.6
911 Center	1.5	1.5	1.2
Fire	2.2	2.2	2.0
Public works	9.7	9.7	3.6
Insurance loss	4.3	4.3	4.6
Marketing	1.7	1.7	.4
<b>Total expenditures</b>	<b>27.7</b>	<b>27.7</b>	<b>18.3</b>
Other financing sources	-	-	1.1
<b>Change in fund         balance</b>	<b>\$ (10.5)</b>	<b>\$ (10.5)</b>	<b>\$ (1.1)</b>

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

## Capital Asset and Debt Administration

**Capital Assets.** The City of Blue Island's investment in capital assets for its governmental and business-type activities as of April 30, 2012 amounts to \$47,206,295 (\$47,217,041 at April 30, 2011), which is net of accumulated depreciation. This investment in capital assets includes land, buildings, utility system and improvements, and equipment, including vehicles. The total change in the City of Blue Island's investment in capital assets between the current fiscal year and the prior year's annual report was a decrease of \$10,746. This included an increase in the governmental activities of \$288,792 and a decrease of \$299,538 in the business-type activities.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 20.3	\$ 20.3	\$ .7	\$ .7	\$ 21.0	\$ 21.0
Buildings and land improve- ments	5.7	6.0	3.0	3.0	8.7	9.0
Infrastructure	5.4	4.6	10.5	10.9	15.9	15.5
Construction in progress	-	-	.1	-	.1	-
Equipment	1.4	1.6	.1	.1	1.5	1.7
<b>Total</b>	<b>\$ 32.8</b>	<b>\$ 32.5</b>	<b>\$ 14.4</b>	<b>\$ 14.7</b>	<b>\$ 47.2</b>	<b>\$ 47.2</b>

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

**Long-term Debt.** At the end of fiscal year 2012, the City of Blue Island had total bonded debt outstanding of \$9,620,000 (\$10,450,000 at 2011). The balance at April 30, 2012 included only general obligation bonds. All of this bonded debt is backed by the full faith and credit of the government. In the current year, the City 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 have an outstanding balance of \$342,000 at April 30, 2012 (\$556,000 at April 30, 2011).

## 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	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 5.8	\$ 6.4	\$ -	\$ -	\$ 5.8	\$ 6.4
Alternate revenue source bonds	-	.6	3.8	4.0	3.8	4.6
	<u>\$ 5.8</u>	<u>\$ 7.0</u>	<u>\$ 3.8</u>	<u>\$ 4.0</u>	<u>\$ 9.6</u>	<u>\$ 11.0</u>

The City of Blue Island's total debt, including notes payable, decreased by \$1,044,000 during the current fiscal year.

The City of Blue Island is limited in the amount of general obligation debt a governmental entity may issue per state statute. The City's legal debt margin at April 30, 2012 was \$11,184,264.

Additional information on the City of Blue Island's long-term debt can be found in Note III.F. on pages 46 through 51 of this report.

### Summary and Future Considerations

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

### Request for Information

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

## **BASIC FINANCIAL STATEMENTS**

**City of Blue Island**  
**Statement of Net Assets**  
**April 30, 2012**

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Public Library
<b>Assets</b>				
Cash and investments	\$ 2,241,657	\$ 30,400	\$ 2,272,057	\$ 1,139,775
Receivables	6,730,753	424,451	7,155,204	803,647
Due from primary government	-	-	-	55,471
Internal balances	(1,730,328)	1,730,328	-	-
Restricted cash	659,677	78,341	738,018	-
Prepaid items	18,691	-	18,691	-
Inventory	-	31,087	31,087	-
Deferred bond issuance costs	44,872	88,277	133,149	-
Capital assets not depreciated:				
Land	20,289,512	678,958	20,968,470	-
Construction in progress	-	69,393	69,393	-
Capital assets (net of accumulated depreciation):				
Buildings and land improvements	5,711,212	2,965,817	8,677,029	23,662
Infrastructure	5,352,705	10,546,586	15,899,291	-
Equipment	1,439,644	152,468	1,592,112	42,634
<b>Total assets</b>	<b>40,758,395</b>	<b>16,796,106</b>	<b>57,554,501</b>	<b>2,065,189</b>
<b>Liabilities</b>				
Accounts payable and other accrued expenses	1,496,681	264,981	1,761,662	35,701
Accrued interest expense	97,033	72,531	169,564	-
Due to component unit	55,471	-	55,471	-
Deferred revenue	363,462	-	363,462	-
Noncurrent liabilities:				
Due within one year	2,357,000	228,641	2,585,641	-
Due in more than one year	8,895,882	3,688,731	12,584,613	-
<b>Total liabilities</b>	<b>13,265,529</b>	<b>4,254,884</b>	<b>17,520,413</b>	<b>35,701</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	31,333,073	10,593,222	41,926,295	66,296
Restricted for grant purposes	169,943	-	169,943	-
Restricted for public safety	489,734	-	489,734	-
Restricted by state statute	9,817,317	-	9,817,317	-
Restricted for debt service	786,263	78,341	864,604	-
Unrestricted	(15,103,464)	1,869,659	(13,233,805)	1,963,192
<b>Total net assets</b>	<b>\$ 27,492,866</b>	<b>\$ 12,541,222</b>	<b>\$ 40,034,088</b>	<b>\$ 2,029,488</b>

See accompanying notes and independent auditor's report.

**City of Blue Island**  
**Statement of Activities**  
**For the Year Ended April 30, 2012**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 7,682,514	\$ 2,381,265	\$ 757,839	\$ -
Public safety	8,774,629	2,005,725	394,250	-
Public works	4,104,460	1,327,945	-	111,319
Civil defense	38,473	-	-	-
Senior citizens	105,276	10,039	-	-
Interest on long-term debt	304,240	-	-	-
<b>Total governmental activities</b>	<b>21,009,592</b>	<b>5,724,974</b>	<b>1,152,089</b>	<b>111,319</b>
Business-type activities:				
Water and sewer	4,176,595	4,088,005	-	-
Golf course	1,123,421	1,120,129	-	-
<b>Total business-type activities</b>	<b>5,300,016</b>	<b>5,208,134</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$26,309,608</b>	<b>\$10,933,108</b>	<b>\$ 1,152,089</b>	<b>\$ 111,319</b>
<b>Component unit - Public Library</b>	<b>\$ 1,438,754</b>	<b>\$ 35,016</b>	<b>\$ 50,010</b>	<b>\$ -</b>
General revenues:				
Property taxes				
Replacement taxes				
Sales taxes				
Income taxes				
Motor fuel taxes				
Utility taxes				
Local use and foreign fire taxes				
Rental income/reimbursements/miscellaneous				
Unrestricted investment earnings				
<b>Total general revenues</b>				
<b>Change in net assets</b>				
Net assets, beginning of the year				
Net assets, end of the year				

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Public Library
\$ (4,543,410)	\$ -	\$ (4,543,410)	\$ -
(6,374,654)	-	(6,374,654)	-
(2,665,196)	-	(2,665,196)	-
(38,473)	-	(38,473)	-
(95,237)	-	(95,237)	-
(304,240)	-	(304,240)	-
(14,021,210)	-	(14,021,210)	-
-	(88,590)	(88,590)	-
-	(3,292)	(3,292)	-
-	(91,882)	(91,882)	-
(14,021,210)	(91,882)	(14,113,092)	-
-	-	-	(1,353,728)
7,865,255	-	7,865,255	1,400,093
224,300	-	224,300	48,170
1,259,594	-	1,259,594	-
1,934,599	-	1,934,599	-
584,297	-	584,297	-
1,487,485	-	1,487,485	-
345,745	-	345,745	-
399,489	2,060	401,549	36,675
3,988	252	4,240	1,518
14,104,752	2,312	14,107,064	1,486,456
83,542	(89,570)	(6,028)	132,728
27,409,324	12,630,792	40,040,116	1,896,760
\$ 27,492,866	\$ 12,541,222	\$ 40,034,088	\$ 2,029,488

See accompanying notes and independent auditor's report.

**City of Blue Island**  
**Balance Sheet - Governmental Funds**  
**April 30, 2012**

	General	Special Tax Increment Allocation Fund II	Special Tax Increment Allocation Fund III
<b>Assets</b>			
Cash and investments	\$ -	\$ 603,899	\$ 463,336
Receivables:			
Property taxes	1,706,658	372,849	385,420
Customers	132,799	-	-
Grants	2,737	-	-
Other	273,533	-	-
Due from other governmental agencies	1,424,787	-	-
Due from other funds	3,485,190	4,408,937	3,246,054
Interfund receivables	-	64,776	-
Restricted cash	659,677	-	-
Prepaid items	18,691	-	-
Advances to other funds	-	162,420	-
<b>Total assets</b>	<b>\$ 7,704,072</b>	<b>\$ 5,612,881</b>	<b>\$ 4,094,810</b>
<b>Liabilities and Fund Balance (Deficit)</b>			
Liabilities:			
Accounts payable	\$ 357,907	\$ 472	\$ 69
Accrued expenses	217,668	-	-
Due to other funds	14,084,786	-	-
Due to component unit	55,471	-	-
Deferred revenue and other liabilities	1,706,658	372,849	385,420
Interfund payables	64,776	-	-
Claims incurred and unreported	133,013	-	-
Advances from other funds	162,420	-	-
<b>Total liabilities</b>	<b>16,782,699</b>	<b>373,321</b>	<b>385,489</b>
Fund balance (deficit):			
Nonspendable	18,691	-	-
Restricted for grant purposes	169,943	-	-
Restricted for public safety	489,734	-	-
Restricted under state statute	-	5,239,560	3,709,321
Restricted for debt service	-	-	-
Unassigned	(9,756,995)	-	-
<b>Total fund balance (deficit)</b>	<b>(9,078,627)</b>	<b>5,239,560</b>	<b>3,709,321</b>
<b>Total liabilities and fund balance</b>	<b>\$ 7,704,072</b>	<b>\$ 5,612,881</b>	<b>\$ 4,094,810</b>

Special Tax Increment Allocation Fund V	Other Governmental Funds	Total Governmental Funds
\$ 998,609	\$ 175,813	\$ 2,241,657
1,640,209	400,842	4,505,978
-	-	132,799
-	344,896	347,633
-	46,023	319,556
-	-	1,424,787
-	1,806,019	12,946,200
-	-	64,776
-	-	659,677
-	-	18,691
-	-	162,420
<b>\$ 2,638,818</b>	<b>\$ 2,773,593</b>	<b>\$ 22,824,174</b>
\$ 783,426	\$ 4,126	\$ 1,146,000
-	-	217,668
7,785	583,957	14,676,528
-	-	55,471
1,640,209	764,305	4,869,441
-	-	64,776
-	-	133,013
-	-	162,420
<b>2,431,420</b>	<b>1,352,388</b>	<b>21,325,317</b>
-	-	18,691
-	-	169,943
-	-	489,734
207,398	661,038	9,817,317
-	786,263	786,263
-	(26,096)	(9,783,091)
<b>207,398</b>	<b>1,421,205</b>	<b>1,498,857</b>
<b>\$ 2,638,818</b>	<b>\$ 2,773,593</b>	<b>\$ 22,824,174</b>

See accompanying notes and independent auditor's report.

**City of Blue Island**  
**Reconciliation of Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**April 30, 2012**

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Total fund balance - governmental funds (page 17)	\$ 1,498,857
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	32,793,073
Bond issuance costs are amortized over the life of the issue for governmental activities, but expensed in the period paid in the governmental funds.	44,872
Interest expense is not subject to accrual in the governmental funds.	(97,033)
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net assets.	4,505,979
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(11,252,882)</u>
Net assets of governmental activities (page 13)	<u>\$ 27,492,866</u>

See accompanying notes and independent auditor's report.



**City of Blue Island**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances (Deficit) - Governmental Funds**  
**For the Year Ended April 30, 2012**

	General	Special Tax Increment Allocation Fund II
<b>Revenues:</b>		
Property taxes	\$ 3,526,151	\$ 974,385
Personal property and replacement taxes	224,300	-
Other taxes	5,027,422	-
Licenses	520,369	-
Permits	142,338	-
State allotments	-	-
Fines	644,999	-
Grants	1,152,089	-
Interest	2,600	500
9-1-1 system fees	988,901	-
Sanitation fees	1,327,945	-
Other	2,544,613	-
<b>Total revenues</b>	<b>16,101,727</b>	<b>974,885</b>
<b>Expenditures:</b>		
Current:		
General government	1,143,269	4,245
Building	340,752	-
Planning	383,835	-
Police	5,810,129	-
Fire	2,001,804	-
Public works	3,629,751	-
Street	-	-
Insurance loss	4,548,640	-
Civil Service Commission	38,473	-
Marketing	387,667	-
Debt service	-	-
Capital outlay	-	-
Capital outlay - redevelopment agreements	-	-
<b>Total expenditures</b>	<b>18,284,320</b>	<b>4,245</b>

Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund V	Other Governmental Funds	Total Governmental Funds
\$ 892,391	\$ 1,684,273	\$ 1,174,807	\$ 8,252,007
-	-	-	224,300
-	-	-	5,027,422
-	-	-	520,369
-	-	-	142,338
-	-	696,134	696,134
-	-	-	644,999
-	-	111,319	1,263,408
344	422	122	3,988
-	-	-	988,901
-	-	-	1,327,945
-	-	-	2,544,613
<b>892,735</b>	<b>1,684,695</b>	<b>1,982,382</b>	<b>21,636,424</b>
<b>4,757</b>	<b>92,720</b>	<b>75,513</b>	<b>1,320,504</b>
-	-	-	340,752
-	-	-	383,835
-	-	-	5,810,129
-	-	-	2,001,804
-	-	-	3,629,751
-	540,201	652,483	1,192,684
-	-	-	4,548,640
-	-	-	38,473
-	-	-	387,667
-	-	2,268,533	2,268,533
-	-	120,193	120,193
-	1,370,945	-	1,370,945
<b>4,757</b>	<b>2,003,866</b>	<b>3,116,722</b>	<b>23,413,910</b>

(cont'd)

**City of Blue Island**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances (Deficit) - Governmental Funds (cont'd)**  
**For the Year Ended April 30, 2012**

	General	Special Tax Increment Allocation Fund II
<b>Revenues over (under) expenditures before other financing sources (uses)</b>	<b>\$ (2,182,593)</b>	<b>\$ 970,640</b>
Other financing sources (uses):		
Bonds issued	1,100,000	
Proceeds from sale of capital assets	1,705	
Transfers in	-	-
Transfers out	(53,076)	(218,897)
<b>Total other financing sources (uses)</b>	<b>1,048,629</b>	<b>(218,897)</b>
<b>Net changes in fund balances (deficit)</b>	<b>(1,133,964)</b>	<b>751,743</b>
Fund balances (deficit), beginning of the year, as previously reported	(7,944,663)	4,875,915
Restatement of beginning fund balance	-	(388,098)
Fund balances (deficit), beginning of the year, as restated	(7,944,663)	4,487,817
Fund balances (deficit), end of the year	<b>\$ (9,078,627)</b>	<b>\$ 5,239,560</b>

Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund V	Other Governmental Funds	Total Governmental Funds
<b>\$ 887,978</b>	<b>\$ (319,171)</b>	<b>\$ (1,134,340)</b>	<b>\$ (1,777,486)</b>
			<b>1,100,000</b>
			<b>1,705</b>
-	-	631,946	<b>631,946</b>
(359,973)	-	-	<b>(631,946)</b>
(359,973)	-	631,946	<b>1,101,705</b>
528,005	(319,171)	(502,394)	<b>(675,781)</b>
2,221,319	526,569	2,495,498	<b>2,174,638</b>
959,997	-	(571,899)	-
3,181,316	526,569	1,923,599	<b>2,174,638</b>
<b>\$ 3,709,321</b>	<b>\$ 207,398</b>	<b>\$ 1,421,205</b>	<b>\$ 1,498,857</b>

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, 2012**

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

Net change in fund balance - total governmental funds (page 22)	\$ (675,781)
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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 capital outlays (\$1,150,134) exceeds depreciation (\$861,342) in the current period.

