

CITY OF BLUE ISLAND  
ILLINOIS  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED APRIL 30, 2014

## TABLE OF CONTENTS

	<u>PAGE NO.</u>
Independent Auditor's Report	1 - 2
 <u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Management Discussion and Analysis	3 - 13
 <u>BASIC FINANCIAL STATEMENTS:</u>	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet-Government Funds	16
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund	
Balance-All Governmental Funds Types	18
Reconciliation of Statement of Revenues, Expenditures and Changes	
in Fund Balance (Deficit) of Governmental Funds to the Statement of Activities	19
Statement of Net Position-Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Position-Proprietary	
Funds	21 - 23
Statement of Cash Flow-Proprietary Funds	24
Statement of Fiduciary Net Position-Pension Trust Funds	25
Statement of Changes in Fiduciary Net Position-Pension Trust Funds	26
Notes To Financial Statements	27 - 67
 <u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Budgetary Comparison Schedule:	
Statement of Revenues, Expenditures and Changes in Fund	
Balance-Budget and Actual-General Fund	68-82
Notes to Budgetary Comparison Schedule- General Fund	83
Illinois Municipal Retirement Fund Schedule of Funding Progress	84
Police and Firefighters' Pension Fund Schedule of Funding Progress	85
 <u>OTHER SUPPLEMENTARY INFORMATION:</u>	
 <u>COMBINING AND INDIVIDUAL FUND FINANCIAL SCHEDULES:</u>	
 <u>NONMAJOR GOVERNMENTAL FUNDS:</u>	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	87

TABLE OF CONTENTS (CONTINUED)

PAGE NO.

OTHER SUPPLEMENTAL INFORMATION (CONTINUED)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS (CONTINUED):

NONMAJOR SPECIAL REVENUE FUNDS:

Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	89

NONMAJOR DEBT SERVICE FUNDS:

Combining Balance Sheet	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	91

COMPONENT UNIT

Balance Sheet	92
Statement of Revenues, Expenditures and Changes in Fund Balance	93-95

FIDUCIARY FUNDS:

Combining Statement of Changes in Fiduciary Net Position-Pension Trust Funds	96
Combining Statement of Fiduciary Net Position-Pension Trust Funds	97

Schedule of Valuations, Rates and Extensions for Tax Levy Year 2013	98
---	----

Schedule of General Obligation Debt to Maturity	99
---	----

Legal Debt Margin	100
-------------------	-----

# John Kasperek Co., Inc.

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Mayor and Board of Trustees  
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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Basis for Qualified Opinion**

As more fully described in Note 18 to the financial statements, the City has omitted disclosures required by Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Quantification of the effects of that departure on the financial statements is not practicable.

## **Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Island, Illinois as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the General Fund, and schedules of funding progress and employer contributions, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blue Island, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information has not been subjected to the auditing procedures as applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2015, on our consideration of City of Blue Island, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Blue Island, Illinois' internal control over financial reporting and compliance.

*John Kasperuk Co., Inc.*

Calumet City, Illinois  
June 15, 2015

**City of Blue Island, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2014**

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, 2014.

**Financial Highlights**

The assets of the City of Blue Island exceeded its liabilities at the close of the most recent fiscal year by \$39,887,850 (*net position*). Of this amount, \$41,352,805 is invested in capital assets net of related debt, and \$10,550,845 is restricted for other purposes. The City's unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors, was at a deficit of \$12,180,273. Included within this deficit are amounts that will be needed to make future principal and interest payments on refunding bond issues, which will be funded through future tax levies. The liability for the debt is included in the statement of net position, but only the portion of the future tax receipts already levied has been included.

- The government's total net position decreased due to current year operations by \$518,863 primarily due to increases in depreciation expense. Beginning net position was restated to decrease the net pension obligation for police and firefighter pension plans by \$3,502,690 at April 30, 2014, and decreased for prior period adjustments amounts of \$1,023,062.
- As of the close of the current fiscal year, the City of Blue Island's governmental funds reported a combined ending fund balance of \$812,477, an increase of \$981,717 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 \$9,859,659.
- The City of Blue Island's total long-term general obligation and alternate revenue bonds decreased by \$1,857,788 (22.44 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 position presents information on all of the City of Blue Island's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Blue Island is improving or deteriorating.

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

## **Government-wide Financial Statements** (continued)

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, and interest on debt. 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 14 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 three categories: governmental funds, proprietary funds, and fiduciary 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.

The City of Blue Island maintains nineteen individual governmental funds at April 30, 2014. 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 fifteen governmental funds (Motor Fuel Tax Fund, Special Tax Increment Allocation I Fund, Special Tax Increment Allocation Fund IV, Special Tax Increment Allocation Fund VI, State Asset Seizure Fund, Federal Asset Seizure Fund, Police Pension Fund, Firefighters' Pension Fund, 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 within this budget.

The basic governmental fund financial statements can be found on pages 16 through 18 of this report.

## **Governmental Funds** (continued)

**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 funds financial statements can be found on pages 20 through 24 of this report.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The method of accounting used for fiduciary funds is similar to that used by proprietary funds.

The basic fiduciary funds financial statements can be found on pages 25 and 26 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 27 through 67 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 84 and 85 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, detail schedules of long-term assets and liabilities, and a balance sheet and schedule of revenues, expenditures, and changes in fund balance – budget and actual for the Public Library and the combining statements for the police and fire pension funds are presented immediately following the required supplementary information on pensions. The General Fund detail schedules and the combining and individual fund statements and schedules can be found on pages 68 through 83 and pages 86 through 97 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Blue Island, assets exceeded liabilities by \$39,887,850 at the close of the most recent fiscal year.

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



**Government-wide Financial Analysis (continued)**

**City of Blue Island  
Statement of Net Position  
As of April 30, 2014  
(in millions)**

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 5.1	\$ 3.1	\$ 8.2
Capital assets	<u>31.7</u>	<u>14.5</u>	<u>46.2</u>
<b>Total assets</b>	<u><u>36.8</u></u>	<u><u>17.6</u></u>	<u><u>54.4</u></u>
Long-term liabilities	5.2	4.6	9.8
Other liabilities	<u>3.8</u>	<u>0.9</u>	<u>4.7</u>
<b>Total liabilities</b>	<u><u>9.0</u></u>	<u><u>5.5</u></u>	<u><u>14.5</u></u>
Net position:			
Invested in capital assets, net of related debt	31.7	9.7	41.4
Restricted	10.6	-	10.6
Unrestricted (deficit)	<u>(14.5)</u>	<u>2.4</u>	<u>(12.1)</u>
<b>Total net position</b>	<u><u>\$ 27.8</u></u>	<u><u>\$ 12.1</u></u>	<u><u>\$ 39.9</u></u>

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

**Government-wide Financial Analysis** (continued)

A summary of the statement of net position at April 30, 2013 is below:

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

	Governmental Activities	Business-type Activities	Primary Government
Current and other assets	\$ 5.7	\$ 2.4	\$ 8.1
Capital assets	32.5	15.1	47.6
<b>Total assets</b>	<b>38.2</b>	<b>17.5</b>	<b>55.7</b>
Noncurrent liabilities	10.6	4.5	15.1
Other liabilities	2.3	0.3	2.6
<b>Total liabilities</b>	<b>12.9</b>	<b>4.8</b>	<b>17.7</b>
Net position:			
Invested in capital assets, net of related debt	31.5	10.6	42.1
Restricted	10.9	0.2	11.1
Unrestricted (deficit)	(17.1)	1.9	(15.2)
<b>Total net position</b>	<b>\$ 25.3</b>	<b>\$ 12.7</b>	<b>\$ 38.0</b>

**Governmental Activities.** Governmental activities decreased the City of Blue Island's net position by \$645,995. Expenses increased over the prior year by \$860,263. Revenues increased over the prior year by \$1,399,077, \$656,399 from taxes, \$778,040 from charges for services, \$74,626 from operating grants, capital grants and contributions decreased by \$486,568 and miscellaneous revenues increased \$376,580. In addition the net pension obligation was restated increasing net position by \$3,502,690 and other prior period adjustments reduced net position by \$323,275.

**Business-type Activities.** Business-type activities increased the City of Blue Island's net position by \$127,132, compared to an increase of \$209,509 in the prior year. The decrease from the prior year was due primarily to a decrease in Golf Course revenues and an increased in Golf Course expenses. In addition, there was a prior period adjustment of \$699,787 reducing net position due mainly to recording of outstanding long-term debt of \$570,000.

**Government-wide Financial Analysis (continued)**

**City of Blue Island**  
**Changes in Net Position**  
**For the Fiscal Year Ended April 30, 2014**  
**(in millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	% of		% of		% of	
	Amount	Totals	Amount	Totals	Amount	Totals
Program revenues:						
Charges for service	\$ 6.3	30.0%	\$ 6.0	100.0%	\$ 12.3	45.6%
Operating grants	0.9	4.3%	-	0.0%	0.9	3.3%
Capital grants	-	0.0%	-	0.0%	-	0.0%
General revenue:						
Property taxes	6.9	32.9%	-	0.0%	6.9	25.6%
Other taxes	6.2	29.5%	-	0.0%	6.2	23.0%
Other revenues	0.7	3.3%	-	0.0%	0.7	2.6%
<b>Total revenues</b>	<u>21.0</u>		<u>6.0</u>		<u>27.0</u>	
Expenses:						
Governmental activities:						
General government	7.3	34%	-	0%	7.3	26.5%
Public safety	9.9	46%	-	0%	9.9	36.0%
Public works	4.3	20%	-	0%	4.3	15.6%
Interest	0.1	0%	-	0%	0.1	0.4%
Business-type:						
Water and sewer	-	0%	4.7	22%	4.7	17.1%
Golf course	-	0%	1.2	6%	1.2	4.4%
<b>Total expenses</b>	<u>21.6</u>		<u>5.9</u>		<u>27.5</u>	
<b>Changes in net position</b>	<u>\$ (0.6)</u>		<u>\$ 0.1</u>		<u>\$ (0.5)</u>	

**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 by approximately \$800,000 over the prior year.
- Incremental tax revenues in the five Tax Increment Financing Districts decreased by \$573,525 in the current year as the EAV decreased.

# **Government-wide Financial Analysis (continued)**

## **Revenues (continued)**

- Enterprise Fund operating revenues increased as water and sewer rates increased and Golf Course revenues fell slightly.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program Revenues:						
Charges for service	\$ 5.5	28.1%	\$ 5.5	95.0%	\$ 11.0	43.3%
Operating grants	0.9	4.4%	-	0.0%	0.9	3.5%
Capital grants	0.5	2.5%	0.3	5.0%	0.8	3.1%
General revenue:						
Property taxes	6.0	30.8%	-	0.0%	6.0	23.6%
Other taxes	6.4	32.4%	-	0.0%	6.4	25.2%
Other revenues	0.3	1.8%	-	0.0%	0.3	1.2%
<b>Total revenues</b>	<u>19.6</u>		<u>5.8</u>		<u>\$ 25.4</u>	
Expenses:						
Governmental activities:						
General government	6.4	30.9%	-	0.0%	6.4	24.2%
Public safety	9.0	43.1%	-	0.0%	9.0	34.1%
Civil service	0.1	0.1%	-	0.0%	0.1	0.4%
Public works	5.0	24.4%	-	0.0%	5.0	18.9%
Senior citizens	0.1	0.5%	-	0.0%	0.1	0.4%
Interest	0.2	1.0%	-	0.0%	0.2	0.8%
Business-type:						
Water and sewer	-	0.0%	4.5	80.1%	4.5	17.0%
Golf course	-	0.0%	1.1	19.9%	1.1	4.2%
<b>Total expenses</b>	<u>20.8</u>		<u>5.6</u>		<u>26.4</u>	
Changes in net position	<u>\$ (1.2)</u>		<u>\$ 0.2</u>		<u>\$ (1.0)</u>	

## **Government-wide Financial Analysis (continued)**

### **Financial Analysis of the Government's Funds (continued)**

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.

**Proprietary Funds.** The City of Blue Island's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer and Golf Course funds at the end of the year amounted to \$2,250,327. The total decrease in net position for the funds was \$572,653, which includes prior period adjustments of \$699,787. 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.

**Government-wide Financial Analysis (continued)****General Fund Budgetary Highlights (continued)**

	<b>General Fund (in millions)</b>	
	<u>Final Budget</u>	<u>Actual</u>
Revenues:		
Taxes	\$ 10.0	\$ 9.3
Licenses	0.6	0.6
Permits	0.2	0.2
Fines	0.7	0.7
Grants and interest	2.4	0.5
Other	4.4	4.8
Total revenues	<u>18.3</u>	<u>16.1</u>
Expenditures:		
Current:		
General government	2.3	1.9
Building	0.4	0.4
Planning	0.7	0.4
Police	4.6	4.0
911 Center	1.9	1.1
Fire	2.7	1.9
Public works	9.0	3.0
Insurance loss	4.0	3.0
Civil service commission	0.1	0.1
Marketing	1.4	0.2
Total expenditures	<u>27.1</u>	<u>16.0</u>
Excess (deficiency) of revenues over expenditures	<u>(8.8)</u>	<u>0.1</u>
Other financing uses	<u>-</u>	<u>1.0</u>
Change in fund balance	<u>\$ (8.8)</u>	<u>\$ 1.1</u>

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

## Government-wide Financial Analysis (continued)

### 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, 2014 amounts to \$46,142,577 (\$47,624,164 at April 30, 2013), which is net of accumulated depreciation. This investment in capital assets includes land, buildings, utility system and improvements, and equipment, including vehicles. The total change in the City of Blue Island's investment in capital assets between the current fiscal year and the prior year's annual report was a decrease of \$1,481,587. This included a decrease in the governmental activities of \$824,632 and \$656,955 in the business-type activities.

During the current year, the City purchased one police vehicle for \$30,034 and equipment for the Water fund of \$9,600.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 20.3	\$20.3	\$ 0.7	\$ 0.7	\$ 21.0	\$21.0
Buildings and land improvements	5.1	5.5	2.8	2.8	7.9	8.3
Infrastructure	5.0	5.3	10.9	11.4	15.9	16.7
Equipment	1.2	1.4	0.1	0.2	1.3	1.6
Total	<u>\$ 31.6</u>	<u>\$32.5</u>	<u>\$ 14.5</u>	<u>\$15.1</u>	<u>\$ 46.1</u>	<u>\$47.6</u>

Additional information on the City of Blue Island's capital assets can be found in Note 6 on pages 48 through 49 of this report.

**Long-term Debt.** At the end of fiscal year 2014, the City of Blue Island had total bonded debt outstanding of \$5,565,000 (\$7,380,000 at 2013). The balance at April 30, 2014 included only general obligation bonds. All of this bonded debt is backed by the full faith and credit of the government. In the fiscal year 2012, the City issued \$1,100,000 General Obligation Judgment Bonds to finance a legal settlement. In 2003, the City issued \$2,175,000 tax increment refunding series bonds which were paid off in the current year.

In the prior year, the City participated in the Illinois Environmental Protection Agency's Public Water Supply Loan Program, borrowing \$897,560 to be repaid in semiannual installments of \$26,005 inclusive of interest at 1.25%, commencing October 7, 2013 through October 7, 2032. Also, during the current fiscal year, a prior period adjustment was made to record the South Suburban Joint Action Water Agency (JAWA) bond of \$570,000. The bond was issued in 2012 with a first principal and interest payment due on February 1, 2015.

**Government-wide Financial Analysis** (continued)*Capital Asset and Debt Administration* (continued)

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 2.2	\$ 3.8	\$ 0.6	\$ -	\$ 2.8	\$ 3.8
Alternate revenue source bonds		-	3.3	3.6	3.3	3.6
Illinois EPA Water Supply Loan Program	-	-	0.9	0.9	0.9	0.9
	<u>\$ 2.2</u>	<u>\$ 3.8</u>	<u>\$ 4.8</u>	<u>\$ 4.5</u>	<u>\$ 7.0</u>	<u>\$ 8.3</u>

The City of Blue Island's total long-term debt, including notes payable, has decreased by \$1,857,788 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, 2014 was \$15,865,051.

Additional information on the City of Blue Island's long-term debt can be found in Note 9 on pages 51 through 56 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 those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City Clerk, 13051 South Greenwood Avenue, Blue Island, Illinois 60406.



**CITY OF BLUE ISLAND, ILLINOIS**

**STATEMENT OF NET POSITION**

APRIL 30, 2014

	Primary Government			Component
	Governmental	Business-type		Unit
	Activities	Activities	Total	Public
				Library
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,987,630	\$ 626,382	\$ 2,614,012	\$ 1,189,118
Restricted cash	452,215	-	452,215	-
Receivables	4,507,617	651,277	5,158,894	615,939
Due from primary government	-	-	-	64,276
Internal balances	(1,796,601)	1,796,601	-	-
Prepaid items	18,453	575	19,028	-
Inventory	-	20,373	20,373	-
Capital assets net depreciated-land	20,289,512	678,958	20,968,470	-
Capital assets (net of accumulated depreciation)				
Building and land improvements	5,147,958	2,772,353	7,920,311	30,818
Infrastructure	5,060,412	10,864,693	15,925,105	-
Equipment	1,179,922	148,769	1,328,691	53,462
Total assets	<u>36,847,118</u>	<u>17,559,981</u>	<u>54,407,099</u>	<u>1,953,613</u>
<b>LIABILITIES, AND NET POSITION</b>				
<b>Liabilities:</b>				
Accounts payable and other accrued expenses	1,287,322	468,032	1,755,354	65,015
Other payables	-	-	-	-
Accrued interest expense	39,190	157,920	197,110	-
Due to other government units	140,241	-	140,241	-
Due to component unit	64,276	-	64,276	-
Other liabilities	444,960	-	444,960	-
Non current liabilities:				
Due within one year	1,825,000	311,014	2,136,014	-
Due in more than one year	5,248,080	4,533,214	9,781,294	-
Total liabilities	<u>9,049,069</u>	<u>5,470,180</u>	<u>14,519,249</u>	<u>65,015</u>
<b>Net Position:</b>				
Invested in capital assets, net of related debt	31,677,804	9,675,001	41,352,805	84,280
Restricted for grant purposes	231,345	-	231,345	-
Restricted for public safety	156,461	-	156,461	-
Restricted for state statute	9,801,985	-	9,801,985	-
Restricted for debt service	481,025	164,473	645,498	-
Unrestricted (deficit)	(14,550,571)	2,250,327	(12,300,244)	1,804,318
Total net position	<u>\$ 27,798,049</u>	<u>\$ 12,089,801</u>	<u>\$ 39,887,850</u>	<u>\$ 1,888,598</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**

**STATEMENT OF ACTIVITIES**

YEAR ENDED APRIL 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental activities								
General government	\$ 7,310,649	\$ 1,291,495	\$ 100,000	\$ -	\$ (5,919,154)	\$ -	\$ (5,919,154)	\$ -
Public safety	9,881,844	2,005,957	146,238	-	(7,729,649)	-	(7,729,649)	-
Public works	4,300,904	2,995,472	700,289	-	(605,143)	-	(605,143)	-
Capital Outlay	30,034	-	-	-	(30,034)	-	(30,034)	-
Interest on debt	125,731	-	-	-	(125,731)	-	(125,731)	-
Total governmental activities	21,649,162	6,292,924	946,527	-	(14,409,711)	-	(14,409,711)	-
Business-type activities								
Water and sewer	4,727,862	5,005,227	-	-	-	277,365	277,365	-
Golf course	1,189,200	1,035,087	-	-	-	(154,113)	(154,113)	-
Total business-type activities	5,917,062	6,040,314	-	-	-	123,252	123,252	-
Total primary government	\$ 27,566,224	\$ 12,333,238	\$ 946,527	\$ -	\$ (14,409,711)	\$ 123,252	\$ (14,286,459)	\$ -
Component unit-Public Library	\$ 1,480,738	\$ 50,439	\$ 29,633	\$ -	\$ -	\$ -	\$ -	\$ (1,400,666)

General revenues

Taxes:

Property taxes	6,885,329	-	6,885,329	1,186,343
Replacement taxes	341,031	-	341,031	54,059
State income and use taxes	2,866,511	-	2,866,511	-
Utility taxes	1,507,537	-	1,507,537	-
State sales tax	1,326,301	-	1,326,301	-
Video gaming tax	112,439	-	112,439	-
Rental income/reimbursement/miscellaneous	721,084	-	721,084	372
Unrestricted investment earnings	3,485	3,880	7,365	726
Total general revenues	13,763,716	3,880	13,767,596	1,241,500
Changes in net position	(645,995)	127,132	(518,863)	(159,166)
Net position, beginning of year	25,264,629	12,662,456	37,927,085	2,023,403
Restatement of beginning net pension obligation	3,502,690	-	3,502,690	-
Prior period adjustments	(323,275)	(699,787)	(1,023,062)	24,361
Net position, beginning of year, as restated	28,444,044	11,962,669	40,406,713	2,047,764
Net position, end of year	\$ 27,798,049	\$ 12,089,801	\$ 39,887,850	\$ 1,888,598

The accompanying notes are an integral part of this statement.

## CITY OF BLUE ISLAND, ILLINOIS

## BALANCE SHEET

## GOVERNMENTAL FUNDS

APRIL 30, 2014

	General Fund	Special Tax Increment Allocation Fund II	Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund V	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 477,278	\$ 570.676	\$ 406.645	\$ 52.943	\$ 480.088	\$ 1,987.630
Receivables:						
Property taxes-net	1,990,734	-	-	-	479,678	2,470,412
Customers	116,201	-	-	-	-	116,201
Grants	151,704	-	-	-	-	151,704
Other	1,677,974	-	-	-	91,324	1,769,298
Due from other governmental agencies	-	-	-	-	-	-
Due from other funds	3,566,374	5,140,134	3,654,682	420,922	721,031	13,503,143
Restricted cash	452,215	-	-	-	-	452,215
Prepaid items	18,453	-	-	-	-	18,453
Total assets	<u>\$ 8,450,933</u>	<u>\$ 5,710,810</u>	<u>\$ 4,061,327</u>	<u>\$ 473,865</u>	<u>\$ 1,772,121</u>	<u>\$ 20,469,056</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 762,403	\$ 11,523	\$ -	125,767	165,118	\$ 1,064,811
Accrued expenses	222,511	-	-	-	-	222,511
Due to other funds	15,081,248	-	169,770	1,500	47,224	15,299,742
Due to component unit	64,276	-	-	-	-	64,276
Due to other government units	-	-	-	-	140,241	140,241
Other liabilities	-	-	-	444,960	-	444,960
Total liabilities	<u>16,130,438</u>	<u>11,523</u>	<u>169,770</u>	<u>572,227</u>	<u>352,583</u>	<u>17,236,541</u>
<b>Deferred Inflows:</b>						
Property taxes	<u>1,948,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>471,229</u>	<u>2,420,038</u>
<b>Fund Balance:</b>						
Nonspendable	-	-	-	-	-	-
Restricted for grant purposes	231,345	-	-	-	-	231,345
Restricted for public safety	-	-	-	-	156,461	156,461
Restricted under state statute	-	5,699,287	3,891,557	(98,362)	309,503	9,801,985
Restricted for debt service	-	-	-	-	520,215	520,215
Unassigned	(9,859,659)	-	-	-	(37,870)	(9,897,529)
Total fund balance (deficit)	<u>(9,628,314)</u>	<u>5,699,287</u>	<u>3,891,557</u>	<u>(98,362)</u>	<u>948,309</u>	<u>812,477</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 8,450,933</u>	<u>\$ 5,710,810</u>	<u>\$ 4,061,327</u>	<u>\$ 473,865</u>	<u>\$ 1,772,121</u>	<u>\$ 20,469,056</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**RECONCILIATION OF GOVERNMENTAL FUNDS OF BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**YEAR ENDED APRIL 30, 2014**

Total fund balance- governmental funds-page 16	\$	812,477
--	----	---------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		31,677,804
--	--	------------

Interest expense is not subject to accrual in the governmental funds.		(39,190)
---	--	----------

Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net position.		2,420,038
---	--	-----------

Non-current liabilities, including bonds payable, are not due and payable  
in the current period and, therefore, are not reported in the funds.