288,792

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(386,752)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Proceeds from bonds issued	(1,100,000)
Repayment of principal on bonds	1,929,000
Net amortization of bond premiums and issuance costs	(611)
Capitalization of issuance costs	40,000

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	35,292
Change in compensated absences payable	(119,139)
Change in net pension obligation	(927,259)

Litigation settlement accrued in government-wide financial statements but not expensed in governmental funds until the current year, when the City is able to issue bonds to generate needed available spendable resources to fund settlement.

1,000,000

Change in net assets of governmental activities (page 15)	<u>\$ 83,542</u>
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See accompanying notes and independent auditor's report.

**City of Blue Island  
General Fund  
Statement of Revenues, Expenditures and Changes in  
Fund Deficit - Budget and Actual  
For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
Revenues:		
Taxes:		
Property taxes	\$ 3,224,000	\$ 3,526,151
Personal property replacement tax	400,000	224,300
Other taxes	5,530,000	5,027,422
Licenses	570,000	520,369
Permits	150,000	142,338
Fines	650,000	644,999
Grants	2,400,000	1,152,089
Interest	-	2,600
Other	4,310,000	4,861,459
<b>Total revenues</b>	<b>17,234,000</b>	<b>16,101,727</b>
Expenditures:		
Current:		
General government	1,580,650	1,143,269
Building	422,500	340,752
Planning	1,827,661	383,835
Police	4,538,000	4,603,516
911 Center	1,562,150	1,206,613
Fire	2,160,100	2,001,804
Public works	9,721,600	3,629,751
Insurance loss	4,262,700	4,548,640
Civil Service Commission	39,000	38,473
Marketing	1,619,800	387,667
<b>Total expenditures</b>	<b>27,734,161</b>	<b>18,284,320</b>
<b>Revenues under expenditures     before other financing sources (uses)</b>	<b>\$ (10,500,161)</b>	<b>(2,182,593)</b>
Other financing sources (uses):		
Bonds issued		1,100,000
Proceeds from sale of capital assets		1,705
Transfer out		(53,076)
<b>Total other financing sources (uses)</b>		<b>1,048,629</b>
<b>Change in net assets</b>		<b>(1,133,964)</b>
Fund deficit, beginning of the year		(7,944,663)
Fund deficit, end of the year		<b>\$ (9,078,627)</b>

See accompanying notes and independent auditor's report.

**City of Blue Island  
Proprietary Funds - Enterprise Funds  
Statement of Net Assets  
April 30, 2012**

	Water	Golf Course	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 200	\$ 30,200	\$ 30,400
Accounts receivable:			
Customers	439,451	-	439,451
Less allowance for doubtful accounts	(15,000)	-	(15,000)
Due from other funds	5,234,342	-	5,234,342
Inventory	-	31,087	31,087
<b>Total current assets</b>	<b>5,658,993</b>	<b>61,287</b>	<b>5,720,280</b>
Restricted assets - cash - bond reserve accounts	78,341	-	78,341
Property and equipment:			
Land	8,958	670,000	678,958
Buildings and land improvements	108,054	4,633,326	4,741,380
Infrastructure	19,417,977	-	19,417,977
Equipment	971,296	514,617	1,485,913
Construction in progress	69,393	-	69,393
Less accumulated depreciation	(9,771,836)	(2,208,563)	(11,980,399)
<b>Total capital assets</b>	<b>10,803,842</b>	<b>3,609,380</b>	<b>14,413,222</b>
Other assets - deferred revenue bond issuance costs	88,277	-	88,277
<b>Total other assets</b>	<b>88,277</b>	<b>-</b>	<b>88,277</b>
<b>Total assets</b>	<b>\$16,629,453</b>	<b>\$ 3,670,667</b>	<b>\$20,300,120</b>

	Water	Golf Course	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 180,317	\$ 46,974	\$ 227,291
Accrued salaries	16,472	7,471	23,943
Due to other funds	-	3,504,014	3,504,014
Bonds payable	225,000	-	225,000
Unamortized bond premium	3,641	-	3,641
Other liabilities	2,666	11,081	13,747
<b>Total current liabilities</b>	<b>428,096</b>	<b>3,569,540</b>	<b>3,997,636</b>
Current liabilities payable from restricted assets - accrued interest	72,531	-	72,531
Long-term liabilities (net of current maturities):			
Compensated absences payable	35,553	-	35,553
Bonds payable	3,595,000	-	3,595,000
Unamortized bond premium	58,178	-	58,178
<b>Total noncurrent liabilities</b>	<b>3,761,262</b>	<b>-</b>	<b>3,761,262</b>
<b>Total liabilities</b>	<b>4,189,358</b>	<b>3,569,540</b>	<b>7,758,898</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	6,983,842	3,609,380	10,593,222
Restricted for debt service	78,341	-	78,341
Unrestricted	5,377,912	(3,508,253)	1,869,659
<b>Total net assets</b>	<b>12,440,095</b>	<b>101,127</b>	<b>12,541,222</b>
	<b>\$16,629,453</b>	<b>\$ 3,670,667</b>	<b>\$20,300,120</b>

See accompanying notes and independent auditor's report.

**City of Blue Island**  
**Proprietary Funds - Enterprise Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended April 30, 2012**

	Water	Golf Course	Total
Operating revenues:			
Water	\$ 3,484,655	\$ -	\$ 3,484,655
Sewer maintenance	592,503	-	592,503
Water meter	7,368	-	7,368
Golf course	-	783,950	783,950
Pro shop and concessions	-	336,179	336,179
Miscellaneous	-	2,060	2,060
<b>Total operating revenues</b>	<b>4,084,526</b>	<b>1,122,189</b>	<b>5,206,715</b>
Operating expenses	3,992,222	1,123,421	5,115,643
<b>Operating income (loss)</b>	<b>92,304</b>	<b>(1,232)</b>	<b>91,072</b>
Nonoperating income (expenses):			
Interest income	181	71	252
Interest expense	(179,405)	-	(179,405)
Bond premium amortization	3,479	-	3,479
Bond issuance cost amortization	(4,968)	-	(4,968)
<b>Nonoperating income (expense)</b>	<b>(180,713)</b>	<b>71</b>	<b>(180,642)</b>
<b>Change in net assets</b>	<b>(88,409)</b>	<b>(1,161)</b>	<b>(89,570)</b>
Net assets, beginning of the year	12,528,504	102,288	12,630,792
Net assets, end of the year	\$12,440,095	\$ 101,127	\$12,541,222

See accompanying notes and independent auditor's report.

**City of Blue Island**  
**Proprietary Funds - Enterprise Funds**  
**Statement of Cash Flows**  
**For the Year Ended April 30, 2012**

	Water	Golf Course	Total
Cash flows from operating activities:			
Receipts from customers	\$ 4,065,751	\$ 1,122,189	\$ 5,187,940
Payments to suppliers	(2,759,978)	(732,209)	(3,492,187)
Payments to employees	(684,123)	(258,844)	(942,967)
<b>Net cash from operating activities</b>	<u>621,650</u>	<u>131,136</u>	<u>752,786</u>
Cash flows from noncapital financing activities - advances to other funds	<u>(129,554)</u>	<u>(96,155)</u>	<u>(225,709)</u>
<b>Net cash from noncapital financing activities</b>	<u>(129,554)</u>	<u>(96,155)</u>	<u>(225,709)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(294,680)	(28,672)	(323,352)
Principal paid on capital debt	(215,000)	-	(215,000)
Interest paid on capital debt	(183,214)	-	(183,214)
<b>Net cash from capital and related financing activities</b>	<u>(692,894)</u>	<u>(28,672)</u>	<u>(721,566)</u>
Cash flows from investing activities:			
Purchase of investments	-	(2)	(2)
Interest income	181	71	252
<b>Net cash from investing activities</b>	<u>181</u>	<u>69</u>	<u>250</u>
<b>Net increase (decrease) in cash</b>	(200,617)	6,378	(194,239)
Cash and restricted cash, beginning of the year	<u>278,262</u>	<u>21,861</u>	<u>300,123</u>
Cash and restricted cash, end of the year	<u>\$ 77,645</u>	<u>\$ 28,239</u>	<u>\$ 105,884</u>

(cont'd)

**City of Blue Island**  
**Proprietary Funds - Enterprise Funds**  
**Statement of Cash Flows (cont'd)**  
**For the Year Ended April 30, 2012**

	Water	Golf Course	Total
Cash	\$ (696)	\$ 28,239	\$ 27,543
Investments	896	1,961	2,857
<b>Cash and investments</b>	<b>\$ 200</b>	<b>\$ 30,200</b>	<b>\$ 30,400</b>
Cash	\$ (696)	\$ 28,239	27,543
Restricted cash	78,341	-	78,341
<b>Cash and restricted cash</b>	<b>\$ 77,645</b>	<b>\$ 28,239</b>	<b>\$ 105,884</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 92,304	\$ (1,232)	\$ 91,072
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	499,340	123,550	622,890
Increase in receivables	(18,775)	-	(18,775)
Increase in inventory	-	(7,591)	(7,591)
Increase (decrease) in accounts payable	27,910	10,175	38,085
Decrease in accrued salaries and compensated absences	20,019	194	20,213
Increase in other liabilities	852	6,040	6,892
<b>Net cash from operating activities</b>	<b>\$ 621,650</b>	<b>\$ 131,136</b>	<b>\$ 752,786</b>

See accompanying notes and independent auditor's report.



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

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### **I. Summary of Significant Accounting Policies**

#### **A. The Reporting Entity**

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

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

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

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

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

#### **B. Government-wide and Fund Financial Statements**

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

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

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

**Use of Estimates** – The preparation of government-wide and proprietary fund financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the accounting period. 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, 2012).

**Certain Significant Concentrations** – Approximately 78%, or \$4,085,000, of revenue of proprietary funds is from water and sewer operations, and 22%, or \$1,120,000, of revenue is from golf club operations. On the statement of net assets, receivables of governmental activities consist of property taxes (69%), other taxes (23%), grants and other (6%), and customer accounts (2%). 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)**

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

**E. Cash and Investments**

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

**F. 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)**

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

**I. Capital Assets**

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

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

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

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

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

**J. Compensated Absences**

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

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

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

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

**K. Long-term Obligations**

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

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

**L. Deferred Revenue**

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

**M. Fund Balance/Net Assets**

Governmental funds' 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 \$169,943, and a portion restricted for public safety purposes related to narcotic asset seizures totaling \$489,734. 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. There are no committed or assigned fund balances. Negative fund balances are considered unassigned.

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

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

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

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

**II. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

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

- The Appropriation Ordinance is prepared in tentative form by the Finance Director, reviewed and approved by the City Aldermen, and is made available for public inspection at least ten days prior to final Board action. A public hearing is held on the tentative Appropriation Ordinance to obtain taxpayer comments.
- Prior to August 1, the appropriation is legally enacted through the passage of an Appropriation Ordinance. All actual expenditures contained herein have been compared to the annual appropriation.
- The City Aldermen may:
  - By two-thirds vote transfer within any department amounts appropriated for an object or purpose to another object or purpose. No object or purpose can be reduced below an amount sufficient to provide for all obligations incurred or to be incurred against the appropriation.
  - Adopt a supplemental Appropriation Ordinance in an amount not to exceed any additional revenue available, including unappropriated fund balances, or amounts estimated to be received after adoption of the annual Appropriation Ordinance.
- No other appropriation can be adopted during the fiscal year, unless approved by a petition signed by fifty (50) percent of the number of individuals who voted for Mayor at the last general municipal election, or by a majority of individuals voting on the question in a regular general election or an emergency referendum.



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

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

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

- Management cannot amend the Appropriation Ordinance. However, expenditures may exceed appropriations at the subobject level. The City Aldermen, as outlined above, must approve expenditures that exceed individual appropriations at the object level.

For the year ended April 30, 2012, there were no supplemental appropriations.

**B. Deficit Fund Equity**

The General Fund has a deficit fund balance of \$9,078,627. Funding of this deficit is expected from future tax revenues and transfers from other funds.

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

On a monthly basis, the City is required to fund the Junior Bond and Interest Account of the General Obligation Bond Series 1995 - Alternate Bond Fund ("Junior Bond and Interest Account") for an amount not less than 1/5 of the interest becoming due on the next interest payment date. At April 30, 2012, the Junior Bond and Interest Account was underfunded by \$30,952. Funds are being accumulated in the City's general checking account to meet the next interest payment.

**III. Detailed Notes For All Activities and Fund Types**

**A. Deposits and Investments**

Statutes authorize the City to invest in the following:

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

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

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

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

Investments may be made only in financial institutions which are insured by either the Federal Deposit Insurance Corporation, or other applicable law for credit unions.

- Short-term obligations (maturing within 180 days of date of purchase) of corporations with assets exceeding five hundred million dollars (\$500,000,000). Such obligations must be rated, at the time of purchase, at one of the three highest classifications established by at least two standard rating services. This type of obligation is limited to one-third of the City's funds available for investment, and cannot exceed 10% of the corporation's outstanding obligation.
- Money market mutual funds registered under the Investment Company Act of 1940 which invest only in bonds, notes, certificates of indebtedness, Treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest, and 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.

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

At year end, the carrying amount of the City's deposits was \$2,877,757, and the bank balance was \$4,059,465 (\$79,220 and \$96,467, respectively for the City's component unit). Cash on hand totaled \$775 for the City and \$439 for the City's component unit. Of the bank balance, \$500,000 was covered by Federal Depository Insurance (\$96,467 for the City's component unit). The remaining balance of the City's deposits of \$3,559,465 was uninsured and uncollateralized. Collateral with a market value of approximately \$1,500,000 has been placed in safekeeping with a third party bank, to secure certain deposits; however, this collateral is not in the name of the City.

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

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

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

Investments are categorized into these three categories of credit risk:

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

At year end, the City had no investments subject to these categories. Investments which are not subject to classification consisted of the following at April 30, 2012:

	Carrying Amount	Market Value
Illinois Funds:		
Primary government	\$ 131,543	\$ 131,543
Component unit	\$ 1,060,116	\$ 1,060,116

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

	Primary Government	Component Unit
Cash on hand	\$ 775	\$ 439
Carrying amount of deposits	2,877,757	79,220
Carrying amount of investments	131,543	1,060,116
<b>Total cash and investments</b>	<b>\$ 3,010,075</b>	<b>\$ 1,139,775</b>

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

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

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

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

**Credit Risk** – Generally, credit risk is the risk that an issuer of a debt type instrument will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The City's investments with Illinois Funds are rated AAA by Standards and Poor's rating service.

**Custodial Credit Risk** – For deposits, this is the risk that, in the event of a bank failure, a government will not be able to recover its deposits. The City's deposits in excess of the federally insured limit are subject to custodial credit risk, because even though collateral with a market value of approximately \$1,500,000 has been placed in safekeeping with a third party bank, to secure certain deposits, this collateral is not in the name of the City. For investments, this is the risk that in the event of the failure of the counterparty, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investments at April 30, 2012 are with the Illinois Funds. These investments are pooled along with other participants' monies, and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury.

**B. Receivables**

The City levies property tax each calendar year on all taxable real property located in the City. The City must file its tax levy ordinance on or before the last Tuesday in December of each year. Taxes levied in one year become due and payable in two installments, due March 1 and September 1 during the following year. The first installment is an estimated bill, and is 55% of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. The levy becomes an enforceable lien against the property as of January 1 immediately following the levy year.

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

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

Trade accounts receivable, consisting of amounts due from residents for water, sewer and refuse service, are recorded net of uncollectible amounts, as determined by management. An allowance for uncollectible trade receivables of \$15,000 was recorded as of April 30, 2012, and trade receivables outstanding for greater than 90 days were not considered material at April 30, 2012.

**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, 2012 is as follows:

	Balances May 1, 2011	Additions	Deletions	Balances April 30, 2012
<b>Governmental Activities</b>				
Capital assets not being depreciated – land	\$ 20,289,512	\$ -	\$ -	\$ 20,289,512
Capital assets being depreciated:				
Buildings and land improvements	12,113,337	-	-	12,113,337
Infrastructure	14,846,915	998,204	-	15,845,119
Equipment	7,638,958	151,930	-	7,790,888
Total capital assets being depreciated	34,599,210	1,150,134	-	35,749,344
Less accumulated depreciation for:				
Buildings and land improvements	6,083,473	318,652	-	6,402,125
Infrastructure	10,226,996	265,418	-	10,492,414
Equipment	6,073,972	277,272	-	6,351,244
Total accumulated depreciation	22,384,441	861,342	-	23,245,783
Total capital assets being depreciated, net	12,214,769	288,792	-	12,503,561
<b>Governmental activities, capital assets, net</b>	<b>\$ 32,504,281</b>	<b>\$ 288,792</b>	<b>\$ -</b>	<b>\$ 32,793,073</b>

**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	\$ 593,612
Public safety	220,405
Highways and streets	<u>47,325</u>
<b>Total depreciation – governmental activities</b>	<b><u>\$ 861,342</u></b>

	Balances May 1, 2011	Additions	Deletions	Balances April 30, 2012
<b>Business-type Activities</b>				
Capital assets not being depreciated - land				
Land	\$ 678,958	\$ -	\$ -	\$ 678,958
Construction in progress	<u>-</u>	<u>69,393</u>	<u>-</u>	<u>69,393</u>
<b>Capital assets not being depreciated</b>	<u>678,958</u>	<u>69,393</u>	<u>-</u>	<u>748,351</u>
Capital assets being depreciated:				
Buildings and land improvements	4,727,883	13,500	-	4,741,383
Infrastructure	19,311,475	106,499	-	19,417,974
Equipment	<u>1,351,952</u>	<u>133,960</u>	<u>-</u>	<u>1,485,912</u>
<b>Capital assets being depreciated</b>	<u>25,391,310</u>	<u>253,959</u>	<u>-</u>	<u>25,645,269</u>
Less accumulated depreciation for:				
Buildings and land improvements	1,675,001	100,565	-	1,775,566
Infrastructure	8,392,347	479,041	-	8,871,388
Equipment	<u>1,290,160</u>	<u>43,284</u>	<u>-</u>	<u>1,333,444</u>
<b>Total accumulated depreciation</b>	<u>11,357,508</u>	<u>622,890</u>	<u>-</u>	<u>11,980,398</u>
<b>Capital assets being depreciated, net</b>	<u>14,033,802</u>	<u>(368,931)</u>	<u>-</u>	<u>13,664,871</u>
<b>Capital assets, net</b>	<b><u>\$ 14,712,760</u></b>	<b><u>\$ (299,538)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,413,222</u></b>

**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)**

<b>Component Unit</b>	<u>Balances May 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances April 30, 2012</u>
Capital assets being depreciated:				
Buildings and land improvements	\$ 26,341	\$ 2,976	\$ -	\$ 29,317
Equipment	87,495	10,575	-	98,070
<b>Capital assets being depreciated</b>	<u>113,836</u>	<u>13,551</u>	<u>-</u>	<u>127,387</u>
Less accumulated depreciation for:				
Buildings and land improvements	4,678	977	-	5,655
Equipment	44,115	11,321	-	55,436
<b>Total accumulated depreciation</b>	<u>48,793</u>	<u>12,298</u>	<u>-</u>	<u>61,091</u>
<b>Capital assets being depreciated, net</b>	<u>\$ 65,043</u>	<u>\$ 1,253</u>	<u>\$ -</u>	<u>\$ 66,296</u>

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

The composition of interfund balances as of April 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Due to/from other funds:</b>		
General	Golf Course	\$ 3,450,874
General	CDBG Fund	435
General	Special Tax Increment Allocation Fund V	7,785
General	Special Tax Increment Allocation Fund VI	26,096
Motor Fuel Tax	General	369,942
Special Tax Increment Allocation Fund I	General	129,419
Special Tax Increment Allocation Fund II	General	4,200,115
Special Tax Increment Allocation Fund III	General	2,897,450
Special Tax Increment Allocation Fund IV	General	2,021

(cont'd)

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

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

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

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

Receivable Fund	Payable Fund	Amount
<b>Due to/from other funds (cont'd):</b>		
Alternate Bond Fund – Series 1995	General	\$ 399,221
1998 TIF General Obligation	General	757,232
General Obligation Bond Fund – Series 2007	General	104,474
General Obligation Bond Fund – Series 2011	General	43,710
Water	General	5,181,202
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 III	1998 TIF General Obligation	348,604
		<b><u>\$ 18,180,542</u></b>

**Interfund receivable/payable:**

Special Tax Increment Allocation Fund II	General	<b><u>\$ 64,776</u></b>
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**Advances to/from other funds:**

Special Tax Increment Allocation Fund II	General	<b><u>\$ 162,420</u></b>
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The interfund balances represent amounts deposited into one fund, but recorded as a revenue in another fund, expenditures paid on behalf of one fund by another fund, for which reimbursement has not yet taken place, or temporary borrowings of one fund by another. Balances are being repaid as funds become available. The "interfund receivable/payable" represents the current portion of a formal borrowing agreement between the Special Tax Increment Allocation Fund II and the General Fund. The long-term portion of this agreement is shown as "advances to/from other funds."



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

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**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, 2012 are as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
CDBG Fund	General Fund	\$ 8,856
General Obligation Bond Fund Series 2011	General Fund	44,220
1997 TIF General Obligation	Special Tax Increment Allocation Fund II	6,288
1998 TIF General Obligation	Special Tax Increment Allocation Fund III	359,973
2003 TIF General Obligation	Special Tax Increment Allocation Fund II	212,609
		<u>\$ 631,946</u>

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 2011 was made to properly allocate bond proceeds set aside for future principal and interest payments. 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, 2012 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)**

Issues	Balances May 1, 2011	Issuances	Retirements	Balances April 30, 2012
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 \$460,000 to \$515,000 through December 1, 2014, interest at 5.30%.	\$ 1,900,000	\$ -	\$ 440,000	\$ 1,460,000
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, 2012 through January 1, 2022; interest payable monthly at a rate equal to the bank rate (3.94% at April 30, 2012).	-	1,100,000	-	1,100,000
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 due December 15, 2012, interest at 5.10%.	925,000	-	450,000	475,000
1998 Tax Increment Refunding Series, original principal \$6,250,000, due annually on December 15 at amounts ranging from \$685,000 to \$750,000 through December 15, 2014, interest at 4.80% to 4.90%.	2,715,000	-	565,000	2,150,000
2003 Tax Increment Refunding Series, original principal \$2,175,000, due annually on December 15 at amounts ranging from \$285,000 to \$330,000 through December 15, 2013, interest at 4.125% to 4.375%.	875,000	-	260,000	615,000

(cont'd)

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

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

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

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

Issues	Balances May 1, 2011	Issuances	Retirements	Balances April 30, 2012
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%.	\$ 4,035,000	\$ -	\$ 215,000	\$ 3,820,000
	<u>\$ 10,450,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,930,000</u>	<u>\$ 9,620,000</u>
General sales tax/revenue sharing receipts alternate revenue source bonds: Original principal \$1,000,000, due semiannually on June 1 and December 1, 2012 at \$110,000 and \$232,000, respectively, plus interest at 4.75% through December 1, 2012.	\$ 556,000	\$ -	\$ 214,000	\$ 342,000

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

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

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

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

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

The annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	General Obligation Bonds		
	Total	Principal	Interest
Governmental activities due in 2013:			
1995 Golf Course	\$ 537,380	\$ 460,000	\$ 77,380
1997 Tax Increment	499,225	475,000	24,225
1998 Tax Increment	789,308	685,000	104,308
2003 Tax Increment	311,194	285,000	26,194
2011 Judgment	131,175	110,000	21,175
2013	2,268,282	2,015,000	253,282
2014	1,807,739	1,640,000	167,739
2015	1,464,620	1,375,000	89,620
2016	132,275	110,000	22,275
2017	128,975	110,000	18,975
2018-2022	595,375	550,000	45,375
<b>Totals</b>	<b>\$ 6,397,266</b>	<b>\$ 5,800,000</b>	<b>\$ 597,266</b>

Fiscal Year Ending April 30	General Obligation Bonds		
	Total	Principal	Interest
Business-type activities (Waterworks and Sewerage Series 2006):			
2013	\$ 399,075	\$ 225,000	\$ 174,075
2014	394,512	230,000	164,512
2015	394,737	240,000	154,737
2016	399,538	255,000	144,538
2017	398,063	265,000	133,063
2018 – 2022	1,989,278	1,515,000	474,278
2023 – 2025	1,195,213	1,090,000	105,213
<b>Totals</b>	<b>\$ 5,170,416</b>	<b>\$ 3,820,000</b>	<b>\$ 1,350,416</b>

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

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

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

The annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	2007 General Sales Tax/Revenue Sharing Receipts Alternate Revenue Source Bonds		
	Total	Principal	Interest
Governmental activities: 2013	<u>\$ 355,632</u>	<u>\$ 342,000</u>	<u>\$ 13,632</u>

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, 2012, 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, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2012</u>
<b>Governmental Activities</b>				
General obligation bonds	\$ 6,415,000	\$ 1,100,000	\$ 1,715,000	\$ 5,800,000
Sales tax/revenue sharing receipts (ARS) bonds	556,000	-	214,000	342,000
Compensated absences	408,349	160,640	41,501	527,488
Refunding bond premium	6,937	-	2,312	4,625
Net pension obligation	<u>3,651,512</u>	<u>927,257</u>	<u>-</u>	<u>4,578,769</u>
<b>Subtotal</b>	<u>11,037,798</u>	<u>2,187,897</u>	<u>1,972,813</u>	<u>11,252,882</u>
<b>Water Fund</b>				
General obligation bonds	4,035,000	-	215,000	3,820,000
Compensated absences	16,591	21,884	2,922	35,553
Reoffering premium	<u>65,298</u>	<u>-</u>	<u>3,479</u>	<u>61,819</u>
<b>Subtotal</b>	<u>4,116,889</u>	<u>21,884</u>	<u>221,401</u>	<u>3,917,372</u>
<b>Total</b>	<u>\$ 15,154,687</u>	<u>\$ 2,209,781</u>	<u>\$ 2,194,214</u>	<u>\$ 15,170,254</u>

**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 \$133,013 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:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
Workers' compensation and general liability:				
2009 – 2010	\$ -	\$ 293,501	\$ (293,501)	\$ -
2010 – 2011	-	427,590	(427,590)	-
2011 – 2012	-	1,653,608	(1,653,608)	-
Health claims:				
2009 – 2010	131,842	1,579,246	(1,579,246)	131,842
2010 – 2011	131,842	2,942,714	(2,721,687)	352,869
2011 – 2012	352,869	2,575,325	(2,795,181)	133,013

**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 (2011 EAV latest available), is as follows:

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

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

**C. Tax Increment Redevelopment Project (cont'd)**

	<u>Base EAV</u>	<u>2011 EAV</u>
District II	\$ 9,578,727	\$ 18,028,617
District III	1,473,597	9,190,151
District IV	4,090,525	4,591,645
District V	5,393,027	9,159,836
District VI	933,560	744,183

**D. Deferred Compensation Plan**

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

**E. Pension and Retirement Plan Commitments**

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



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

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

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

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

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

**Funding Policy** – As set by statute, Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statutes require the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer rate for calendar year 2011 used by the City was 10.84% of payroll (0.0% for SLEP). The employer annual required contribution rate for the calendar year 2011 was 12.90% (12.88% for SLEP). The City also contributes for disability benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Annual Pension Cost** – For the fiscal year ended April 30, 2012, the City's annual pension cost for the Regular Plan was \$529,497 and its required contribution was \$617,726. For the SLEP Plan, the City's required and actual contribution was \$0 for the fiscal year ended April 30, 2012.