Non-current liabilities at year end consist of:

Tax anticipation warrant		(1,000,000)
General obligations bonds		(2,200,000)
Net benefit pension obligations		(3,659,054)
Compensated absences		(214,026)
		(214,026)

Net position of governmental activities-page 14	\$	27,798,049
---	----	------------

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**YEAR ENDED APRIL 30, 2014**

	General Fund	Special Tax Increment Allocation Fund II	Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund V	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Property taxes-net	\$ 3,157,191	\$ 856,702	\$ 725,898	\$ 673,712	\$ 2,631,204	\$ 8,044,707
Personal property and replacement taxes	293,410	-	-	-	47,621	341,031
Other taxes	5,812,788	-	-	-	-	5,812,788
Licenses	571,069	-	-	-	-	571,069
Permits	224,726	-	-	-	-	224,726
State allotments	-	-	-	-	705,708	705,708
Fines	702,396	-	-	-	-	702,396
Grants	551,492	-	-	-	278,553	830,045
Interest	564	170	211	58	170	1,173
9-1-1 system fees	930,676	-	-	-	-	930,676
Sanitation fees	1,400,864	-	-	-	-	1,400,864
Other	2,482,583	-	-	-	112,468	2,595,051
Total revenues	<u>16,127,759</u>	<u>856,872</u>	<u>726,109</u>	<u>673,769</u>	<u>3,775,724</u>	<u>22,160,233</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,877,365	56,593	500	592,255	168,081	2,694,794
Building	400,356	-	-	-	-	400,356
Planning	413,743	-	-	-	-	413,743
Police	5,087,600	-	-	-	-	5,087,600
Fire	1,917,356	-	-	-	-	1,917,356
Pension Contributions-Police & Fire	-	-	-	-	2,001,731	2,001,731
Public works	3,004,968	-	-	-	-	3,004,968
Street	-	-	-	38,000	1,246,454	1,284,454
Insurance loss	3,054,617	-	-	-	-	3,054,617
Civil Service Commission	71,297	-	-	-	-	71,297
Marketing	168,465	-	-	-	-	168,465
Debt service	-	400	436	-	1,724,987	1,725,823
Capital outlay	30,034	-	-	-	-	30,034
Total expenditures	<u>16,025,801</u>	<u>56,993</u>	<u>936</u>	<u>630,255</u>	<u>5,141,253</u>	<u>21,855,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>101,958</u>	<u>799,879</u>	<u>725,173</u>	<u>43,514</u>	<u>(1,365,529)</u>	<u>304,995</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Tax Anticipation Warrant Proceeds	1,000,000	-	-	-	-	1,000,000
Transfers in	-	-	-	-	1,176,756	1,176,756
Transfers out	(45,890)	(344,438)	(786,428)	-	-	(1,176,756)
Total other financing sources (uses)	<u>954,110</u>	<u>(344,438)</u>	<u>(786,428)</u>	<u>-</u>	<u>1,176,756</u>	<u>1,000,000</u>
Net change in fund balances	1,056,068	455,441	(61,255)	43,514	(188,773)	1,304,995
Fund balances at beginning of year	(10,509,411)	5,282,898	3,713,954	6,004	1,337,312	(169,243)
Prior Period Adjustments	<u>(174,971)</u>	<u>(39,052)</u>	<u>238,858</u>	<u>(147,880)</u>	<u>(200,230)</u>	<u>(323,275)</u>
Fund balance at end of year (Deficit)	<u>\$ (9,628,314)</u>	<u>\$ 5,699,287</u>	<u>\$ 3,891,557</u>	<u>\$ (98,362)</u>	<u>\$ 948,309</u>	<u>\$ 812,477</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED APRIL 30, 2014**

Net change in fund balance - total governmental funds - page 18 \$ 1,304,995

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

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of these assets is allocated  
over their estimated useful lives and reported as depreciation expense. This  
is the amount by which depreciation exceeds capital assets

Capital assets	\$ 30,034	
Depreciation	<u>(854,666)</u>	(824,632)

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

Deferred at April 30, 2014	2,420,038	
Deferred at April 30, 2013	<u>(3,579,416)</u>	(1,159,378)

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

Proceeds from tax anticipation warrants	(1,000,000)	
Repayment of principal on bonds	1,585,000	
Net amortization of bonds premium	<u>2,312</u>	587,312

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	15,092	
Change in compensated absences	95,716	
Change in net pension obligation	<u>(665,100)</u>	<u>\$ (554,292)</u>

Change in net position of governmental activities - page 15	<u><u>\$ (645,995)</u></u>
---	----------------------------

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2014**

	Water	Golf Course	Total Proprietary Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 510,966	\$ 115,416	\$ 626,382
Accounts receivable:			
Customers	666,277	-	666,277
Less allowance for doubtful accounts	(15,000)	-	(15,000)
Prepays	-	575	575
Due from other funds	5,368,891	-	5,368,891
Inventory	-	20,373	20,373
Total current assets	<u>6,531,134</u>	<u>136,364</u>	<u>6,667,498</u>
<b>Noncurrent Assets:</b>			
Property and equipment:			
Land	8,958	670,000	678,958
Buildings and land improvement	108,054	4,640,426	4,748,480
Infrastructure	20,761,241	-	20,761,241
Equipment	1,027,677	550,017	1,577,694
Less accumulated depreciation	(10,854,778)	(2,446,822)	(13,301,600)
Total noncurrent assets	<u>11,051,152</u>	<u>3,413,621</u>	<u>14,464,773</u>
Total assets	<u>17,582,286</u>	<u>3,549,985</u>	<u>21,132,271</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current Liabilities:</b>			
Accounts payable	337,452	35,494	372,946
Accrued salaries	17,664	9,706	27,370
Due to other funds	-	3,572,290	3,572,290
EPA loan payable	41,454	-	41,454
Bonds payable	265,676	-	265,676
Unamortized bond premium	3,884	-	3,884
Other liabilities	-	1,648	1,648
Accrued interest	157,920	-	157,920
Compensated absences payable	38,653	27,415	66,068
Total current liabilities	<u>862,703</u>	<u>3,646,553</u>	<u>4,509,256</u>
<b>Noncurrent Liabilities:</b>			
EPA loan payable	813,318	-	813,318
Bonds payable	3,669,324	-	3,669,324
Unamortized bond premium	50,572	-	50,572
Total noncurrent liabilities	<u>4,533,214</u>	<u>-</u>	<u>4,533,214</u>
Total liabilities	<u>5,395,917</u>	<u>3,646,553</u>	<u>9,042,470</u>
<b>Deferred Inflows:</b>			
Property taxes	-	-	-
<b>Net Position:</b>			
Invested in capital assets, net of related debt	6,261,380	3,413,621	9,675,001
Restricted for debt service	164,473	-	164,473
Unrestricted (deficit)	5,760,516	(3,510,189)	2,250,327
Total net position	<u>\$ 12,186,369</u>	<u>\$ (96,568)</u>	<u>\$ 12,089,801</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2014**

Page 1 of 3

	Water	Golf Course	Total
<b>OPERATING REVENUES</b>			
Water	\$ 4,142,108	\$ -	\$ 4,142,108
Sewer maintenance	840,458	-	840,458
Sale of water meters	10,331	-	10,331
Golf course	-	729,129	729,129
Pro shop and concessions	-	300,231	300,231
Miscellaneous	12,330	5,727	18,057
Total operating revenues	<u>5,005,227</u>	<u>1,035,087</u>	<u>6,040,314</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits:			
Full-time salaries	590,108	128,864	718,972
Part-time salaries	24,969	173,633	198,602
Overtime wages	55,865	-	55,865
Illinois Municipal Retirement Fun	84,932	17,912	102,844
Payroll taxes-FICA and Medicare	50,642	22,751	73,393
Employee medical insurance	231,531	29,218	260,749
Life/unemployment insurance	9,983	1,810	11,793
Total salaries and benefits	<u>1,048,030</u>	<u>374,188</u>	<u>1,422,218</u>
Services:			
Audit	3,864	4,000	7,864
Computers and software	2,059	663	2,722
Insurance	-	1,404	1,404
Servicecape, Inc.	-	334,066	334,066
Electricity	27,865	-	27,865
Professional consulting and engineering	13,772	-	13,772
Other	9,491	-	9,491
Telephone	995	1,621	2,616
Training	869	-	869
Utilities	5,069	21,621	26,690
Water billing	28,243	-	28,243
Total services	<u>\$ 92,227</u>	<u>\$ 363,375</u>	<u>\$ 455,602</u>

The accompanying notes are an integral part of this statement.



**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2014**

Page 2 of 3

	Water	Golf Course	Total
<b>OPERATING EXPENSES (Continued)</b>			
Supplies and materials:			
Building and street signs	\$ -	\$ -	\$ -
Concrete/asphalt/stone	8,527	-	8,527
Gasoline and oil for vehicles	26,849	41,807	68,656
Maintenance supplies	14,497	5,801	20,298
Operating supplies	9,065	2,974	12,039
Printing, postage, and office supplies	39,722	339	40,061
Uniforms	4,669	-	4,669
Total supplies and materials	<u>103,329</u>	<u>50,921</u>	<u>154,250</u>
Repairs and maintenance:			
Building	1,752	3,913	5,665
Equipment	62,264	8,105	70,369
Outside contractors	182,593	35,200	217,793
Vehicle	2,506	2,861	5,367
Total repairs and maintenance	<u>249,115</u>	<u>50,079</u>	<u>299,194</u>
Water from Chicago	<u>2,415,495</u>	<u>-</u>	<u>2,415,495</u>
Merchandise for resale	<u>-</u>	<u>169,404</u>	<u>169,404</u>
Miscellaneous:			
Advertising and marketing	-	660	660
Agent/trust fees	-	595	595
Bank charges	17,172	-	17,172
Contingent	400	-	400
Dues and subscriptions	1,365	110	1,475
Employee/office services	92	542	634
Licenses/fees	5,010	650	5,660
Meetings and seminars	1,030	-	1,030
Miscellaneous	-	61,145	61,145
Rental & leasing fees	3,554	-	3,554
Total miscellaneous	<u>\$ 28,623</u>	<u>\$ 63,702</u>	<u>\$ 92,325</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2014**

Page 3 of 3

	<u>Water</u>	<u>Golf Course</u>	<u>Total</u>
<b>OPERATING EXPENSES (Continued)</b>			
Capital expenditures			
Machinery and equipment	\$ 13,010	\$ 300	\$ 13,310
Water meter purchases	13,452	-	13,452
Office equipment	-	-	-
Vehicles	-	-	-
Total capital expenditures	<u>26,462</u>	<u>300</u>	<u>26,762</u>
Less:			
Amounts capitalized as property and equipment	-	-	-
Payment of bond principal and interest	<u>-</u>	<u>-</u>	<u>-</u>
Operating expense before depreciation	3,963,281	1,071,969	5,035,250
Depreciation	537,217	117,231	654,448
Total operating expenses	<u>4,500,498</u>	<u>1,189,200</u>	<u>5,689,698</u>
Operating income (loss)	<u>504,729</u>	<u>(154,113)</u>	<u>350,616</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Grant income	-	-	-
Interest income	124	34	158
Interest expense	(227,364)	-	(227,364)
Bond premium amortization	3,722	-	3,722
Total nonoperating revenues (expenses)	<u>(223,518)</u>	<u>34</u>	<u>(223,484)</u>
Change in net position (deficit)	<u>281,211</u>	<u>(154,079)</u>	<u>127,132</u>
Net position at beginning of year	12,604,945	57,511	12,662,456
Prior period adjustments	(699,787)	-	(699,787)
Net position at end of year (deficit)	<u>\$ 12,186,369</u>	<u>\$ (96,568)</u>	<u>\$ 12,089,801</u>

The accompanying notes are an integral part of this statement.