**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:			
2012	\$ 620,910	\$ 240,234	85.28 %
2011	533,925	148,822	79.74
2010	416,548	40,628	90.25
SLEP:			
2012	-	-	100.00
2011	-	-	100.00
2010	-	-	100.00

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the IMRF's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period using a 20% corridor. The City's regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis. The City's SLEP plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on open 30 year basis.

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

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

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

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

**Funding Status and Funding Progress** – As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 57.26% funded. The actuarial accrued liability for benefits was \$10,053,013 and the actuarial value of assets was \$5,756,100, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,296,913. The covered payroll (annual payroll of active employees covered by the plan) was \$4,432,079 and the ratio of the UAAL to the covered payroll was 97%.

As of December 31, 2011, the most recent actuarial valuation date, the SLEP plan was 203.21% funded. The actuarial accrued liability for benefits was \$42,926 and the actuarial value of assets was \$87,231, resulting in an overfunded actuarial accrued liability (OAAL) of \$44,305. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and since the plan is overfunded, there is no ratio of UAAL to the covered payroll.

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

**2. Police Pension**

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer plan, the defined benefits, as well as the employee and employer contribution levels, are governed by Illinois Compiled Statutes, and may be amended only by the Illinois legislature. The latest actuarial report available for the police pension plan is for the year ended April 30, 2011. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2012 was \$2,698,671. At April 30, 2012, 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	40
Current employees	<u>39</u>
<b>Total</b>	<u><b>79</b></u>

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

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

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

**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. 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.

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

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

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

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

As of April 30, 2011 (date of most recent actuarial valuation), the annual required contribution of the City necessary to cover normal cost was calculated to be \$528,373, and the annual required contribution necessary to amortize the unfunded actuarial accrued liability over a period of 29 years was calculated to be \$1,191,379. 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 \$221,741 to the Police Pension Fund representing the Plan's share of replacement taxes received by the City of \$21,741 and an additional contribution from the general property tax levy of \$200,000.

The actuarial accrued liability and net assets held in trust for pension benefits at April 30, 2011 (date of most recent actuarial valuation) is presented below:

Actuarial accrued liability:

Retirees and beneficiaries currently receiving benefits, and terminated employees not yet receiving benefits	\$ 20,146,075
Current employees:	
Accumulated employee contributions, including allocated investment earnings	-
Employer-financed, vested	-
Employer-financed, nonvested	<u>12,196,559</u>
<b>Total actuarial accrued liability</b>	<b>32,342,635</b>
<b>Net assets available for benefits, at market</b>	<u><b>8,695,301</b></u>
<b>Unfunded actuarial accrued liability</b>	<u><b>\$ 23,647,334</b></u>

The actuarial present value of vested and nonvested accumulated benefits at April 30, 2011 totaled \$25,110,127 and \$2,243,872, 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, 2011, 2007 and 2006 (last three valuations), respectively, 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
4/30/11	\$ 1,448,002	66.6 %
4/30/07	876,426	82.2
4/30/06	829,557	78.0

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.

The net pension liability of \$2,503,132 recorded in governmental activities was determined as follows:

Annual pension cost	\$ 1,448,002
Fiscal 2012 contribution	<u>964,944</u>
Increase in pension liability	483,058
Net pension liability at April 30, 2007	<u>2,020,074</u>
Net pension liability at April 30, 2011	<u>\$ 2,503,132</u>

Because the City did not have an actuarial valuation performed on the Plan for April 30, 2007 through April 30, 2011, the interest on the net pension asset and the adjustment to the annual required contribution was not determined.

As of April 30, 2011, the most recent actuarial valuation date, the Police Pension Plan was 26.9% funded. The actuarial accrued liability for benefits was \$32,342,635 and the actuarial value of assets was \$8,695,301, resulting in an underfunded actuarial accrued liability (UAAL) of \$23,647,334. The covered payroll (annual payroll of active employees covered by the plan) was \$2,512,809 and the ratio of the UAAL to the covered payroll was 941.1%.

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

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

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

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

**3. Firefighters' Pension**

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits, as well as the employee and employer contribution levels, are governed by the Illinois legislature. The latest actuarial report available for the firefighters' pension plan is for the year ended April 30, 2011. The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended April 30, 2011 was \$1,403,305. At April 30, 2011, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	24
Current employees	<u>23</u>
<b>Total</b>	<b><u>47</u></b>

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.

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

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

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

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

The 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.

As of April 30, 2011 (date of most recent actuarial valuation), the annual required contribution of the City necessary to cover normal cost, and to amortize the unfunded actuarial accrued liability over a period of 29 years, was calculated to be \$962,469. 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 \$117,181 to the Firefighters' Pension Fund representing the Plan's share of replacement taxes received by the City of \$17,181 and an additional contribution from the general property tax levy of \$100,000.

The actuarial accrued liability and net assets held in trust for pension benefits at April 30, 2011 is presented below:

**Actuarial accrued liability:**

Retirees and beneficiaries currently receiving benefits, and terminated employees not yet receiving benefits	\$ 11,971,244
Current employees:	
Accumulated employee contributions, including allocated investment earnings	-
Employer-financed, vested	-
Employer-financed, nonvested	<u>5,907,419</u>
<b>Total actuarial accrued liability</b>	<b>17,878,663</b>
<b>Net assets available for benefits, at market</b>	<b><u>5,491,966</u></b>
<b>Unfunded actuarial accrued liability</b>	<b><u>\$ 12,386,697</u></b>



**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, 2011 totaled \$15,568,255 and \$958,041, 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, 2011, 2007 and 2006 (last three valuations), respectively, is as follows:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
4/30/11	\$ 762,043	53.7%
4/30/07	468,998	112.3
4/30/06	468,061	88.1

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 \$1,835,402 recorded in governmental activities was determined as follows:

Annual pension cost	\$ 762,043
Fiscal 2011 contribution	<u>409,257</u>
Increase in pension liability	352,786
Net pension liability at April 30, 2007	<u>1,482,616</u>
Net pension liability at April 30, 2011	<u>\$ 1,835,402</u>

As of April 30, 2011, the most recent actuarial valuation date, the Firefighters' Pension Plan was 30.7% funded. The actuarial accrued liability for benefits was \$17,878,663 and the actuarial value of assets was \$5,491,966, resulting in an underfunded actuarial accrued liability (UAAL) of \$12,386,697. The covered payroll (annual payroll of active employees covered by the plan) was \$1,403,305 and the ratio of the UAAL to the covered payroll was 882.7%.

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

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

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

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

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

**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 #5 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Blue Island  
Illinois Municipal Retirement Fund  
Required Supplementary Information -  
Schedule of Funding Progress  
April 30, 2012**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
<b>Regular</b>						
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%
12/31/06	11,203,057	11,107,626	(95,431)	100.86%	3,692,228	0.00%
<b>SLEP</b>						
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%
12/31/06	73,241	29,900	(43,341)	244.95%	-	0.00%

See independent auditor's report.

**City of Blue Island  
Police and Firefighters' Pension Funds  
Required Supplementary Information -  
Schedule of Funding Progress  
April 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Police Pension Fund</b>						
4/30/11	\$ 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%
4/30/05	*					
4/30/04	5,775,733	17,240,890	11,465,157	33.50%	2,099,610	546.06%
<b>Firefighters' Pension Fund</b>						
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%
4/30/05	*					
4/30/04	4,734,548	9,870,383	5,135,835	47.97%	1,061,352	483.90%

\* Information not available.

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.

**SUPPLEMENTAL SECTION**

**GENERAL FUND**

**City of Blue Island  
General Fund  
Schedule of Revenues - Budget and Actual  
For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
Property taxes	\$ 3,224,000	\$ 3,526,151
Personal property replacement tax	400,000	224,300
Other taxes:		
State income and use	2,330,000	2,280,343
Utility	1,900,000	1,487,485
Municipal retailers' occupation tax	1,300,000	1,259,594
<b>Total taxes</b>	<b>9,154,000</b>	<b>8,777,873</b>
Licenses:		
Vehicle	400,000	375,218
Liquor	42,541	36,323
Business	82,737	70,643
Contractors	43,803	37,400
Animal	919	785
<b>Total licenses</b>	<b>570,000</b>	<b>520,369</b>
Permits:		
Building	94,617	89,784
Electrical	16,223	15,394
Sewer	474	450
Other	38,686	36,710
<b>Total permits</b>	<b>150,000</b>	<b>142,338</b>
Fines:		
Police	627,750	622,920
Building violations	16,974	16,843
Railroad	5,276	5,236
<b>Total fines</b>	<b>650,000</b>	<b>644,999</b>
Grants	2,400,000	1,152,089

(cont'd)



**City of Blue Island**  
**General Fund**  
**Schedule of Revenues - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
Interest	\$ -	\$ 2,600
Other:		
Sanitation and recycling fees	1,500,000	1,327,945
Ambulance user fees	370,000	354,825
City parking lots	150,000	122,235
Insurance reimbursements	200,000	491,861
Maintenance of state roads and traffic signals	100,000	96,113
Miscellaneous	600,000	644,386
Motor fuel tax reimbursement	-	544,496
Television franchise fees	200,000	167,382
Telephone franchise fees	60,000	78,720
Telephone surcharges - 9-1-1 system	380,000	254,645
User fees - 9-1-1 system	750,000	734,256
Vital statistics	-	44,595
<b>Total other</b>	<b>4,310,000</b>	<b>4,861,459</b>
<b>Total revenues</b>	<b>\$ 17,234,000</b>	<b>\$ 16,101,727</b>

See independent auditor's report.

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual  
For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
General Government:		
Salaries and benefits:		
Mayor's office:		
Full-time salaries	\$ 142,000	\$ 139,347
Part-time salaries	30,000	30,115
Overtime salaries	1,000	-
Finance:		
Full-time salaries	225,000	233,493
Part-time salaries	20,000	12,277
Overtime salaries	1,000	-
Clerk's office:		
Full-time salaries	80,000	78,838
Part-time salaries	2,000	-
General government:		
Part-time salaries	55,000	67,645
Aldermen salaries	33,600	36,340
Seniors' program salaries	74,000	73,806
Salary reimbursements - grant funds	-	(386,255)
Illinois Municipal Retirement Fund	58,700	68,938
Payroll taxes - FICA and Medicare	54,800	49,616
Life/unemployment insurance	22,000	16,629
<b>Total salaries and benefits</b>	<b>799,100</b>	<b>420,789</b>
Services:		
Audit	20,000	31,669
Computers and software	64,500	46,727
Expenses of City officials	61,200	61,200
Legal	150,000	127,119
Other	5,500	54,049
Professional consulting and engineering	101,500	90,429
Telephone	152,000	115,500
<b>Total services</b>	<b>554,700</b>	<b>526,693</b>
Supplies and materials:		
Building and street signs	-	80
Maintenance supplies	9,300	5,707
Operating supplies	2,800	1,211
Printing, postage and office supplies	34,000	26,302
Small equipment	1,000	2,645
Vehicle sticker program	10,000	6,397
<b>Total supplies and materials</b>	<b>57,100</b>	<b>42,342</b>

(cont'd)

**City of Blue Island**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
General government (cont'd):		
Repairs and maintenance:		
Building	\$ 7,500	\$ 9,178
Curbs and sidewalks	2,000	-
Equipment	8,900	10,444
Outside contractors	1,500	3,720
<b>Total repairs and maintenance</b>	<b>19,900</b>	<b>23,342</b>
Miscellaneous:		
Bank service charges	2,000	1,643
Community promotions	12,000	5,422
Dues and subscriptions	22,950	14,047
Employee/office services	2,700	962
Interest expense - tax anticipation warrants	-	525
Legal notices	6,000	2,213
Licenses/fees	65,500	69,091
Main Street Director and other expenses	15,000	14,800
Meetings and seminars	6,100	-
Other	3,600	17,459
Travel/transportation	9,500	3,941
<b>Total miscellaneous</b>	<b>145,350</b>	<b>130,103</b>
Capital expenditures	4,500	-
<b>Total general government</b>	<b>\$ 1,580,650</b>	<b>\$ 1,143,269</b>
Building Department:		
Salaries and benefits:		
Full-time salaries	\$ 224,000	\$ 232,119
Part-time salaries	50,000	19,073
Illinois Municipal Retirement Fund	25,000	27,493
Payroll taxes - FICA and Medicare	25,000	18,727
<b>Total salaries and benefits</b>	<b>324,000</b>	<b>297,412</b>
Services:		
Computers and software	1,500	791
Other contractual services	15,000	10,786
Professional consulting and engineering	22,500	12,958
Telephone	500	53
Training	1,000	-
<b>Total services</b>	<b>40,500</b>	<b>24,588</b>
(cont'd)		

**City of Blue Island**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
Building Department (cont'd):		
Supplies and materials:		
Board up expense	\$ 9,000	\$ 1,427
Buildings and street signs	500	225
Gasoline and oil for vehicles	7,000	5,986
Maintenance supplies	500	-
Operating supplies	1,000	167
Printing, postage and office supplies	5,000	3,166
Radio equipment	1,000	141
Uniforms	2,000	291
<b>Total supplies and materials</b>	<b>26,000</b>	<b>11,403</b>
Repairs and maintenance:		
Building	1,000	-
Elevator inspections	5,000	3,919
Equipment	2,500	1,868
Lot/property	6,000	-
Outside contractors	8,000	-
Vehicle	3,500	423
<b>Total repairs and maintenance</b>	<b>26,000</b>	<b>6,210</b>
Miscellaneous:		
Dues and subscriptions	2,000	345
Employee/office services	500	-
Legal notices	1,000	762
Licenses and fees	1,500	-
Meetings and seminars	1,000	-
Travel and transportation	-	32
<b>Total miscellaneous</b>	<b>6,000</b>	<b>1,139</b>
<b>Total Building Department</b>	<b>\$ 422,500</b>	<b>\$ 340,752</b>
Planning Department:		
Salaries and benefits:		
Full-time salaries	\$ 110,000	\$ 107,394
Illinois Municipal Retirement Fund	12,000	12,685
Payroll taxes - FICA and Medicare	9,000	8,024
<b>Total salaries and benefits</b>	<b>131,000</b>	<b>128,103</b>

(cont'd)

**City of Blue Island**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
Planning Department (cont'd):		
Services:		
Computers and software	\$ 11,360	\$ 3,916
Other contractual services	102,664	89,871
Professional consulting	1,422,491	111,868
Training	3,000	7,264
<b>Total services</b>	<b>1,539,515</b>	<b>212,919</b>
Supplies and materials:		
Building and street signs	50,500	22,753
Film and photo processing	300	-
Maintenance supplies	-	544
Printing, postage and office supplies	16,100	4,390
Small equipment	750	-
<b>Total supplies and materials</b>	<b>67,650</b>	<b>27,687</b>
Repairs and maintenance - equipment	500	-
Miscellaneous:		
Advertising and marketing	46,360	7,555
Community promotions	18,500	4,795
Dues and subscriptions	4,786	1,055
Meetings and seminars	5,000	1,054
Travel/transportation	4,950	667
<b>Total miscellaneous</b>	<b>79,596</b>	<b>15,126</b>
Capital outlay - office equipment	9,400	-
<b>Total Planning Department</b>	<b>\$ 1,827,661</b>	<b>\$ 383,835</b>
Police Department:		
Salaries and benefits:		
Officers:		
Full-time salaries	\$ 2,775,000	\$ 2,614,560
Overtime salaries	350,000	438,910
Records and desk clerks:		
Full-time salaries	405,000	361,065
Part-time salaries	50,000	36,737
Overtime salaries	45,000	22,011

(cont'd)

**City of Blue Island**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
Police Department (cont'd):		
Salaries and benefits (cont'd):		
Part-time police	\$ 150,000	\$ 108,051
Illinois Municipal Retirement Fund - police clerks	45,000	44,589
Payroll taxes - FICA and Medicare	100,000	79,945
Unemployment insurance	8,000	-
Contribution to pension plan	-	221,741
<b>Total salaries and benefits</b>	<b>3,928,000</b>	<b>3,927,609</b>
Services:		
Animal care	2,500	1,228
Computers and software	15,000	32,195
Other contractual services	2,500	3,023
Personnel hiring/exams	2,000	31
Prisoner care	6,000	5,176
Professional consulting	10,000	14,794
Telephone	43,000	36,972
Training	15,000	23,056
Utilities	2,500	170
<b>Total services</b>	<b>98,500</b>	<b>116,645</b>
Supplies and materials:		
Ammunition/guns	12,000	7,399
Asset forfeiture expense	-	168,851
Building and street signs	1,000	205
Film and photo processing	500	-
Gasoline and oil for vehicles	175,000	162,194
Maintenance supplies	12,000	8,065
Operating supplies	7,000	8,722
Printing, postage and office supplies	41,000	32,624
Small equipment	7,500	4,914
Uniforms	40,000	36,425
<b>Total supplies and materials</b>	<b>296,000</b>	<b>429,399</b>
Repairs and maintenance:		
Building	10,000	6,202
Equipment	40,000	22,181
Outside contractors	1,000	-
Vehicle	120,000	74,987
<b>Total repairs and maintenance</b>	<b>171,000</b>	<b>103,370</b>

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
Police Department (cont'd):		
Miscellaneous:		
Collection services	\$ 20,000	\$ 16,038
Community promotions	1,000	-
Dues and subscriptions	2,500	4,552
Employee/office services	2,000	574
Licenses/fees	15,000	4,772
Meetings and seminars	1,000	270
Rentals and leasing fees	1,000	139
Travel/transportation	1,000	148
<b>Total miscellaneous</b>	<b>43,500</b>	<b>26,493</b>
Capital expenditures	1,000	-
<b>Total Police Department</b>	<b>\$ 4,538,000</b>	<b>\$ 4,603,516</b>
9-1-1 Department:		
Salaries and benefits:		
Full-time salaries	\$ 750,000	\$ 747,819
Part-time salaries	30,000	21,761
Overtime salaries	45,000	44,613
Illinois Municipal Retirement Fund	75,000	83,749
Payroll taxes - FICA and Medicare	52,000	53,962
Unemployment insurance	1,000	-
<b>Total salaries and benefits</b>	<b>953,000</b>	<b>951,904</b>
Services:		
Computers and software	150,000	86,638
Professional consulting	1,500	925
Telephone	100,000	5,999
Training	5,000	1,264
Utilities	1,150	904
<b>Total services</b>	<b>257,650</b>	<b>95,730</b>
Supplies and materials:		
Film and photo processing	100	-
Gasoline and oil for vehicles	1,000	-
Maintenance supplies	2,000	939
Operating supplies	2,000	3,805
Printing, postage and office supplies	7,150	4,158
Small equipment	41,000	306
Uniforms	10,000	10,400
<b>Total supplies and materials</b>	<b>63,250</b>	<b>19,608</b>

(cont'd)

**City of Blue Island**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
9-1-1 Department (cont'd):		
Repairs and maintenance:		
Building	\$ 10,000	\$ 12,296
Equipment	100,000	84,894
Equipment rental	-	2,923
Outside contractors	65,000	-
Vehicle	1,000	149
<b>Total repairs and maintenance</b>	<b>176,000</b>	<b>100,262</b>
Miscellaneous:		
Community promotions	1,000	-
Dues and subscriptions	750	536
Employee/office services	500	-
Meetings and seminars	500	-
Rentals and leasing fees	8,000	-
Travel/transportation	1,500	424
<b>Total miscellaneous</b>	<b>12,250</b>	<b>960</b>
Capital expenditures	100,000	38,149
<b>Total 911 Department</b>	<b>\$ 1,562,150</b>	<b>\$ 1,206,613</b>
Fire Department:		
Salaries and benefits:		
Full-time salaries	\$ 1,500,000	\$ 1,493,730
Part-time salaries	95,000	73,475
Overtime salaries	115,000	119,895
Illinois Municipal Retirement Fund	4,500	4,959
Payroll taxes - FICA and Medicare	24,500	26,812
Contribution to pension plan	-	117,181
<b>Total salaries and benefits</b>	<b>1,739,000</b>	<b>1,836,052</b>
Services:		
Ambulance processing fee	40,000	33,654
Computers and software	25,000	2,739
Other contractual services	1,500	-
Professional consulting	1,000	3,500
Telephone	3,500	385
Training	25,000	6,372
<b>Total services</b>	<b>96,000</b>	<b>46,650</b>

(cont'd)



**City of Blue Island**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
Fire Department (cont'd):		
Supplies and materials:		
Film and photo processing	\$ 100	\$ -
Gasoline and oil for vehicles	8,000	6,301
Maintenance supplies	8,000	4,306
Operating supplies	5,500	6,367
Printing, postage and office supplies	6,000	2,883
Small equipment	20,000	3,184
Uniforms	20,000	33,693
Utilities	5,000	2,005
<b>Total supplies and materials</b>	<b>72,600</b>	<b>58,739</b>
Repairs and maintenance:		
Building	18,000	9,304
Equipment	15,000	9,859
Outside contractors	1,500	764
Vehicle	37,500	17,535
<b>Total repairs and maintenance</b>	<b>72,000</b>	<b>37,462</b>
Miscellaneous:		
Community promotions	2,000	1,713
Dues and subscriptions	10,000	4,494
Employee/office services	2,500	56
Licenses/fees	1,000	31
Meetings and seminars	1,500	-
Payments to Foreign Fire Tax Board	-	1,920
Physical exams	7,500	8,305
Rentals and leasing fees	2,500	1,597
Travel/transportation	500	-
<b>Total miscellaneous</b>	<b>27,500</b>	<b>18,116</b>
Capital expenditures	153,000	4,785
<b>Total Fire Department</b>	<b>\$ 2,160,100</b>	<b>\$ 2,001,804</b>

(cont'd)

**City of Blue Island**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
<b>Public Works Department:</b>		
Salaries and benefits:		
Full-time salaries	\$ 950,000	\$ 915,589
Part-time salaries	105,000	111,933
Overtime salaries	60,000	34,338
Illinois Municipal Retirement Fund	100,000	112,619
Payroll taxes - FICA and Medicare	90,000	78,754
<b>Total salaries and benefits</b>	<b>1,305,000</b>	<b>1,253,233</b>
Services:		
Computers and software	1,500	7
Engineering	195,000	97,146
Garbage and recycling	1,115,000	1,115,748
Other	1,500	-
Snow removal	70,000	422
Telephone	2,500	315
Training	1,500	160
Utilities	302,500	198,485
<b>Total services</b>	<b>1,689,500</b>	<b>1,412,283</b>
Supplies and materials:		
Building and street signs	25,000	8,862
Concrete/asphalt/stone	40,000	8,710
Gasoline and oil for vehicles	80,000	68,522
Maintenance supplies	40,000	35,165
Operating supplies	15,000	8,520
Printing, postage and office supplies	2,500	952
Small equipment	18,000	444
Uniforms	12,000	10,000
<b>Total supplies and materials</b>	<b>232,500</b>	<b>141,175</b>
Repairs and maintenance:		
Building	4,000	2,801
Equipment	45,000	39,042
Equipment rental	2,000	-
Lot/property maintenance	30,000	23,378
Outside contractors	2,500,000	510,428
Street lighting system	100,000	-
Street resurfacing/repairs	40,000	21,502
Traffic signals	40,000	42,169
Tree program	50,000	92,578
Vehicle	80,000	63,459
<b>Total repairs and maintenance</b>	<b>2,891,000</b>	<b>795,357</b>

(cont'd)

**City of Blue Island**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
Public Works Department (cont'd):		
Miscellaneous:		
Dues and subscriptions	\$ 1,000	\$ 171
Employee/office services	2,000	444
Licenses and fees	100	29
Meetings and seminars	500	-
Rentals and leasing fees	3,000	2,191
Travel/transportation	-	70
<b>Total miscellaneous</b>	<b>6,600</b>	<b>2,905</b>
Capital expenditures:		
Bridge improvement/maintenance	3,000,000	-
Curb and sidewalk improvements	450,000	-
Machinery and equipment	60,000	5,624
Office equipment	2,000	-
Vehicles	85,000	19,174
<b>Total capital expenditures</b>	<b>3,597,000</b>	<b>24,798</b>
<b>Total Public Works Department</b>	<b>\$ 9,721,600</b>	<b>\$ 3,629,751</b>
Insurance Loss Department:		
Salaries and benefits:		
Full-time salaries	\$ 85,000	\$ 85,807
Illinois Municipal Retirement Fund	8,800	10,152
Payroll taxes - FICA and Medicare	6,800	6,465
Employee medical insurance	2,100,000	2,554,726
<b>Total salaries and benefits</b>	<b>2,200,600</b>	<b>2,657,150</b>
Services:		
Auto/property damage claims	15,000	2,441
Insurance - buildings/vehicles	70,000	60,684
Insurance fees	50,000	52,666
Legal fees	-	3,740
Medical liability claim expense	275,000	226,911
Personal injury claims	1,500,000	1,447,436
Workers' compensation disability medical claims	150,000	97,012
<b>Total services</b>	<b>2,060,000</b>	<b>1,890,890</b>

(cont'd)

**City of Blue Island**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual
Insurance Loss Department (cont'd):		
Miscellaneous:		
Licenses/fees	\$ 1,000	\$ -
Meetings and seminars	500	-
Travel/transportation	600	600
<b>Total miscellaneous</b>	2,100	600
<b>Total Insurance Loss Department</b>	<b>\$ 4,262,700</b>	<b>\$ 4,548,640</b>
Civil Service Commission	<b>\$ 39,000</b>	<b>\$ 38,473</b>
Marketing Department:		
Salaries and benefits:		
Full-time salaries	\$ 53,000	\$ 57,827
Illinois Municipal Retirement Fund	5,500	6,811
Payroll taxes - FICA and Medicare	4,500	4,242
<b>Total salaries and benefits</b>	63,000	68,880
Services:		
Computers and software	600	35
Insurance	4,400	2,015
Other contractual services	5,000	-
Training	500	-
<b>Total services</b>	10,500	2,050
Supplies and materials - printing, postage and office supplies	14,700	317
Miscellaneous:		
Advertising and marketing	7,700	2,385
Community promotions	80,000	20,775
Dues and subscriptions	400	-
Licenses and fees	2,000	400
Meetings and seminars	5,000	886
Pass through grant expenditures	1,366,400	291,374
Rentals and leasing fees	8,000	-
State/federal grant match	61,000	-
Travel/transportation	600	600
<b>Total miscellaneous</b>	1,531,100	316,420

(cont'd)

**City of Blue Island  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2012**

	<u>Original and Final Budget</u>	<u>Actual</u>
Marketing Department:		
Capital expenditures	\$       500	\$       -
<b>Total Marketing Department</b>	<b><u>\$ 1,619,800</u></b>	<b><u>\$ 387,667</u></b>

See independent auditor's report.