CITY OF BLUE ISLAND, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
APRIL 30, 2014

	Water	Golf Course	Total
Cash flows from operating activities:			
Receipts from customers	\$ 4,778,401	\$ 1,027,332	\$ 5,805,733
Payment to suppliers	(3,082,662)	(765,672)	(3,848,334)
Payment to employees	(668,344)	(276,541)	(944,885)
Net cash from operating activities	<u>1,027,395</u>	<u>(14,881)</u>	<u>1,012,514</u>
Cash flow from noncapital financing activities:			
Interfund borrowing	(194,173)	112,269	(81,904)
Net cash (used) by noncapital financing activities	<u>(194,173)</u>	<u>112,269</u>	<u>(81,904)</u>
Cash flow from capital and related financing activities:			
Purchase of capital assets	-	(9,600)	(9,600)
Principal paid on capital debt	(272,788)	-	(272,788)
Interest paid on capital debt	(137,991)	-	(137,991)
Net cash (used) by capital and related financing activities	<u>(410,779)</u>	<u>(9,600)</u>	<u>(420,379)</u>
Cash flow from investing activities:			
Interest income	124	34	158
Net cash provided by investing activities	<u>124</u>	<u>34</u>	<u>158</u>
Prior Period Adjustments:			
Payments to suppliers	(94,044)	-	(94,044)
Adjustment of capital assets	12,107	-	12,107
Interest paid on capital debt	(35,741)	-	(35,741)
Net cash adjustments from prior period adjustments	<u>(117,678)</u>	<u>-</u>	<u>(117,678)</u>
Change in cash and cash equivalents	304,889	87,822	392,711
Cash and cash equivalents at:			
Beginning of year	<u>205,181</u>	<u>27,594</u>	<u>232,775</u>
End of year	<u>\$ 510,070</u>	<u>\$ 115,416</u>	<u>\$ 625,486</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 504,729	\$ (154,113)	\$ 350,616
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	537,217	117,231	654,448
Change to asset and liabilities:			-
(Increase) decrease in receivables	(226,826)	-	(226,826)
(Increase) decrease in prepaid expenses	-	(575)	(575)
(Increase) decrease in inventory	-	18,306	18,306
Increase (decrease) in accrued payroll	(502)	(1,459)	(1,961)
Increase (decrease) in accounts payable	212,343	(13,553)	198,790
Increase (decrease) in compensated absences	3,100	27,415	30,515
Increase (decrease) in deposit payable	(2,666)	-	(2,666)
Increase (decrease) in other liabilities	-	(8,133)	(8,133)
Net cash provided by operating activities	<u>\$ 1,027,395</u>	<u>\$ (14,881)</u>	<u>\$ 1,012,514</u>
Non-cash capital and related financing activities			
Capital assets not yet paid and included in accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**APRIL 30, 2014**

	<u>Total</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 217,576
Interest receivable	37,797
Personal Property Replacement Taxes Receivable	47,621
Pensioner Receivable	9,317
Investments	
US treasury securities	4,354,521
US agencies	846,833
Mutual funds	5,561,307
Corporate obligations	1,756,362
Equities	1,364,903
Money market mutual funds	881,086
Prepaid	1,017
Total assets	<u>15,078,340</u>
 <b>LIABILITIES AND NET POSITION</b>	
<b>Liabilities</b>	
Accounts payable	<u>5,083</u>
Total liabilities	<u>5,083</u>
 <b>Net Position</b>	
Net position held in trust for pension benefit	<u><u>\$ 15,073,257</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**YEAR ENDED APRIL 30, 2014**

	<u>Total</u>
<b>ADDITIONS</b>	
Contributions	
Employee contributions	\$ 370,698
Employer contributions	1,977,838
Total contributions	<u>2,348,536</u>
Investment income	1,083,381
Total additions	<u>3,431,917</u>
<b>DEDUCTIONS</b>	
Benefits and refunds	2,540,841
Administrative costs	64,835
Investments	46,509
Other expense	39,190
Total deductions	<u>2,691,375</u>
Net change in plan net position	740,542
Net position held in trust for pension benefits at beginning of year	14,309,584
Prior period adjustment	<u>23,131</u>
Net position held in trust for pension benefits at end of year	<u>\$ 15,073,257</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY AND ITS SERVICES**

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.

*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.

Financial information may be obtained from the Library's administrative office at 2433 York Street, Blue Island, Illinois 60406. Separate financial statements for the Library are not prepared.

**B. BASIS OF PRESENTATION**

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component unit. As a general rule, 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.

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

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

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

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

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. BASIS OF PRESENTATION (CONTINUED)**

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, fiduciary funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements:

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary and 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.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)**

Governmental Fund Financial Statements:

Governmental fund financial statements are reported using the 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 generally 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 and so have been recognized as revenues of the current fiscal period if recognition criteria are met. 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.

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 Proprietary Funds are charges to customers for sales and services. Operating expense for Proprietary 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 financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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, 2014).

**Certain Significant Concentrations** – Approximately 83%, or \$5,005,227, of revenue of proprietary funds is from water and sewer operations, and 17%, or \$1,035,087, of revenue is from golf club operations. On the statement of net position, receivables of governmental activities consist of property taxes (55%), other taxes (39%), grants and other (3%), and customer accounts (3%). Receivables of business-type activities consist of billed and unbilled utilities receivable.

**D. BUDGETS**

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



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within 3 months of year-end. 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." All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion expected to be uncollectible.

**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.

**I. CAPITAL ASSETS**

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

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. CAPITAL ASSETS (CONTINUED)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of enterprise fund capital asset is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

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.

**K. LONG-TERM OBLIGATIONS**

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

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

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 POSITION**

Governmental funds' fund balance is classified as the following:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The city has no nonspendable fund balances.

Restricted fund balance is externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments as well as limitations imposed by law through constitutional provision or enabling legislation. The City has restricted fund balance in accordance with various grant agreements totaling \$231,345 and a portion restricted for public safety-grant purposes related to narcotic asset seizures totaling \$156,461. 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, totaling \$9,801,985. Debt Service Fund balances resulting from property taxes levied for the payment of debt service are considered restricted totaling \$481,025.

Committed fund balance is a self-imposed limitation set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level. For the City, the City Council is the highest level of decision making and a formal action by the City Council would be required to establish, modify or rescind a fund balance commitment. There are no committed fund balances.

Assigned fund balance has limitations resulting from intended use, where the intended use is established by the City Council. There are no assigned fund balances.

If there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the City will consider committed fund balance to be spent first, then assigned fund balance and finally unassigned fund balance. Negative fund balances are considered unassigned.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. FUND BALANCE / NET POSITION (CONTINUED)**

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

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

**NOTE 2. DEFICIT FUND EQUITY**

The following Fund's have deficit balances; the General Fund has a deficit fund balance of \$9,628,314, the Special Tax Increment Allocation Fund V has a deficit fund balance of \$98,362, the Special Tax Increment Allocation Fund IV has a deficit fund balance of \$9,830, the Special Tax Increment Allocation Fund VI has a deficit fund balance of \$26,559 and the CDBG fund has a deficit fund balance of \$1,481. Funding of these deficits is expected to be repaid from future tax revenues and transfers from other funds, and a reduction of future operating expenditures.

**NOTE 3. 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, 2014, the Junior Bond and Interest Account was underfunded by \$11,600. Funds were accumulated in the City's general checking account to meet the next interest payment subsequent to year end.

**NOTE 4. 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, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

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

At year end, the carrying amount of the City's deposits was \$3,065,454, and the bank balance was \$3,427,777 (\$1,188,514 and \$1,188,514, respectively for the City's component unit). Cash on hand totaled \$773 for the City and \$604 for the City's component unit. Of the bank balances, \$500,000 was covered by Federal Depository Insurance (\$261,757 for the City's component unit). The remaining balance of the City's deposits of \$2,927,777 (Library's deposits of \$926,757) were collateralized.

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, 2014:

	Carrying Amount	Fair Value
Illinois Funds:		
Primary government	\$ 304,652	\$ 304,652
Component unit	\$ 926,757	\$ 926,757

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

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

	Primary Government	Component Unit
Cash on hand	\$ 773	\$ 604
Carrying amount of deposits	2,760,802	261,757
Carrying amount of deposits investments	304,652	926,757
	<u>\$ 3,066,227</u>	<u>\$ 1,189,118</u>
Statement of Net Position		
Cash and investments	\$ 2,614,012	\$ 1,189,118
Restricted cash	452,215	-
	<u>\$ 3,066,227</u>	<u>\$ 1,189,118</u>

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

*Credit Risk* – Generally, credit risk is the risk that an issuer of a debt type instrument will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The City's investments 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 banks have pledged collateral with a fair value of approximately \$3,200,000. 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 cash equivalents at April 30, 2014 are with the Illinois Funds. These cash equivalents 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.

**Police Pension Trust Fund**

*Cash and cash equivalents-Police Pension Trust Fund*

At year-end the carrying amount of the Police Pension Fund's deposits totaled \$9,200, and the bank balances totaled \$9,200.

*Investments-Police Pension Trust Fund*

The deposits and investments of the Police Pension Fund are held separately from those of other City Funds. Statutes authorize the Police Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposits issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Fund Market Fund (formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any country, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to special restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment is in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the item of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor may, through that investment advisor, invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor may invest up to fifty-five percent of its net position in common and preferred stocks and mutual funds.

At year-end the Police Pension Fund has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities			
		Less than One Year	One to Five Years	Six to Ten Years	Greater than Ten Years
U.S. Government Securities	\$ 2,820,124	\$ -	\$ 1,860,889	\$ 959,235	\$ -
U.S. Agencies	179,635	-	179,635	-	-
Corporate Obligations	1,301,390	-	1,113,713	187,677	-
Money Market Funds	881,086	881,086	-	-	-
Total	5,182,235	\$ 881,086	\$ 3,154,237	\$ 1,146,912	\$ -

Investments not sensitive to  
interest rate risk:

Mutual Funds	4,564,840
Total Investments	\$ 9,747,075

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

The Police Pension Fund assumes any callable securities will not be called.

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Police Pension Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Police Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Police Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The investments in the securities of the U.S. government agencies and municipal bonds were all rated AAA by Standard & Poor's or by Moody's Investors Services. The investments in municipal bonds were all rated A- by Standard & Poor's, and the corporate bonds were rated from BB+ to A- by Standard & Poor's. The Police Pension Fund's investment in the Illinois Funds is rated AAAM. The Police Pension Fund's investment policy also prescribes to the "prudent persons" rule. The plan shall be invested with care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matter would use in the investment of a fund of like character and with like aims.

*Custodial Credit Risk – Deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. At April 30, 2014, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Police Pension Fund's investment policy does require that all deposits in excess of FDIC insurance limits be secured by collateral in order to protect deposits from default.

*Custodial Credit Risk – Investments:* For an investment, this is the risk that, in the event of the failure of the counterparty, the Police Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. At April 30, 2014, the U.S. Government and Agency Securities are insured and held by the counterparty in the Police Pension Fund's name and the Police Pension Fund's investment in the Illinois Funds is not subject to custodial credit risk. The Police Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

*Concentration of Credit Risk:* This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. At April 30, 2014, the Police Pension Fund has over 5% of total police pension plan investments invested in various agency securities as indicated in the table below. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and, as mentioned earlier, are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. The Police Pension Fund's investment policy provides diversification by asset type, by characteristic, by number of investments, and in the case of "Investment Manager", by investment style. The Police Pension Board has diversified its holdings as follows:



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

<u>U.S. Government Securities</u>	<u>Due</u>	<u>Fair Value</u>
Federal Home Loan Bank	9/11/2015	\$ 51,008
Federal Home Loan Bank	3/13/2020	493,709
Federal Home Loan Bank	6/10/2016	155,060
Federal Home Loan Bank	3/11/2016	1,154,799
Fannie Mae	11/27/2018	500,022
Tennessee VLYA	8/15/2022	465,526
Total Government Securities		<u>\$ 2,820,124</u>
 <u>U.S. Agencies</u>	 <u>Due</u>	 <u>Fair Value</u>
Government National Mortgage Assoc.	12/15/2016	\$ 29,630
Government National Mortgage Assoc.	11/15/2018	150,005
Total U.S. Agencies		<u>\$ 179,635</u>
 <u>Corporate Obligations</u>	 <u>Due</u>	 <u>Fair Value</u>
Bank New York Mel	7/28/2016	\$ 206,551
Caterpillar Fin	6/1/2017	202,579
Intel Corporation	12/15/2017	250,056
John Deere Capital	4/17/2019	251,814
JP Morgan Chase	8/15/2017	202,713
3M Company	6/26/2022	187,677
Total Corporate Obligations		<u>\$ 1,301,390</u>
 <u>Mutual Funds</u>		 <u>Fair Value</u>
Schwab Govt Money Fund: SWGXX		\$ 788,365
Schwab Govt Money Fund: SWGXX		92,721
Total Money Market Funds		<u>\$ 881,086</u>
 <u>Mutual Funds</u>		 <u>Fair Value</u>
First TR Exch Traded Fd		\$ 72,509
Ishares TR MSCI EAFE		844,299
Ishares TR US Telecom		83,297
Ishares TF US Utilities		109,086
Powershs Exch Trad FD TR		153,086
Powershs Exch Trad FD TR		153,846
SPDR S&P Homebuilders		87,916
SPDR S&P Transportation		110,928
Vanguard Cnsmr Dscrtary		358,072
Vanguard Consumer Staples		299,393
Vanguard Financials		548,612
Vanguard Health Care		544,328
Vanguard Industrials		285,345
Vanguard Info Technology		759,501
Vanguard Materials		123,623
Vanguard REIT		30,999
Total Mutual Funds		<u>\$ 4,564,840</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Firefighters Pension Fund**

*Cash and cash equivalents-Firefighters' Pension Trust Fund*

At April 30, 2014, the Firefighters' Pension Fund's carrying amount of cash was \$208,376 and the bank balance was \$208,376. The FDIC insures bank balances up to \$250,000. As of April 30, 2014, the bank balances was insured by FDIC.

*Investments – Firefighters' Pension Trust Fund*

The Firefighters' Pension Fund is authorized to invest in bonds, notes and other obligations of the U.S. Government, corporate debentures and obligations, insured mortgage notes and loans, common and preferred stock, stock options, and other investment vehicles as set forth in the Illinois Compiled Statutes.

The primary investment policies of the Firefighters' Pension Fund, in the order of priority, are as follows:

- a. Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of capital. As such, the Board of Trustees has consciously diversified the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio. Diversification is to be interpreted to include diversification by asset type, by characteristic, by number of investments, and in the case of investment managers by investment style.
- b. Liquidity – The investment portfolio will remain sufficiently liquid to enable the pension fund to pay all necessary benefits and meet all operating requirements that might be reasonably anticipated.
- c. Return on Investment – Assets will be invested to achieve attractive real rates of return. Following the Prudent Man Standard for preservation of capital, assets will be invested to achieve the highest possible rate of return, consistent with the fund's tolerance for risk as determined by the Board of Trustees in its role as a fiduciary.

The Firefighters' Pension Fund's performance objective is to meet or exceed the return of the blended market indexes of 45% of the Barclays Capital Aggregate Index and 55% of the Russell 3000 Total Return Index.

*Interest Rate Risk:* Interest rate risk is the risk that changes in 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 Firefighters' Pension Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Firefighters' Pension Fund's investments at April 30, 2014:

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

Investment Type	Fair Value	Investment Maturities			
		Less than One Year	One to Five Years	Six to Ten Years	Greater than Ten Years
U.S. Government Securities	\$ 1,063,852	\$ 50,707	\$ 715,355	\$ 297,790	\$ -
U.S. Treasury Securities	470,545	-	374,256	96,289	-
U.S. Agencies	667,198	-	1,045	8,265	657,888
Corporate Obligations	454,972	-	303,006	151,966	-
Pooled equity funds	471,048	471,048	-	-	-
Total	3,127,615	\$ 521,755	\$ 1,393,662	\$ 554,310	\$ 657,888
Investments not sensitive to interest rate risk:					
Common Stock	893,855				
Mutual Funds	996,467				
Total Investments	<u>\$ 5,017,937</u>				

*Credit Risk:* Generally, credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Firefighters' Pension Fund's investment policy defines fixed income investments as U.S. government or U.S. Government Agency bonds, certificates of deposit, municipal bonds, dollar denominated investment grade corporate bonds, fixed annuities or guarantee investment contracts of any insurance company and commingled trust accounts, which only invest in the above described investment vehicles. Investments made in contracts and agreements of life insurance companies licensed to do business in the State of Illinois shall be rated at least A+ by A.M. Best Company, Aa rated by Moody's, and AA+ rated by Standard & Poor's rating service at the time of purchase. Notwithstanding, the portfolio of the general account of the insurance company shall not invest in more than 10% of the portfolio in real estate and/or more than 10% of the portfolio in bonds with ratings of less than Baa1 by Moody's or BBB+ by Standard & Poor's. Securities issued by the State of Illinois or any county, township, or municipal corporation of the State of Illinois may be held in the portfolio. Issuers that are downgraded to less than investment grade by one of the two largest rating services must be sold.

Per the Firefighters' Pension Fund's investment policy, domestic equity investments shall be defined as investments in preferred or common stocks created or existing under the laws of the United States and are listed on a national securities exchange, board of trade, or are quoted in the National Association of Securities Dealers Automated Quotations System National Market System. Said issuers shall have been in existence for at least five years and have not been in arrears of any payment of dividends on its preferred stock during the preceding five years. Domestic equities shall also be defined as mutual funds managed by an investment company as defined and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953, have been in operation for at least five years, have total assets of \$250 million or more, and invest in a diversified portfolio of common and preferred stocks, bonds or money market instruments and exchange traded funds that invest in diversified portfolio of domestic equities.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

The Firefighters' Pension Fund's investment policy also states that international and real estate securities shall be defined as mutual funds managed by an investment company as defined and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953, have been in operation for at least five years, have total assets of \$250 million or more, and invest in a diversified portfolio of stocks, bonds, or money market instruments or pooled accounts managed, operated, and administered by a bank, subsidiaries of banks, or subsidiaries of bank holding companies that are invested in a diversified portfolio of stocks, bonds, or money market instruments and exchange traded funds.

None of the Firefighters' Pension Fund's investment holdings as of April 30, 2014 were subject to any of the credit rating requirements noted above.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Firefighters' Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Firefighters' Pension Fund policy that all bank time deposits which exceed FDIC insurance limits shall be collateralized by the institution holding said assets in the amount of 110% of said assets. Collateral shall consist of U.S. Government Treasury Securities and/or U.S. Government Federal Home Loan Bank Agency Securities. Said collateral shall be held by an independent third party custodian.

*Concentration of Credit Risk:* The investment policy of the Firefighters' Pension Fund contains no limitations on the amount that may be invested in any one issue beyond that stipulated by the Illinois Compiled Statutes Pension Code. Investments in any one issuer that represent 5% or more of the total Firefighters' Pension Fund investments is the U.S. Treasury Inflation Index Note. A list of all pension investments is listed below:

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

<u>U.S. Government Securities</u>	<u>Due</u>	<u>Fair Value</u>
Federal Farm Credit Bank	12/6/2016	\$ 103,658
Fannie Mae	11/15/2016	101,711
Fannie Mae	5/21/2018	97,728
Fannie Mae	2/27/2019	25,056
Federal Home Loan Mortgage Corp	3/27/2019	136,990
Federal Home Loan Mortgage Corp	1/13/2022	123,109
Federal Home Loan Mortgage Corp	3/8/2017	150,622
Federal Home Loan Mortgage Corp	5/30/2019	174,681
Federal Home Loan Mortgage Corp	9/29/2017	99,589
Fannie Mae	11/20/2014	50,708
Total U.S. Government Securities		<u>\$ 1,063,852</u>

<u>U.S. Treasury</u>	<u>Due</u>	<u>Fair Value</u>
U.S. Treasury Inflation Index note	7/15/2018	\$ 324,202
US Treasury Note	9/30/2016	25,237
US Treasury Note	3/31/2019	24,817
US Treasury Note	6/30/2019	96,289
Total U.S. Treasury		<u>\$ 470,545</u>

<u>U.S. Agencies</u>	<u>Due</u>	<u>Fair Value</u>
Government National Mortgage Assoc.	6/15/2033	\$ 59,919
Government National Mortgage Assoc.	12/15/2033	4,322
Government National Mortgage Assoc.	1/15/2034	43,814
Government National Mortgage Assoc.	11/15/2032	8,873
Government National Mortgage Assoc.	5/15/2032	4,243
Government National Mortgage Assoc.	7/15/2032	2,687
Government National Mortgage Assoc.	8/15/2032	6,975
Government National Mortgage Assoc.	7/15/2033	67,392
Government National Mortgage Assoc.	11/15/2033	14,659
Government National Mortgage Assoc.	5/20/2017	382
Government National Mortgage Assoc.	5/20/2023	6,691
Government National Mortgage Assoc.	10/20/2021	449
Government National Mortgage Assoc.	9/20/2024	191
Government National Mortgage Assoc.	2/20/2025	2,217
Government National Mortgage Assoc.	4/20/2025	1,576
Government National Mortgage Assoc.	8/20/2026	387
Government National Mortgage Assoc.	1/20/2027	184
Government National Mortgage Assoc.	8/20/2027	4,523
Government National Mortgage Assoc.	8/20/2027	6,711
Government National Mortgage Assoc.	1/20/2028	22,499
Government National Mortgage Assoc.	1/20/2029	10,827
Government National Mortgage Assoc.	8/20/2032	2,957
Government National Mortgage Assoc.	12/15/2033	75,561
Government National Mortgage Assoc.	9/15/2023	133
Government National Mortgage Assoc.	12/15/2032	68,650
Government National Mortgage Assoc.	12/15/2033	33,907