## **NONMAJOR GOVERNMENTAL FUNDS**

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

### **Debt Service Funds**

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

### **Capital Projects Fund**

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

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

**City of Blue Island**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**April 30, 2012**

	Special Revenue Funds	Debt Service Funds	Capital Projects - CDBG Fund	Total
<b>Assets</b>				
Cash and investments	\$ 175,378	\$ -	\$ 435	\$ 175,813
Receivables:				
Property taxes receivable - net of allowance for uncollectible taxes	35,555	365,287	-	400,842
Grants receivable	-	-	344,896	344,896
Other	46,023	-	-	46,023
Due from other funds	501,382	1,516,562	-	2,017,944
<b>Total assets</b>	<b>\$ 758,338</b>	<b>\$1,881,849</b>	<b>\$ 345,331</b>	<b>\$2,985,518</b>
<b>Liabilities</b>				
Liabilities:				
Accounts payable	\$ 4,126	\$ -	\$ -	\$ 4,126
Due to other funds	65,148	518,374	435	583,957
Deferred revenue:				
Property taxes	35,555	365,287	-	400,842
Grant revenue	-	-	344,896	344,896
Other revenue	18,567	-	-	18,567
<b>Total liabilities</b>	<b>123,396</b>	<b>883,661</b>	<b>345,331</b>	<b>1,352,388</b>
<b>Fund Balances</b>				
Restricted by state statute	661,038	-	-	661,038
Restricted for debt service	-	998,188	-	998,188
Unassigned	(26,096)	-	-	(26,096)
<b>Total fund balances</b>	<b>634,942</b>	<b>998,188</b>	<b>-</b>	<b>1,633,130</b>
<b>Total liabilities and fund balances</b>	<b>\$ 758,338</b>	<b>\$1,881,849</b>	<b>\$ 345,331</b>	<b>\$2,985,518</b>

See independent auditor's report.



**City of Blue Island**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**For the Year Ended April 30, 2012**

	Special Revenue Funds	Debt Service Funds
Revenues:		
Property taxes	\$ 56,838	\$ 1,117,968
State allotments	696,134	-
Grants	-	-
Interest	104	-
Miscellaneous	-	-
<b>Total revenues</b>	<b>753,076</b>	<b>1,117,968</b>
Expenditures:		
Current:		
General government	75,513	-
Street maintenance	652,483	-
Debt service:		
Principal	-	1,929,000
Interest	-	339,533
Capital outlay - redevelopment projects	-	-
<b>Total expenditures</b>	<b>727,996</b>	<b>2,268,533</b>
<b>Revenues over (under) expenditures before other financing sources</b>	<b>25,080</b>	<b>(1,150,565)</b>
Other financing sources - transfers in	-	263,117
<b>Net changes in fund balances</b>	<b>25,080</b>	<b>(887,448)</b>
Fund balances, beginning of the year	609,862	1,885,636
Fund balances, end of the year	<b>\$ 634,942</b>	<b>\$ 998,188</b>

Capital Projects - CDBG Fund	Total
\$ -	<b>\$ 1,174,806</b>
-	<b>696,134</b>
111,319	<b>111,319</b>
18	<b>122</b>
-	<b>-</b>
<b>111,337</b>	<b>1,982,381</b>
-	<b>75,513</b>
-	<b>652,483</b>
-	<b>1,929,000</b>
-	<b>339,533</b>
120,193	<b>120,193</b>
<b>120,193</b>	<b>3,116,722</b>
(8,856)	<b>(1,134,341)</b>
8,856	<b>271,973</b>
-	<b>(862,368)</b>
-	<b>2,495,498</b>
<b>\$ -</b>	<b>\$ 1,633,130</b>

See independent auditor's report.

**City of Blue Island**  
**Combining Balance Sheet - Nonmajor Special Revenue Funds**  
**April 30, 2012**

	Motor Fuel Tax	Special Tax Increment Allocation Fund I
<b>Assets</b>		
Cash and investments	\$ 107,016	\$ -
Receivables:		
Property taxes receivable - net of allowance for uncollectible taxes	-	-
Other	46,023	-
Due from other funds	369,942	129,419
<b>Total assets</b>	<b>\$ 522,981</b>	<b>\$ 129,419</b>
<b>Liabilities and Fund Balances (Deficit)</b>		
Liabilities:		
Accounts payable	\$ 1,594	\$ -
Due to other funds	-	39,052
Deferred revenue - property tax	-	-
Deferred revenue - other	18,567	-
<b>Total liabilities</b>	<b>20,161</b>	<b>39,052</b>
Fund balances (deficit):		
Restricted by state statute	502,820	90,367
Unassigned	-	-
<b>Total fund balances (deficit)</b>	<b>502,820</b>	<b>90,367</b>
<b>Total liabilities and fund balances</b>	<b>\$ 522,981</b>	<b>\$ 129,419</b>

Special Tax Increment Allocation Fund IV	Special Tax Increment Allocation Fund VI	Total
\$ 68,362	\$ -	\$ 175,378
35,555	-	35,555
-	-	46,023
2,021	-	501,382
<b>\$ 105,938</b>	<b>\$ -</b>	<b>\$ 758,338</b>
\$ 2,532	\$ -	\$ 4,126
-	26,096	65,148
35,555	-	35,555
-	-	18,567
<b>38,087</b>	<b>26,096</b>	<b>123,396</b>
67,851	-	661,038
-	(26,096)	(26,096)
<b>67,851</b>	<b>(26,096)</b>	<b>634,942</b>
<b>\$ 105,938</b>	<b>\$ -</b>	<b>\$ 758,338</b>

See independent auditor's report.

**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, 2012**

	Motor Fuel Tax	Special Tax Increment Allocation Fund I
Revenues:		
Property taxes	\$ -	\$ -
State allotments	696,134	-
Interest	65	-
Miscellaneous	-	-
<b>Total revenues</b>	<b>696,199</b>	<b>-</b>
Expenditures:		
Current:		
General government	-	-
Street maintenance	652,483	-
<b>Total expenditures</b>	<b>652,483</b>	<b>-</b>
<b>Net changes in fund balances (deficit)</b>	<b>43,716</b>	<b>-</b>
Fund balances, beginning of the year	459,104	90,367
Fund balances (deficit), end of the year	<b>\$ 502,820</b>	<b>\$ 90,367</b>

Special Tax Increment Allocation Fund IV	Special Tax Increment Allocation Fund VI	Total
\$ 56,838	\$ -	\$ 56,838
-	-	696,134
39	-	104
-	-	-
<b>56,877</b>	<b>-</b>	<b>753,076</b>
49,417	26,096	75,513
-	-	652,483
49,417	26,096	727,996
7,460	(26,096)	25,080
60,391	-	609,862
<b>\$ 67,851</b>	<b>\$ (26,096)</b>	<b>\$ 634,942</b>

See independent auditor's report.

**City of Blue Island**  
**Special Revenue Funds - Motor Fuel Tax Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended April 30, 2012**

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues:			
State allotments	\$ 780,000	\$ 696,134	\$ (83,866)
Interest	10,000	65	(9,935)
<b>Total revenues</b>	<u>790,000</u>	<u>696,199</u>	<u>(93,801)</u>
Expenditures - current - street:			
Street maintenance	1,175,000	652,458	522,542
Miscellaneous - licenses and fees	-	25	(25)
<b>Total expenses</b>	<u>1,175,000</u>	<u>652,483</u>	<u>522,517</u>
<b>Net changes in fund balance</b>	<u>\$ (385,000)</u>	<u>43,716</u>	<u>\$ 428,716</u>
Fund balance, beginning of the year		<u>459,104</u>	
Fund balance, end of the year		<u>\$ 502,820</u>	

See independent auditor's report.

**City of Blue Island**  
**Combining Balance Sheet - Nonmajor Debt Service Funds**  
**April 30, 2012**

	Alternate Bond Fund Series 1995	Special Tax Series 1997	Increment Allocation Funds Series 1998	Series 2003	General Obligation Bond Fund Series 2007	General Obligation Bond Fund Series 2011	Total
<b>Assets</b>							
Property taxes receivable, net of allowance for uncollectible accounts	\$ 253,292	\$ -	\$ -	\$ -	\$ 111,995	\$ -	\$ 365,287
Due from other funds	399,221	-	757,232	-	104,474	43,710	1,304,637
<b>Total assets</b>	<b>\$ 652,513</b>	<b>\$ -</b>	<b>\$ 757,232</b>	<b>\$ -</b>	<b>\$ 216,469</b>	<b>\$ 43,710</b>	<b>\$1,669,924</b>
<b>Liabilities and Municipal Equity</b>							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ 518,374	\$ -	\$ -	\$ -	\$ 518,374
Deferred revenue - property tax	253,292	-	-	-	111,995	-	365,287
<b>Total liabilities</b>	253,292	-	518,374	-	111,995	-	883,661
Municipal equity - fund balance - restricted	399,221	-	238,858	-	104,474	43,710	786,263
<b>Total liabilities and municipal equity</b>	<b>\$ 652,513</b>	<b>\$ -</b>	<b>\$ 757,232</b>	<b>\$ -</b>	<b>\$ 216,469</b>	<b>\$ 43,710</b>	<b>\$1,669,924</b>

See independent auditor's report.

**City of Blue Island**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Debt Service Funds**  
**For the Year Ended April 30, 2012**

	Alternate Bond Fund Series 1995	Special Tax Series 1997	Increment Allocation Funds Series 1998	Series 2003	General Obligation Bond Fund Series 2007	General Obligation Bond Fund Series 2011	Total
Revenues - property taxes	\$ 538,807	\$ -	\$ 335,890	\$ 2,510	\$ 240,762	\$ -	\$ 1,117,969
Expenditures - debt service:							
Principal	440,000	450,000	565,000	260,000	214,000	-	1,929,000
Interest	100,700	46,950	130,863	36,594	23,916	510	339,533
<b>Total expenditures</b>	<b>540,700</b>	<b>496,950</b>	<b>695,863</b>	<b>296,594</b>	<b>237,916</b>	<b>510</b>	<b>2,268,533</b>
<b>Revenues over (under) expenditures</b> <b>before other financing sources</b>	<b>(1,893)</b>	<b>(496,950)</b>	<b>(359,973)</b>	<b>(294,084)</b>	<b>2,846</b>	<b>(510)</b>	<b>(1,150,564)</b>
Other financing sources - transfers in	-	6,288	359,973	212,609	-	44,220	623,090
<b>Net changes in fund balances</b>	<b>(1,893)</b>	<b>(490,662)</b>	<b>-</b>	<b>(81,475)</b>	<b>2,846</b>	<b>43,710</b>	<b>(527,474)</b>
Fund balances, beginning of the year, as previously reported	401,114	490,662	810,757	81,475	101,628	-	1,885,636
Restatement of beginning fund balance	-	-	(571,899)	-	-	-	(571,899)
Fund balances, beginning of the year, as restated	401,114	490,662	238,858	81,475	101,628	-	1,313,737
Fund balances, end of the year	\$ 399,221	\$ -	\$ 238,858	\$ -	\$ 104,474	\$ 43,710	\$ 786,263

See independent auditor's report.

**City of Blue Island**  
**Capital Projects Fund - Community Development Block Grant**  
**Schedule of Specific Community Development**  
**Projects - Cash Basis**  
**April 30, 2012**

U.S. Department of Housing and Urban Development -  
 pass through by Cook County Community  
 Development Block Grant:  
   Construction projects:  
     Maple Avenue  
     Maple Avenue

**Program balance**

Project Number	Project Complete	Budget Authority	Project Drawdowns		Project Disbursements		Project Cash Balance	Deferred Revenue
			Current	Cumulative	Current	Cumulative		
10-003	No	\$ 256,215	\$ 111,319	\$ 111,319	\$ 111,319	\$ 111,319	\$ -	\$ 144,896
11-002	No	200,000	-	-	-	-	-	200,000
		<b>\$ 456,215</b>	<b>\$ 111,319</b>	<b>\$ 111,319</b>	<b>\$ 111,319</b>	<b>\$ 111,319</b>	<b>\$ -</b>	<b>\$ 344,896</b>

See independent auditor's report.