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

<u>U.S. Agencies Continued</u>	<u>Due</u>	<u>Fair Value</u>
Government National Mortgage Assoc.	11/15/2028	\$ 837
Government National Mortgage Assoc.	9/15/2027	1,260
Government National Mortgage Assoc.	3/15/2030	3,477
Government National Mortgage Assoc.	2/15/2030	2,679
Government National Mortgage Assoc.	9/15/2031	5,106
Government National Mortgage Assoc.	10/15/2028	6,083
Government National Mortgage Assoc.	5/15/2031	306
Government National Mortgage Assoc.	7/15/2030	710
Government National Mortgage Assoc.	10/15/2030	1,173
Government National Mortgage Assoc.	8/15/2031	2,611
Government National Mortgage Assoc.	11/15/2031	4,369
Government National Mortgage Assoc.	2/15/2032	3,864
Government National Mortgage Assoc.	11/15/2032	31,427
Government National Mortgage Assoc.	1/15/2032	14,913
Government National Mortgage Assoc.	12/15/2031	30,129
Government National Mortgage Assoc.	12/15/2018	663
Government National Mortgage Assoc.	4/15/2020	75
Government National Mortgage Assoc.	9/15/2020	178
Government National Mortgage Assoc.	11/15/2020	738
Government National Mortgage Assoc.	8/20/2028	4,488
Government National Mortgage Assoc.	3/15/2033	49,746
Government National Mortgage Assoc.	3/15/2036	29,318
Government National Mortgage Assoc.	8/15/2035	10,049
Government National Mortgage Assoc.	2/15/2035	12,270
Total U.S. Agencies		<u>\$ 667,198</u>

<u>Corporate Obligations</u>	<u>Due</u>	<u>Fair Value</u>
AT&T Inc.	3/11/2024	\$ 50,579
Air Products and Chemicals	8/2/2016	51,366
Boston Scientific Corp.	10/1/2018	50,727
Citigroup Inc.	4/1/2016	50,236
John Deere Capital Corp.	10/11/2016	50,243
General Elec Cap Corp	7/12/2016	50,694
Lexmark Intl. Inc.	3/15/2020	52,695
Monsanto Co.	11/15/2018	49,740
Texas Instruments Inc.	8/3/2019	48,692
Total Corporate Obligations		<u>\$ 454,972</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

<u>Pooled Equity Funds</u>	<u>Fair Value</u>
FM EB Gems Fund	\$ 159,950
FM EB Midcap Equity Fund	105,381
FM EB Small Cap Equity Fund	205,717
Total Pooled Equity Funds	<u>\$ 471,048</u>

<u>Common Stocks</u>	<u>Fair Value</u>
Lyondellbasell Industries CL A	\$ 10,360
Dow Chemical Co	9,980
Freeport McMoran Copper & Gold Class B	103
PPG Ind Inc	7,164
Packaging Corp Amer	4,398
Boeing Company	10,193
Delta Air Lines Inc Del Com New	5,156
Flowserve Corp	4,383
General Electric Corporation	14,063
Honeywell International	9,197
Hunt JB Transportation Services Inc	304
Mastercard Inc	3,678
Moodys Corp	8,635
Norfolk Southern Corp	6,617
Northrop Grumman Corp	13,245
Rockwell Automation Inc	8,819
Snap on Inc	9,628
Southwest Airlines Co	5,076
Union Pacific Corp	5,713
Visa Inc	7,902
Whirlpool Corp	2,914
Archer-Daniels-Midland Co	9,446
Coca- Cola Enterprises Inc NE Com	9,542

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

<u>Common Stocks (Continued)</u>	<u>Fair Value</u>
Constellation Brands Inc CL A	\$ 10,778
Hershey Foods Corp	8,854
Kimberly-Clark Corp	11,113
Newell Rubbermaid Inc	8,401
Pepsico Inc	6,957
Tyson Foods	10,241
Chipotle Mexican Grill Inc CL A	4,985
Michael Kors Holdings LTD	12,403
CBS Corp New CL B	6,007
Comcast Corp New CL A	8,799
Directv	9,079
Harman Intl Inds Inc	10,961
Home Depot Inc	10,098
Macys Inc	4,480
Netflix Com Inc	8,695
Nike Inc	5,179
Starbucks Corp	8,686
TJX Companies (NEW)	8,262
Time Warner Inc	66
Visteon Corp Com New	4,948
Cabot Oil & Gas Corp CL A	10,213
Chesapeake Energy Corp	10,781
Chevron Corp.	9,665
EQT Corp	10,027
Exxon Mobil Corp	23,145
Helmerich & Payne Inc	14,559
Marathon Pete Corp Com	6,507
Valero Energy Corp	6,517
The Allstate Corp	9,283
Bank of America Corp	9,568
Comerica Inc	8,876
Discover Finl Svcs	8,385
E Trade Finl Corp	6,286
Fifth Third Bancorp	8,162
General Growth PPTYS Inc New Com	9,188
Goldman Sachs Group Inc	9,270
Hartford Financial Service Group	9,039
JP Morgan Chase & Co	11,532
Legg Mason Inc	47
Lincoln Natl Corp Ind	8,780
Public Storage Inc	10,531
Travelers Companies Inc	9,058
UNUM group	8,670
Wells Fargo & Co	12,956



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

<u>Common Stocks (Continued)</u>	<u>Fair Value</u>
Weyerhaeuser Co	\$ 30
Covidien PLC SHS	7,838
Amerisourcebergen Corp	9,647
Becton Dickinson and Co	9,155
Biogen IDEC Inc	7,465
Boston Scientific	4,640
Cigna Corp	9,765
Cardinal Health Inc	9,731
Gilead Sciences Inc	11,538
Johnson & Johnson Co	14,484
Pfizer Inc	8,758
St Jude Med Inc	6,664
Wellpoint Inc	11,377
Zimmer Holdings Inc	9,970
AGL Res Inc	7,020
Ameren Corp	7,023
Black Hills Corp	5,486
DTE Energy Co	7,814
Nisource Inc	5,811
TE Connectivity LTD Reg SHS	6,783
Apple Computer Inc	27,144
CA Inc	6,782
Cisco Systems Inc	116
Computer Sciences Corp	8,285
Facebook Inc- A	6,576
Harris Corporation	8,749
Hewlett Packard Co	12,067
Intel Corporation	8,754
International Business Machines	9,234
KLA-Tencor Corp	8,191
Lexmark Intl Group Inc CL A	9,073
Linear Technology Corp Microsoft Corp	7,521
Miscrosoft Corp	16,806
Motorola Solutions Inc Com New	127
Oracle Systems Corporation	9,648
Technology Select Sector SPDR Fund SBI Int-tech	10,571
Verisign Inc	47
Xilinx Inc	6,135
AT&T Inc	11,460
Verizon Communications	9,019
	<u>\$ 893,857</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

<u>Mutual Funds</u>	<u>Fair Value</u>
Dodge & Cox FDS Intl Stk Fd	\$ 165,243
Fidelity Growth Company Fund #25	198,868
Jpmorgan TR I Sml Cap Eq Sel	102,197
MFS Intl Value-I	161,985
MFS Ser TR I Value FD CL I	106,974
Oppenheimer Developing Mkts CL Y	55,280
T. Rowe Price Mid-cap Grw Fd #64 com	101,349
Vanguard Strategic Equity FD-Inv	104,571
Total Mutual Funds	<u>\$ 996,467</u>

A reconciliation of cash, cash equivalents and investments presented on the statement of net position to deposits and investments presented above is as follows:

<u>Per statements of net position:</u>	
Cash, cash equivalents and investments - primary government	\$ 2,614,012
Restricted cash - primary government	452,215
Cash, cash equivalents and investments - component unit	1,189,118
Cash and cash equivalents - statement of fiduciary net position	217,576
Investments, at fair value - statement of fiduciary net position	14,765,012
Total	<u>\$ 19,237,933</u>
<u>Per note above:</u>	
Cash and cash equivalents - primary government	\$ 3,066,227
Investments - primary government	-
Cash and cash equivalents - discretely presented component unit	1,189,118
Investments - discretely presented component unit	-
Cash and cash equivalents - Police Pension Trust Fund	9,200
Investments - Police Pension Trust Fund	9,747,075
Cash and cash equivalents - Firefighters' Pension Trust Fund	208,376
Investments - Firefighters' Pension Trust Fund	5,017,937
Total	<u>\$ 19,237,933</u>

**NOTE 5. 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 no earlier than August 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.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 5. RECEIVABLES (CONTINUED)**

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. Property Taxes received during the year are from the 2012 and 2013 tax levy years.

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, 2014.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2014 is as follows:

	<u>Balances</u> <u>May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>April 30, 2014</u>
Governmental Activities				
Capital assets not being depreciated-land	\$ 20,289,512	\$ -	\$ -	\$ 20,289,512
Capital assets being depreciated:				
Buildings and land improvements	12,192,687	-	-	12,192,687
Infrastructure	16,082,234	-	-	16,082,234
Equipment	8,038,890	30,034	-	8,068,924
Total capital assets being depreciated	36,313,811	30,034	-	36,343,845
Less accumulated depreciation for:				
Building and land improvements	6,721,990	322,739	-	7,044,729
Infrastructure	10,761,785	268,037	(8,000)	11,021,822
Equipment	6,617,112	271,890	-	6,889,002
Total accumulated depreciation	24,100,887	862,666	(8,000)	24,955,553
Total capital assets being depreciated, net	12,212,924	(832,632)	8,000	11,388,292
Governmental activities, capital assets net	<u>\$ 32,502,436</u>	<u>\$ (832,632)</u>	<u>\$ 8,000</u>	<u>\$ 31,677,804</u>

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

General government	\$ 602,226
Public safety	215,212
Highways and streets	<u>45,228</u>
Total depreciation - Governmental activities	<u>\$ 862,666</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

	<u>Balances</u> <u>May 1, 2013</u>	<u>Additions</u>	<u>Prior</u> <u>Period</u> <u>Adjustment</u>	<u>Balances</u> <u>April 30, 2014</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 678,958	\$ -	\$ -	\$ 678,958
Capital assets not being depreciated	<u>678,958</u>	<u>-</u>	<u>-</u>	<u>678,958</u>
Capital assets being depreciated:				
Building and land improvements	4,748,480	-	-	4,748,480
Infrastructure	20,773,348	-	(12,107)	20,761,241
Equipment	1,568,094	9,600	-	1,577,694
Capital assets being depreciated	<u>27,089,922</u>	<u>9,600</u>	<u>(12,107)</u>	<u>27,087,415</u>
Less accumulated depreciation for:				
Building and land improvements	1,876,305	99,822	-	1,976,127
Infrastructure	9,386,882	509,666	-	9,896,548
Equipment	1,383,965	44,960	-	1,428,925
Total accumulated depreciation	<u>12,647,152</u>	<u>654,448</u>	<u>-</u>	<u>13,301,600</u>
Capital assets being depreciated, net	<u>14,442,770</u>	<u>(644,848)</u>	<u>(12,107)</u>	<u>13,785,815</u>
Capital assets, net	<u>\$ 15,121,728</u>	<u>\$ (644,848)</u>	<u>\$ (12,107)</u>	<u>\$ 14,464,773</u>
	<u>Balances</u> <u>May 01, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2014</u>
<b>Component Unit</b>				
Capital assets being depreciated:				
Buildings and land improvements	\$ 29,317	\$ 8,174	\$ -	\$ 37,491
Equipment	113,665	19,200	-	132,865
Capital assets being depreciated	<u>142,982</u>	<u>27,374</u>	<u>-</u>	<u>170,356</u>
Less accumulated depreciation for:				
Building and land improvements	6,632	41	-	6,673
Equipment	65,243	14,160	-	79,403
Total accumulated depreciation	<u>71,875</u>	<u>14,201</u>	<u>-</u>	<u>86,076</u>
Capital assets being depreciated, net	<u>\$ 71,107</u>	<u>\$ 13,173</u>	<u>\$ -</u>	<u>\$ 84,280</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of April 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Due to/from other funds:</b>		
General	Golf Course	\$ 3,519,150
General	CDBG Fund	435
General	Special Tax Increment	
	Allocation Fund IV	20,230
General	Special Tax Increment	
	Allocation Fund VI	26,559
Motor Fuel Tax	General	209,265
Special Tax Increment		
Allocation Fund II	General	4,968,864
Special Tax Increment		
Allocation Fund III	General	3,654,682
Special Tax Increment		
Allocation Fund V	General	420,922
Alternate Bond Fund-		
Series 1995	General	468,733
General Obligation		
Bond Fund-Series 2011	General	43,033
Water	General	5,315,751
Library	General	64,276
Water	Golf Course	53,140
Special Tax Increment	1998 TIF General	
Allocation Fund II	Obligation	169,770
Special Tax Increment	Special Tax Increment	
Allocation Fund II	Allocation Fund V	1,500
		<u>\$ 18,936,310</u>

The interfund balances represent amounts deposited into one fund, but recorded as a revenue in another fund, expenditures paid on behalf of one fund by another fund, for which reimbursement has not yet taken place, or temporary borrowings of one fund by another. Balances are being repaid as funds become available. All borrowings were made to cover operating expenses.

Subsequent to year end, the City Council adopted an ordinance authorizing a transfer from the Water Fund to the General Fund in an amount necessary to eliminate the balance due between the funds.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)**

Transfers between funds for the year ended April 30, 2014 are as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
CDBG Fund	General Fund	\$ 45,890
	Special Tax Increment	
1998 TIF General Obligation	Allocation Fund III	786,428
	Special Tax Increment	
2003 TIF General Obligation	Allocation Fund II	<u>344,438</u>
		<u>\$ 1,176,756</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 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.

**NOTE 8. OPERATING LEASE OBLIGATIONS**

The City leases various equipment. The leases are classified as operating leases. The lease payments for the year ended April 30, 2014 and future scheduled lease payments are not considered material to the financial statements.

**NOTE 9. 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, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

<u>Issues</u>	<u>Balances May 1, 2013</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balances April 30, 2014</u>
General Obligation Bonds:				
1995 Golf Course Refunding Bonds (Alternate Revenue Source), original principal \$6,240,000, annual principal due December 1 at amounts ranging from \$485,000 to \$515,000 through December 1, 2014, interest at 5.30%	\$ 1,000,000	\$ -	\$ 485,000	\$ 515,000
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 (variable monthly interest rate).	990,000	-	55,000	935,000
1998 Tax Increment Refunding Series, original principal \$6,250,000, due annually on December 15 at amounts ranging from \$715,000 to \$750,000 through December 15, 2014, interest at 4.85% to 4.90%.	1,465,000	-	715,000	750,000
2003 Tax Increment Refunding Series, original principal \$2,175,000, due annually on December 15 with final payment of \$330,000 due December 15, 2013, interest at 4.375%.	330,000	-	330,000	-

(continued)

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

Issues	Balances May 01, 2013	Issuances	Retirements	Balances April 30, 2014
2006 Waterworks and Sewerage Bonds (Alternate Revenue Source), original principle \$4,635,000, annual principle due December 1 at amounts ranging from \$225,000 to \$380,000 through December 1, 2024, interest at 4.25% to 4.75%.	\$ 3,595,000	\$ -	\$ 230,000	\$ 3,365,000
	<u>\$ 7,380,000</u>	<u>\$ -</u>	<u>\$ 1,815,000</u>	<u>\$ 5,565,000</u>
Illinois Environmental Protection Agency Public Water Supply Loan Program: Original principal \$897,560, semiannual payments of \$26,005 including interest of 1.25% due on October 7 and April 7, commencing October 7, 2013.	<u>\$ 897,560</u>	<u>\$ -</u>	<u>\$ 42,788</u>	<u>\$ 854,772</u>
South Suburban Joint Action Water Agency bond (JAWA) agreement dated June 26, 2012 Original principal \$570,000, payments due annually, commencing December 2014.	<u>\$ -</u>	<u>\$ 570,000</u>	<u>\$ -</u>	<u>\$ -</u>

The 2006 Waterworks and Sewerage Refunding Bonds, the South Suburban Joint Action Water Agency bond and the Illinois Environmental Protection Agency Water Supply Loan are recorded as liabilities of the Water Fund (an Enterprise Fund).

The JAWA bond was executed June 26, 2012, but was not recorded on the financial statements at April 30, 2013. A prior period adjustment was done to record this balance. This adjustment is reflected as the current issuance above.



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

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 2015:			
1995 Golf Course	\$ 542,295	\$ 515,000	\$ 27,295
1998 Tax Increment	786,750	750,000	36,750
2011 Judgment	121,253	110,000	11,253
2015	1,450,298	1,375,000	75,298
2016	119,801	110,000	9,801
2017	118,349	110,000	8,349
2018	116,897	110,000	6,897
2019	115,445	110,000	5,445
2020-2023	392,623	385,000	7,623
Totals	<u>\$ 2,313,413</u>	<u>\$ 2,200,000</u>	<u>\$ 113,413</u>

Fiscal Year Ending April 30	General Obligation Bonds		
	Total	Principal	Interest
Business-type activities (Waterworks and Sewerage Series 2006):			
2015	\$ 394,737	\$ 240,000	\$ 154,737
2016	399,538	255,000	144,538
2017	398,063	265,000	133,063
2018	396,138	275,000	121,138
2019	398,763	290,000	108,763
2020 - 2024	1,991,540	1,660,000	331,540
2025	398,050	380,000	18,050
Totals	<u>\$ 4,376,829</u>	<u>\$ 3,365,000</u>	<u>\$ 1,011,829</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

The annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	2013 Illinois Environmental Protection Agency Public Water Supply Loan Program		
	Total	Principal	Interest
Business-type activities:			
2015	\$ 52,009	\$ 41,454	\$ 10,555
2016	52,009	41,973	10,036
2017	52,009	42,500	9,509
2018	52,009	43,033	8,976
2019	52,009	43,572	8,437
2020 - 2024	260,045	226,195	33,850
2025 - 2029	260,045	240,737	19,308
2030 - 2033	179,678	175,308	4,370
Totals	<u>\$ 959,813</u>	<u>\$ 854,772</u>	<u>\$ 105,041</u>

Fiscal Year Ending April 30	South Suburban Joint Action Water Agency Series 2012		
	Total	Principal	Interest
Business-type activities:			
2015	\$ 80,326	\$ 25,676	\$ 54,650
2016	85,374	33,892	51,482
2017	77,029	28,757	48,272
2018	82,223	37,486	44,737
2019	83,141	42,622	40,519
2020 - 2024	428,343	311,189	117,154
2025	91,146	90,378	768
Totals	<u>\$ 927,582</u>	<u>\$ 570,000</u>	<u>\$ 357,582</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, 2014, 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, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 9. LONG-TERM DEBT (CONTINUED)**

**Noncurrent Liability Summary:**

	<u>May 01, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Prior Period Adjustments</u>	<u>April 30, 2014</u>
<b>Governmental Activities</b>					
General obligation bonds	\$ 3,785,000	\$ -	\$ 1,585,000	\$ -	\$ 2,200,000
Tax anticipation warrants	-	1,000,000	-	-	1,000,000
Compensated absences	309,742	-	95,716	-	214,026
Refunding bond premium	2,312	-	2,312	-	-
Net pension obligation	6,496,644	665,100	-	(3,502,690)	3,659,054
<b>Subtotal</b>	<u>10,593,698</u>	<u>1,665,100</u>	<u>1,683,028</u>	<u>(3,502,690)</u>	<u>7,073,080</u>
<b>Water Fund</b>					
General obligation bonds	3,595,000	-	230,000	570,000	3,935,000
IEPA Loan	897,560	-	42,788	-	854,772
Compensated absences	35,553	3,100	-	-	38,653
Reoffering premium	58,178	-	3,722	-	54,456
<b>Subtotal</b>	<u>4,586,291</u>	<u>3,100</u>	<u>276,510</u>	<u>570,000</u>	<u>4,882,881</u>
<b>Total</b>	<u>\$ 15,179,989</u>	<u>\$ 1,668,200</u>	<u>\$ 1,959,538</u>	<u>\$ (2,932,690)</u>	<u>\$ 11,955,961</u>

Prior period adjustments were made to adjustment the opening police and fire pension obligations to the actuary reports and to record the issue of an additional bond through the South Suburban Joint Action Water Agency.

**NOTE 10. 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 three years. There has been no significant reduction in insurance coverage. On October 1, 2013, the city changed its coverage for employee health benefits from self-funded to premium based. Workers' compensation claims continue to be self-funded.

**NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES**

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

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 12. 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 (201 EAV latest available), is as follows:

	<u>Base EAV</u>	<u>2013 EAV</u>
District II	\$ 9,578,727	\$ 15,179,852
District III	\$ 1,473,597	\$ 7,466,045
District IV	\$ 4,090,525	\$ 3,723,412
District V	\$ 9,684,012	\$ 11,771,810
District VI	\$ 933,560	\$ 542,831

**NOTE 13. 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.

**NOTE 14. 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.

**NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND ("IMRF")**

*Plan Descriptions* – 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 Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer pension plan. Benefit provisions are established by state statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained online at [www.imrf.org](http://www.imrf.org).

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND ("IMRF")(CONTINUED)**

*Funding Policy* – As set by statute, your employer Regular (SLEP) plan members are required to contribute 4.50 percent (7.50 percent) of their annual covered salary. The statute requires employees to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2013 was 14.63 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2013 was 15.35 percent (13.77 percent). The employer also contributes for disability benefits, death 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 rates is set by statute.

*Annual Pension Cost* – For calendar year ending December 31, 2013, the employer's actual contributions for pension cost for the Regular were \$682,771. Its required contribution for calendar year 2013 was \$716,373. For the SLEP Plan, the City's required and actual contribution was \$0 for the calendar year 2013.

The net pension liability as of April 30, 2014 was comprised of the following:

Annual required contribution	\$ 662,291
Interest on the net pension asset	21,955
Adjustment to the ARC	<u>(16,010)</u>
 Annual pension cost	 668,236
Fiscal 2014 contribution	<u>640,642</u>
 Increase in pension liability	 27,594
Net pension liability at April 30, 2013	<u>292,727</u>
Net pension liability at April 30, 2014	<u><u>\$ 320,321</u></u>

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the three years ended April 30, 2014, 2013, and 2012 is as follows:

Calendar Year Ended April 30,	Annual Pension Cost (APC)	Net Pension Obligation	Percentage of APC Contributed
Regular:			
2014	\$ 668,236	\$ 320,321	95.87%
2013	619,471	292,727	91.53%
2012	620,910	240,234	85.28%
SLEP:			
2014	-	-	100%
2013	-	-	100%
2012	-	-	100%

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND ("IMRF") (CONTINUED)**

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included: (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 10.00% 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 Regular (SLEP) assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2011 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 at December 31, 2011 is being amortized as a level percentage of projected payroll on open 30 year basis.

*Funding Status and Funding Progress* – As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 66.99 percent funded. The actuarial accrued liability for benefits was \$9,570,712 and the actuarial value of assets was \$6,411,432, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,159,280. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$4,666,924 and the ratio of the UAAL to the covered payroll was 67.70%.

As of December 31, 2013, the most recent actuarial valuation date, the SLEP plan was 198.20 percent funded. The actuarial accrued liability for benefits was \$49,606 and the actuarial value of assets was \$98,321, resulting in an overfunded actuarial accrued liability (UAAL) of \$48,715. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$0. Because the plan is overfunded, there is no ratio of UAAL to the covered payroll.

The schedule of funding progress, presented as required supplementary information (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.

**NOTE 16. POLICE PENSION TRUST FUND**

*Plan Description:* The Police Retirement Board of the City administers the Police Pension Trust Fund Plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The financial report may be obtained by writing the City of Blue Island, 13501 Greenwood Avenue, City of Blue Island, IL 60406.

Police sworn personnel are covered by the Police Pension Trust Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS Chapter 5 Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust plan.