**City of Blue Island  
Water Fund  
Schedule of Operating Expenses - Budget and Actual  
For the Year Ended April 30, 2012**

	<u>Budget</u>	<u>Actual</u>
Salaries and benefits:		
Full-time salaries	\$ 750,000	\$ 641,721
Part-time salaries	40,000	35,866
Overtime salaries	40,000	26,555
Illinois Municipal Retirement	70,000	77,873
Payroll taxes - FICA and Medicare	60,000	50,935
Employee medical insurance	425,000	291,897
Life insurance	2,000	1,282
Services:		
Audit	6,000	5,896
Computers and software	10,000	2,400
Electricity	60,000	56,519
Engineering	151,500	68,863
Other	5,000	5,748
Telephone	7,500	3,000
Training	2,500	420
Utilities	3,000	3,023
Water billing	35,000	26,955
Supplies and materials:		
Concrete/asphalt/stone	30,000	14,196
Gasoline and oil	28,000	28,166
Maintenance supplies	30,000	21,164
Operating supplies	30,000	23,999
Printing, postage and office supplies	48,500	40,800
Uniforms	5,500	4,652
Maintenance and repair:		
Building	1,000	4,588
Equipment	25,000	9,081
Lot/property	1,000	-
Outside contractors	1,500,000	378,541
Tree maintenance	2,500	-
Vehicle	30,000	5,892

(cont'd)



**City of Blue Island**  
**Water Fund**  
**Schedule of Operating Expenses - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	<u>Budget</u>	<u>Actual</u>
Water purchased from Chicago	\$ 2,100,000	\$ 1,739,884
Miscellaneous:		
Advertising and marketing	-	4,080
Bank charges	10,000	12,339
Contingent	500	400
Dues and subscriptions	1,500	702
Employee/office services	500	340
Licenses and fees	10,000	5,006
Meetings and seminars	1,000	60
Miscellaneous	500	220
Rentals and leasing fees	15,000	11,096
Capital expenditures:		
New equipment	64,000	105,497
Water meter purchases	50,000	77,906
Improvements	55,000	-
Vehicles	140,000	-
Retirement of bonds	215,000	215,000
Bond interest and trustee fees	185,000	179,405
	<u>\$ 6,247,000</u>	<u>4,181,967</u>
Less:		
Amounts capitalized as property and equipment		(294,680)
Payment of bond principal and interest		(394,405)
<b>Operating expenses before depreciation</b>		<b>3,492,882</b>
Depreciation		<u>499,340</u>
<b>Total operating expenses</b>		<b><u>\$ 3,992,222</u></b>

See independent auditor's report.

**City of Blue Island  
Golf Course Fund  
Schedule of Operating Expenses - Budget and Actual  
For the Year Ended April 30, 2012**

	<u>Budget</u>	<u>Actual</u>
Salaries and benefits:		
Full-time salaries	\$ 75,000	\$ 74,910
Part-time salaries	207,000	184,128
Illinois Municipal Retirement	7,800	8,853
Payroll taxes - FICA and Medicare	22,200	19,697
Employee medical insurance	17,500	6,439
Employee life insurance	200	115
Unemployment insurance	4,000	1,043
Services:		
Audit	3,500	3,500
Computers and software	2,000	12
Insurance	1,800	1,638
Servicescape, Inc.	360,000	349,875
Telephone	4,500	2,418
Training	500	-
Utilities	32,500	21,317
Supplies and materials:		
Gas and oil	45,000	49,419
Maintenance supplies	3,000	2,870
Operating supplies	7,000	8,000
Printing, postage and office supplies	1,400	270
Small equipment	2,500	-
Uniforms	2,000	-
Maintenance and repair:		
Building	10,000	225
Equipment	8,000	4,200
Equipment rental	1,000	-
Lot/property	2,000	-
Outside contractors	10,000	-
Vehicle	2,000	168
Merchandise for resale	206,000	183,307

(cont'd)

**City of Blue Island  
Golf Course Fund  
Schedule of Operating Expenses - Budget and Actual (cont'd)  
For the Year Ended April 30, 2012**

	<u>Budget</u>	<u>Actual</u>
Miscellaneous:		
Advertising and marketing	\$ 9,000	\$ 4,228
Agent/trust fees	600	585
Dues and subscriptions	5,000	3,650
Employee/office services	500	336
Licenses and fees	1,000	500
Meetings and seminars	500	-
Miscellaneous	70,000	65,168
Capital expenditures	<u>25,000</u>	<u>31,672</u>
	<u>\$ 1,150,000</u>	<u>1,028,543</u>
Less amounts capitalized as property and equipment		<u>(28,672)</u>
<b>Operating expenses before depreciation</b>		<b>999,871</b>
Depreciation		<u>123,550</u>
<b>Total operating expenses</b>		<b><u>\$ 1,123,421</u></b>

See independent auditor's report.

**City of Blue Island**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**April 30, 2012**

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**Assets**

Municipal land, buildings and improvements	<u>\$ 32,402,849</u>
Infrastructure	<u>15,845,119</u>
Equipment:	
Police and fire	4,658,940
Playground and recreation	19,503
Civil defense	64,973
Public works	1,018,805
Street	218,757
Sanitation	57,210
9-1-1 system	943,531
General	<u>809,169</u>
<b>Total equipment</b>	<u>7,790,888</u>
<b>Total capital assets used in the operation         of governmental funds</b>	<u><b>\$ 56,038,856</b></u>

**Other Credits**

Investment in general capital assets	<u>\$ 56,038,856</u>
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See independent auditor's report.

**City of Blue Island  
Public Library  
Balance Sheet  
April 30, 2012**

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**Assets**

Cash and investments	\$ 1,139,775
Receivables - property taxes	803,647
Due from primary government	<u>55,471</u>
<b>Total assets</b>	<b><u>\$ 1,998,893</u></b>

**Liabilities and Fund Balance**

Accounts payable	\$ 35,701
Deferred revenue and other liabilities	<u>739,169</u>
<b>Total liabilities</b>	<b>774,870</b>
Fund balance - assigned for Library operations	<u>1,224,023</u>
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,998,893</u></b>

See independent auditor's report.

**City of Blue Island  
Public Library  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended April 30, 2012**

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Property taxes	\$ 1,262,000	\$ 1,442,297
Personal property replacement taxes	50,000	48,170
Fines and fees	51,300	57,455
State library/other grants	59,500	50,010
Interest income	1,000	1,518
Other	2,200	14,236
	<hr/>	<hr/>
<b>Total revenues</b>	<b>1,426,000</b>	<b>1,613,686</b>
	<hr/>	<hr/>
Expenditures:		
Current:		
Salaries and benefits:		
Salaries	780,000	778,384
Illinois Municipal Retirement	60,000	77,425
Payroll tax - FICA and Medicare	60,000	58,586
Unemployment tax	2,500	2,712
Employee medical insurance	55,000	63,423
Services:		
Audit	5,000	4,300
Computers and software/computer service	24,000	34,559
Finance/bank charges	1,500	739
Heat/light/water	14,000	6,774
Insurance	20,000	14,667
Legal	3,000	-
Other contractual services	8,000	6,135
Professional consulting	9,000	9,135
Telephone	7,000	7,354
T1 line	1,500	19
Supplies and materials:		
Audio-visual materials	39,000	29,912
Book purchasing and processing	93,000	84,022
Maintenance supplies	8,000	6,530
On-line resources	20,000	22,007
Periodical subscriptions	13,000	12,908
Printing, postage and office supplies	23,000	20,820

(cont'd)

**City of Blue Island  
Public Library  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (cont'd)  
For the Year Ended April 30, 2012**

	<u>Budget</u>	<u>Actual</u>
Expenditures (cont'd):		
Current (cont'd):		
Maintenance and repair:		
Building repairs and renovations	\$ 30,400	\$ 38,775
Contract maintenance	25,000	24,798
Equipment	2,000	585
Miscellaneous:		
Advertising and marketing	5,000	3,494
Contingent	4,000	2,660
Dues and memberships	1,800	1,434
Grant related expenditures	26,000	31,155
Meetings and seminars	9,000	8,585
Programming	26,000	23,910
Rentals and leasing fees	20,300	23,322
Shipping, handling and delivery	2,000	2,600
Staff reimbursed purchases	-	(110)
Capital expenditures:		
Computer equipment	18,000	19,919
Library equipment	10,000	18,466
	<u>1,426,000</u>	<u>1,440,004</u>
<b>Total expenditures</b>	<u>1,426,000</u>	<u>1,440,004</u>
<b>Revenues over expenditures</b>	<u>\$ -</u>	<u>173,682</u>
Fund balance, beginning of the year		<u>1,050,341</u>
Fund balance, end of the year		<u>\$ 1,224,023</u>

See independent auditor's report.

**STATISTICAL INFORMATION**



**City of Blue Island**  
**Schedule of General Obligation Debt to Maturity**  
**April 30, 2012**

Fiscal Year Ended April 30,	Total		General Obligation Golf Course Refunding Bonds (Alternate Revenue Source) Series 1995 Dated December 1, 1995		General Obligation Tax Increment Bonds, Series 1997 Dated November 1, 1997	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,015,000	\$ 253,282	\$ 460,000	\$ 77,380	\$ 475,000	\$ 24,225
2014	1,640,000	167,739	485,000	53,000	-	-
2015	1,375,000	89,620	515,000	27,295	-	-
2016	110,000	22,275	-	-	-	-
2017	110,000	18,975	-	-	-	-
2018	110,000	15,675	-	-	-	-
2019	110,000	12,375	-	-	-	-
2020	110,000	9,075	-	-	-	-
2021	110,000	5,775	-	-	-	-
2022	110,000	2,475	-	-	-	-
	<u>\$ 5,800,000</u>	<u>\$ 597,266</u>	<u>\$ 1,460,000</u>	<u>\$ 157,675</u>	<u>\$ 475,000</u>	<u>\$ 24,225</u>

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
\$ 685,000	\$ 104,308	\$ 285,000	\$ 26,194	\$ 110,000	\$ 21,175
715,000	71,427	330,000	14,437	110,000	28,875
750,000	36,750	-	-	110,000	25,575
-	-	-	-	110,000	22,275
-	-	-	-	110,000	18,975
-	-	-	-	110,000	15,675
-	-	-	-	110,000	12,375
-	-	-	-	110,000	9,075
-	-	-	-	110,000	5,775
-	-	-	-	110,000	2,475
<u>\$ 2,150,000</u>	<u>\$ 212,485</u>	<u>\$ 615,000</u>	<u>\$ 40,631</u>	<u>\$ 1,100,000</u>	<u>\$ 162,250</u>

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

See independent auditor's report.

**City of Blue Island**  
**Schedule of Tax Collections and Taxes Refundable**  
**For the Year Ended April 30, 2012**

Levy Year	Tax Extension	Gross Taxes Collected		
		Prior	For the Year Ended April 30, 2012	Total as of April 30, 2012
2000	\$ 5,163,279	\$ 5,284,611	\$ -	\$ 5,284,611
2002	5,781,121	6,086,939	-	6,086,939
2003	6,546,559	6,638,681	-	6,638,681
2004	6,427,111	6,338,719	-	6,338,719
2005	6,785,629	6,857,804	-	6,857,804
2006	7,347,896	6,996,927	-	6,996,927
2007	6,639,104	6,862,075	-	6,862,075
2008	7,547,900	7,878,989	-	7,878,989
2009	8,482,603	9,632,332	-	9,632,332
2010	10,367,721	4,654,026	4,789,918	9,443,944
2011	10,149,520	-	4,839,896	4,839,896
	<u>\$ 81,238,443</u>	<u>\$ 67,231,103</u>	<u>\$ 9,629,814</u>	<u>\$ 76,860,917</u>
By Fund:				
General:				
	Corporate			\$ 2,170,760
	Illinois Municipal Retirement			409,143
	Playgrounds			28,913
	Street and bridge			242,871
	Fire protection			265,439
	Police protection			265,439
	Road and bridge			64,809
	Liability insurance			78,777
				<u>3,526,151</u>
Special Revenue:				
	Special Tax Increment Allocation Fund II			974,385
	Special Tax Increment Allocation Fund III			892,391
	Special Tax Increment Allocation Fund IV			56,838
	Special Tax Increment Allocation Fund V			1,684,273
				<u>3,607,887</u>
Debt Service:				
	1995 Alternate Bonds			538,807
	1998 General Obligation TIF Series			335,890
	2003 General Obligation TIF Refunding Series			2,510
	2007 General Sales Tax ARS Bonds			240,763
				<u>1,117,970</u>
Component unit - Library				
				<u>1,377,806</u>
				<u>\$ 9,629,814</u>

See independent auditor's report.

Percent Collected	Gross Receivable April 30, 2012	Provision for Loss on Collection	Net Receivable
102.35%	\$ (121,332)	\$ (121,332)	\$ -
105.29%	(305,818)	(305,818)	-
101.41%	(92,122)	(92,122)	-
98.62%	88,392	88,392	-
101.06%	(72,175)	(72,175)	-
95.22%	350,969	350,969	-
103.36%	(222,971)	(222,971)	-
104.39%	(331,089)	(331,089)	-
113.55%	(1,149,729)	(1,149,729)	-
91.09%	923,777	923,777	-
47.69%	5,309,624	-	5,309,624
	<u>\$ 4,377,526</u>	<u>\$ (932,098)</u>	<u>\$ 5,309,624</u>
By Fund:			
General:			
	Corporate		\$ 1,044,599
	Illinois Municipal Retirement		191,352
	Playgrounds		-
	Street and bridge		112,975
	Fire protection		145,926
	Police protection		145,926
	Road and bridge		25,868
	Liability insurance		40,012
			<u>1,706,658</u>
Special Revenue:			
	Special Tax Increment Allocation Fund II		372,849
	Special Tax Increment Allocation Fund III		385,420
	Special Tax Increment Allocation Fund IV		35,555
	Special Tax Increment Allocation Fund V		1,640,209
			<u>2,434,033</u>
Debt Service:			
	1995 Alternate Bonds		253,292
	1998 General Obligation TIF Series		-
	2003 General Obligation TIF Refunding Series		-
	2007 General Sales Tax ARS Bonds		111,995
			<u>365,287</u>
Component unit - Library			
			<u>803,646</u>
			<u>\$ 5,309,624</u>

**City of Blue Island  
Schedule of Valuations, Rates and  
Extensions for Tax Levy Year 2011  
For the Year Ended April 30, 2012**

<u>Tax Levy Year</u>	<u>Assessed Valuation</u>	<u>Extended Tax Rate</u>
2002	\$ 171,181,605	2.6751 %
2003	211,856,519	2.2149
2004	207,768,422	2.4649
2005	214,789,139	2.2837
2006	252,498,526	2.0950
2007	253,651,868	2.2158
2008	301,871,416	2.4988
2009	303,600,890	2.4019
2010	302,729,252	2.5914
2011	245,174,072	3.0379

The 2011 gross tax levy is analyzed below:

	<u>Rate</u>	<u>Percent</u>	<u>Amount</u>
General:			
Corporate	\$ 0.4198	13.80	\$ 1,029,240
Garbage	0.1919	6.32	470,489
Illinois Municipal Retirement	0.1639	5.40	401,840
Liability insurance	0.0343	1.13	84,094
Street and bridge	0.0960	3.16	235,367
Fire protection	0.1209	3.98	296,415
Police protection	0.1290	4.25	316,274
Social Security	0.1701	5.60	417,041
Auditing	0.0081	0.27	19,859
Crossing guards	0.0121	0.40	29,666
Workers' compensation	0.0443	1.46	108,612
<b>Total general</b>	<b>1.3904</b>	<b>45.77</b>	<b>3,408,897</b>
Library	0.5757	18.95	1,411,467
Library building and maintenance	0.0192	0.63	47,073
Bond and interest	0.4239	13.95	1,039,385
Police Pension	0.4161	13.70	1,020,169
Firefighters' Pension	0.2126	7.00	521,240
<b>Total</b>	<b>\$ 3.0379</b>	<b>100.00</b>	<b>\$ 7,448,231</b>
Road and bridge			<u>\$ 57,000</u>

See independent auditor's report.

**City of Blue Island  
Legal Debt Margin  
For the Year Ended April 30, 2012**

		<u>2011 Tax Levy Year</u>
Assessed valuation		<u>\$ 245,174,072</u>
Statutory debt limitation (8.625% of assessed valuation)		\$ 21,146,264
Total debt:		
General Obligation Bonds:		
Series 1995, dated December 1, 1995	\$ 1,460,000	
Series 2011, dated December 16, 2011	1,100,000	
General Obligation Tax Increment Refunding Bonds:		
Series 1997, dated September 1, 1997	475,000	
Series 1998, dated March 1, 1998	2,150,000	
Series 2003, dated July 30, 2003	615,000	
Waterworks and Sewerage Bonds (Alternate Revenue Source)	3,820,000	
General Sales Tax/Revenue Sharing Receipts Bonds (Alternate Revenue Source)	<u>342,000</u>	<u>9,962,000</u>
<b>Legal debt margin</b>		<u><b>\$ 11,184,264</b></u>

See independent auditor's report.

**CONTINUING BOND DISCLOSURES**

## City of Blue Island Continuing Bond Disclosures

### Fees and Charges

The following chart shows the driving range fees, greens fees and cart fees that were in effect for the 2011 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	\$ 24	\$ 32
9 holes	14	18
Twilight	16	21
Senior with cart (9 holes)	21	27
Senior with cart (18 holes)	25	37
Senior walking	14	26
Junior golfer	13	17

##### Cart Fees

	<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>
2010	14,415
2011	14,575
2012	15,100

(cont'd)

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

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

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

<b>Meadows Golf Course Historical Rounds Played</b>	
<u>Fiscal Year Ended April 30,</u>	<u>Rounds Played</u>
2010	23,230
2011	23,312
2012	24,175

Source: The City

### Population

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

<u>U.S. Census</u>	<u>City of Blue Island</u>	<u>Cook County</u>
1980	21,855	5,253,655
1990	21,203	5,105,067
2000	23,463	5,376,741
2010	22,556	5,194,675

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

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

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

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

(cont'd)

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

**Real Property Assessment, Tax Levy and Collection Procedures**

**Property Valuations**

**City of Blue Island  
Property Valuations  
Fiscal Years 2008 Through 2012**

Levy Year	Collection Year	Fiscal Year	EAV	Estimated True Cash Value	Percent Change
2006	2007	2008	\$ 253,651,868	\$ 760,955,604	17.56 %
2007	2008	2009	264,437,769	793,313,307	0.46
2008	2009	2010	301,871,416	905,614,248	4.25
2009	2010	2011	303,600,890	910,802,670	0.57
2010	2011	2012	302,729,252	908,187,756	(0.29)

Per capita 2010 EAV (1) \$ 13,421.23  
Per capita 2011 estimated true cash value (1) 40,263.69

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

Source: The City

The following table sets forth the City's 2010 EAV (latest available) by use.

**City of Blue Island  
2010 Equalized Assessed Valuation by Use**

	Amount	Percent
Residential	\$ 206,722,672	68.29 %
Commercial	66,691,855	22.03
Industrial	26,763,948	8.84
Railroad	2,550,777	0.84
<b>Totals</b>	<b>\$ 302,729,252</b>	<b>100.00 %</b>

Source: Cook County Clerk's office

(cont'd)



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

## **Tax Rates by Purpose**

The City's property tax rates expressed as a dollar for each \$100 of EAV, for the tax levy years 2007 through 2011 are as follows:

<p style="text-align: center;"><b>City of Blue Island</b>  <b>Tax Rates by Purpose Per \$100 of Equalized Assessed Valuation</b></p>					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Corporate	\$0.2337	\$0.2375	\$0.2774	\$0.3253	\$0.4198
Bonds and interest	0.4087	0.4447	0.6112	0.5114	0.4239
Garbage	0.1934	0.1743	0.1816	0.1888	0.1919
Police Pension	0.3746	0.3548	0.3443	0.3409	0.4161
Firefighters' Pension	0.1947	0.1721	0.1670	0.1742	0.2126
IMRF	0.0818	0.1016	0.0964	0.1347	0.1639
Street and bridge	0.0857	0.0736	0.0771	0.0805	0.0960
Playgrounds and recreation	0.0748	0.0635	0.0611	0.0201	0.0000
Fire protection	0.0596	0.0595	0.0643	0.0670	0.1209
Police protection	0.0643	0.0628	0.0707	0.0738	0.1290
Social Security	0.0837	0.0890	0.0948	0.1155	0.1701
Auditing	0.0156	0.0067	0.0081	0.0084	0.0081
Liability insurance	0.0234	0.0217	0.0225	0.0235	0.0343
Crossing guards	0.0136	0.0174	0.0189	0.0101	0.0121
Workmen's compensation	0.0370	0.0334	0.0353	0.0336	0.0443
Unemployment insurance	0.0010	0.0009	0.0009	0.0070	0.0000
Limited bonds	0.0318	0.0279	0.0279	0.0000	0.0000
Library	0.5323	0.4456	0.4267	0.4562	0.5757
Library building and maintenance	<u>0.0177</u>	<u>0.0149</u>	<u>0.0162</u>	<u>0.0171</u>	<u>0.0192</u>
	<u>\$2.5274</u>	<u>\$2.4019</u>	<u>\$2.6024</u>	<u>\$2.5881</u>	<u>\$3.0379</u>

Source: The City

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

<p style="text-align: center;"><b>City of Blue Island</b>  <b>Tax Levy and Collections (1)</b></p>					
<u>Levy Year</u>	<u>Collection Year</u>	<u>Fiscal Year</u>	<u>Taxes Extended</u>	<u>Taxes Collected</u>	<u>Percent Collected</u>
2006	2007	2008	\$5,226,241	\$4,936,483	94.45%
2007	2008	2009	5,179,697	4,885,119	94.31
2008	2009	2010	5,860,420	5,860,505	100.00
2009	2010	2011	6,350,421	5,978,657	94.15
2010	2011	2012	6,290,412	5,861,922	93.19

(1) Includes the City Library levy. Amounts collected and distributed as of April 30, 2012.

Source: The City

(cont'd)

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

### Top Taxpayers

The top ten taxpayers of the City, their type of business and 2008 Equalized Assessed Value (latest available) are as follows:

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

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

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

### Other Revenue

#### Sales Tax

The City receives a portion of the Illinois state sales tax levied in the City. The following table sets forth the total sales tax receipts of the City for the fiscal years ended April 30, 2008 through 2012.

#### 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>
2008	\$1,418,657	(3.77)%
2009	1,280,807	(9.72)
2010	1,109,322	(13.39)
2011	1,183,308	6.67
2012	1,259,594	6.45

Percent decrease from 2008 to 2012 (11.21)%

Source: The City

(cont'd)

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

### Illinois Motor Vehicle Fuel Tax

The following table sets forth the total motor fuel vehicle tax revenue for the fiscal years ended April 30, 2008 through April 30, 2012.

#### 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>
2008	\$655,034	(3.78)%
2009	624,915	(4.60)
2010	592,137	(5.25)
2011	593,572	0.24
2012	584,296	(1.56)

Percent decrease from 2008 to 2012

(10.80)%

Source: The City

### Illinois State Income Tax

The following table sets forth the Illinois state income and use tax revenue received for the fiscal years ended April 30, 2008 through April 30, 2012.

#### 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>
2008	\$2,533,894	10.79%
2009	2,285,570	(9.80)
2010	2,084,723	(8.79)
2011	2,224,737	6.72
2012	2,280,343	2.50

Percent decrease from 2008 to 2012

(10.01)%

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, 2008 through April 30, 2012.

#### City of Blue Island City Utility Tax

<u>Fiscal Year Ended April 30,</u>	<u>City Utility Tax</u>	<u>Annual Change</u>
2008	\$1,772,341	2.35%
2009	1,724,411	(2.70)
2010	1,541,427	(10.61)
2011	1,563,222	1.42
2012	1,487,485	(4.84)

Percent decrease from 2008 to 2012

(16.07)%

Source: The City

(cont'd)

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

## **City Debt**

### **Debt Limitations**

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

### **City of Blue Island** **Schedule of Legal Debt Margin** **April 30, 2012**

Legal debt limit (8.625% of assessed valuation) (1)	\$ 21,146,264
Less amount of debt applicable to legal debt limit (2)	<u>2,560,000</u>
Legal debt margin	<u>\$ 18,586,264</u>

(1) Based on 8.625% of the City's 2011 Equalized Assessed Valuation of \$245,174,072.

(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)	\$ 615,000	\$ 615,000	\$ -
General Obligation Alternate Revenue Bonds	9,005,000	6,445,000	2,560,000
General Sales Tax/Revenue Sharing Bonds	<u>342,000</u>	<u>342,000</u>	<u>-</u>
<b>Totals</b>	<u>\$ 9,962,000</u>	<u>\$ 7,402,000</u>	<u>\$ 2,560,000</u>
Per capita direct bonded debt (3)			\$ 113.50
Percent of direct bonded debt to 2011 EAV (4)			1.04%
Percent of direct debt to 2011 true cash value (5)			0.35%

(1) Debt information as of April 30, 2012.

(2) Includes the Bonds.

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

(4) Based on the City's 2011 EAV of \$245,174,072.

(5) Based on the City's estimated 2011 True Cash Value of \$735,522,216.

Source: City of Blue Island

(cont'd)

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

### Economic Profile

#### Employment

According to the 2010 Census data (2000 Census date for City of Blue Island column), City residents have a wide variety of occupations. The following table categorizes occupations for the City's employed residents 16 years of age and older for the City, the County and the state of Illinois.

<u>Occupational Category</u>	<u>City of Blue Island</u>	<u>Cook County</u>	<u>State of Illinois</u>
Management, professional, and related occupations	19.2%	37.5%	36.1%
Service occupations	18.0	18.0	17.4
Sales and office occupations	27.2	25.3	25.4
Natural resources, construction and maintenance occupations	12.5	6.4	7.5
Production, transportation, and material moving occupations	23.0	12.8	13.6

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

According to the 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	269	4.1
<b>Total</b>	<b><u>9,993</u></b>	<b><u>100.00%</u></b>

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

(cont'd)

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

The following table sets forth the rates of unemployment for the City, the County, the state of Illinois and the Chicago MSA for the last five years, and the latest month available for 2011.

### Comparative Unemployment Rates

<u>Year</u>	<u>City of Blue Island</u>	<u>Cook County</u>	<u>State of Illinois</u>	<u>Chicago MSA</u>
2007	5.1%	4.7%	4.7%	4.7%
2008	6.8	7.1	7.2	7.1
2009	10.9	10.8	10.8	10.6
2010	10.9	10.5	10.3	10.1
2011	10.5	10.4	9.8	9.9
2012 (1)	11.9	9.3	8.6	9.0

(1) For the month of April 2012.

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

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

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

(1) Includes Chicago area.

(2) Includes full and part-time employees.

Sources: 2010 Illinois Manufacturers and Services Directories.

(cont'd)

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

### Estimated Retail Sales

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

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

(1) Dollar amount in thousands.

Source: U.S. Census Bureau 2007 Economic Census

### Housing and Construction

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

	<u>Single Family</u>		<u>Total Value All Construction</u>
<u>Year</u>	<u>Number of Permits</u>	<u>Aggregate Value</u>	
2007	49	\$ 7,630,000	\$ 17,584,683
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

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)

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

### Income

The following table reflects the breakdown of the estimated E.B.I. for the County, State and United States for the year ended 2009.

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

	Percent of Households in E.B.I. Range	
	Cook County	East North Central States
Under \$19,999	19.5 %	19.3 %
\$20,000 – 34,999	21.1	21.8
\$35,000 – 49,999	18.0	19.3
\$50,000 and over	41.4	39.6
<b>Totals</b>	<b>100.0 %</b>	<b>100.0 %</b>
Median Household Effective Buying Income	\$42,758	\$40,735
Average Household Effective Buying Income	N/A	51,963
Per Capita Effective Buying Income	N/A	20,076

Source: Survey of Buying Power, "Sales and Marketing Management Magazine," September 2009

N/A – Information not available

The following table sets forth the household income by category derived from the 2010 Census (2000 Census for the City of Blue Island column as 2010 not yet available) for the City compared with the County and the state of Illinois.

<u>Household Income</u>	<u>City of Blue Island</u>	<u>Cook County</u>	<u>State of Illinois</u>
Under \$10,000	9.4%	8.6%	7.1%
\$10,000 to \$14,999	6.3	5.1	4.9
\$15,000 to \$24,999	14.9	11.5	11.0
\$25,000 to \$34,999	17.1	9.8	10.2
\$35,000 to \$49,999	18.8	13.5	13.8
\$50,000 to \$74,999	19.6	17.7	18.4
\$75,000 to \$99,999	8.6	11.8	12.6
\$100,000 to \$149,999	4.1	12.3	12.9
\$150,000 to \$199,999	0.8	4.5	4.6
\$200,000 or more	0.5	5.1	4.4
Median household income	\$36,520	\$51,466	\$52,972

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

See independent auditor's report.

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