The following is a summary of the Police Pension Trust Fund Plan as provided for the Illinois Compiled Statutes. The Police Pension Trust Fund Plan provides retirement benefits as well as death and disability benefits.

Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at thereafter.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 16. POLICE PENSION TRUST FUND (CONTINUED)**

least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service.

The monthly benefit of a police officer who retired with 20 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 3.0% of the original pension and 3.0% compounded annually.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in the period. Police officers' salary for pension purposes shall not exceed \$106,800 however, that amount shall increase annually by the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service costs for the Police Pension Trust Fund Plan.

At April 30, 2014, date of the latest actuarial valuation, the Police Pension Trust Fund Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	31
Current employees	
Vested	24
Nonvested	13
Total	<u>68</u>

**Summary of Significant Accounting Policies and Plan Asset Matters:**

*Basis of Accounting* – The financial statements are prepared using the accrual basis of accounting. The pension fund financial statement reflects a netting of receivables against deferred revenues for presentation purposes. Employee and employer contributions are recognized when due and payable in accordance with the terms of the fund.

Investments are reported at fair market value. Short-term investments are reported at cost which approximates market value.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 16. POLICE PENSION TRUST FUND (CONTINUED)**

*Contributions:* Covered employees are required to contribute 9.91% of their base salary to the Police Pension Trust Fund Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The schedule of funding progresses following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing the relative to the actuarial accrued liability for benefits over time.

*Net Pension Obligation:* Employer annual required contributions (ARC), actual contributions, and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the annual pensions cost and the contributions actually made.

	<u>April 30, 2014</u>
Annual required contribution	\$ 1,783,246
Interest on the NPO	122,316
Adjustment to the ARC	<u>(92,586)</u>
Annual pension cost	1,812,976
Actual contribution	<u>(1,304,509)</u>
Increase (decrease) in the NPO	<u>508,467</u>
NPO at April 30, 2013	3,767,445
Prior period adjustment	<u>(2,020,074)</u>
NPO at April 30, 2013 (restated)	<u>1,747,371</u>
NPO at April 30, 2014	<u><u>\$ 2,255,838</u></u>

**THREE YEAR TREND INFORMATION**

Plan Year	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 1,730,255	\$ 1,009,391	58.3%	\$ 1,203,922
2013	1,719,781	1,176,332	68.4%	1,747,371
2014	1,812,976	1,304,509	72.0%	2,255,838

**Funding Policy and Annual Pension Cost:**

The City's annual pension cost for the current year and related information for the Police Pension Trust Fund Plan is as follows:



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 16. POLICE PENSION TRUST FUND (CONTINUED)**

Contributed Rates:

Employer	49.17%
Employee	9.91%
Annual pension cost	\$ 1,812,976
Contributions made	\$ 1,304,509
Actuarial valuation date	4/30/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level % Pay - Closed
Remaining amortization period	27 years
Asset valuation method	5-Year Smooth Market
Actuarial assumptions	
Investment rate of return	7% per Year Compounded Annually
Projected salary increases	4.5% per Year Compounded Annually
Inflation rate included	3% per Year Compounded Annually
Cost-of-living adjustments	3% per Year Compounded Annually

The funded status of the plan as of April 30, 2013 was as follows:

Actuarial accrued liability (AAL)	\$ 32,768,088
Actuarial value of plan assets	\$ 9,562,447
Unfunded actuarial accrued liability (Uaal)	\$ 23,205,641
Funded ratio (actuarial value of plan assets/AAL)	29.18%
Covered payroll (active plan members)	\$ 2,653,307
UAAL as a percentage of covered payroll	874.59%

The schedule of funding progress, presented as Required Supplementary Information 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.

**NOTE 17. FIRE PENSION TRUST FUND**

*Plan Description:* The Fire Retirement Board of the City administers the Fire Pension Trust Fund Plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The financial report may be obtained by writing the City of Blue Island, 13051 Greenwood, IL, 60406.

Fire sworn personnel are covered by the Firefighters' Pension Trust Fund Plan. Although this is a single-employer pension plan, the defined benefits and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS Chapter 5 Article 4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust plan.

The following is a summary of the Firefighters' Pension Trust Fund Plan as provided for the Illinois Compiled Statutes. The Firefighters' Pension Trust Fund Plan provides retirement benefits as well as death and disability benefits.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 17. FIRE PENSION TRUST FUND (CONTINUED)**

Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a firefighter who retired with 20 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 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in the period. Firefighters' salary for pension purposes shall not exceed \$106,800 however, that amount shall increase annually by the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55).

The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1<sup>st</sup> after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service costs for the Firefighters' Pension Trust Fund Plan.

At April 30, 2014, date of the latest actuarial valuation, the Firefighters' Pension Trust Fund Plan membership consisted of:

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

*Contributions:* Per State Statute, covered employees are required to contribute 9.455% of their salaries. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing the relative to the actuarial accrued liability for benefits over time.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 17. FIRE PENSION TRUST FUND (CONTINUED)**

Summary of Significant Accounting Policies and Plan Asset Matters:

*Basis of Accounting* – The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments* – Investments are reported at their fair market value. Short-term investments are reported at cost, which approximates fair market value. Shares of mutual funds are valued at quoted market price.

*Net Pension Obligation:* Employer annual required contributions (ARC), actual contributions, and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the annual required contributions and the contributions actually made.

	<u>April 30, 2014</u>
Annual required contribution	\$ 962,485
Interest on the NPO	66,770
Adjustment to the ARC	<u>(48,534)</u>
Annual pension cost	980,721
Actual contribution	<u>(851,682)</u>
Increase (decrease) in the NPO	<u>129,039</u>
NPO at April 30, 2013	2,436,472
Prior period adjustment	<u>(1,482,616)</u>
NPO at April 30, 2013 (restated)	<u>953,856</u>
NPO at April 30, 2014	<u><u>\$ 1,082,895</u></u>

**THREE YEAR TREND INFORMATION**

Plan	(ARC) Annual Required	Actual	Percentage of APC Contributed	Net Pension Obligation
Year	Contribution	Contributions		
2012	\$ 962,469	\$ 692,448	71.9%	\$ 630,478
2013	930,510	620,840	66.7%	953,856
2014	962,485	851,682	88.5%	1,082,895

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 17. FIRE PENSION TRUST FUND (CONTINUED)**

Funding Policy and Annual Pension Cost:

The City's annual pension cost for the current year and related information for the Fire Pension Trust Fund Plan is as follows:

Annual pension cost	\$	962,485
Contributions made	\$	851,682
Actuarial valuation date		5/1/2013
Actuarial cost method		Entry Age Normal
Amortization method		Level % Pay - Closed
Remaining amortization period		27 years
Asset valuation method		5-Year Smooth Market
Actuarial assumptions		
Investment rate of return		7% per Year Compounded Annually
Projected salary increases		5.5% per Year Compounded Annually
Inflation rate included		3% per Year Compounded Annually
Cost-of-living adjustments		3% per Year Compounded Annually

The funded status of the plan as of May 1, 2013 was as follows:

Actuarial accrued liability (AAL)	\$	17,891,688
Actuarial value of plan assets	\$	6,056,197
Unfunded actuarial accrued liability (Uaal)	\$	11,835,491
Funded ratio (actuarial value of plan assets/AAL)		33.85%
Covered payroll (active plan members)	\$	1,291,293
UAAL as a percentage of covered payroll		916.56%

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

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 18. 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.

**NOTE 19. REDEVELOPMENT AGREEMENT**

The City entered into a redevelopment agreement concerning redevelopment of certain property, MetroSouth Medical Center, located in the TIF V District. Under terms of the agreement, the City has agreed to pay or reimburse the Developer for up to \$4,000,000 of redevelopment project costs, as defined in the agreement, payable from incremental property taxes received by the City from real estate taxes paid by the Developer. The City is entitled to receive \$150,000 from the second installment of the 2009 real estate taxes due and payable from the Developer, \$400,000 from the first installment of the 2010 real estate taxes, and \$150,000 from the second installment of the 2011 real estate taxes, and first and second installment of 2012 real estate taxes. The City will remit all taxes received in excess of the above amounts, up to a total reimbursement of \$4,000,000. As of April 30, 2012, the City has reimbursed the Developer \$3,418,925. No additional amounts were reimbursed by the City for the fiscal year ended April 30, 2013 and 2014.

**NOTE 20. PRIOR PERIOD ADJUSTMENTS**

Beginning net position for several funds have been restated. The explanations by fund are listed below.

Fund 01 - General Fund	
\$	(262,666) Move seizure accounts beginning fund balance to individual funds.
	138,736 Move seizure accounts current year revenue activity to individual funds.
	(143,781) Move seizure accounts current year expense activity to individual funds.
	427 Correct journal entry that inadvertently removed Flower Fund account.
	76,496 Record telephone excise tax for March and April of FY13 that wasn't accrued.
	15,817 Record gaming tax for March and April of FY13 that wasn't accrued.
\$	<u>(174,971)</u>

Fund 02 - Water Fund	
\$	(570,000) Record JAWA bond dated in 2012 that wasn't recorded in prior year.
	(35,742) Record interest from JAWA bond from 8/12 - 4/13 that wasn't previously accrued.
	Record City of Chicago water bills paid this fiscal year that were for the prior year, but not
	(94,045) previously recorded.
\$	<u>(699,787)</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**NOTE 20. PRIOR PERIOD ADJUSTMENTS (CONTINUED)**

Fund 17 - TIF 1	
\$ (90,367)	Close TIF fund in prior year, based on TIF documents and annual reports
<hr/>	
Fund 18 - TIF 2	
\$ (39,052)	Remove Interfund from TIF 1 because fund was closed in prior year.
<hr/>	
Fund 20 - TIF 3	
\$ 238,858	Remove prior year Balance Sheet for Debt Service fund because it was not required.
<hr/>	
Fund 22 - TIF 5	
\$ (147,880)	Correct loan balance carryover from FY13
<hr/>	
Fund 40 - State Seizure Holding	
\$ 140,241	Move seizure accounts beginning fund balance to individual funds.
(140,241)	Reclassify PY fund balance that should be liability.
\$ -	
<hr/>	
Fund 41 - State Seizure	
\$ 48,924	Move seizure accounts beginning fund balance to individual funds.
(46,553)	Move seizure accounts current year revenue activity to individual funds.
4,908	Move seizure accounts current year expense activity to individual funds.
\$ 7,279	
<hr/>	
Fund 42 - Federal Seizure	
\$ 107,537	Move seizure accounts beginning fund balance to individual funds.
(65,994)	Move seizure accounts current year revenue activity to individual funds.
80,173	Move seizure accounts current year expense activity to individual funds.
\$ 121,716	
<hr/>	
Blue Island Police Pension Fund	
\$ 25,019	Adjust for Personal Property Replacement Tax not accrued for prior year.
(1,888)	Adjust for investment fees that were for the prior year.
\$ 23,131	
<hr/>	

**NOTE 21. TAX ANTICIPATION WARRANT**

The City of Blue Island issued a General Corporate Purposes Tax Anticipation Warrant, Series 2013 dated December 12, 2013 for \$1,000,000 with Beverly Bank and Trust Company, NA. Interest rate is 4.5% and is due on or before September 30, 2014. The warrant was paid in full in September, 2014.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 1 of 15

	Original & Final Budget	Actual
<b>REVENUES</b>		
Property taxes	\$ 4,105,000	\$ 3,157,191
Personal property replacement tax	280,000	293,410
Other taxes:		
State income and use	2,695,000	2,866,511
Utility taxes	1,500,000	1,507,537
State sales tax	1,400,000	1,326,301
Video gaming tax	-	112,439
<b>Total taxes</b>	<u>9,980,000</u>	<u>9,263,389</u>
 Licenses:		
Vehicle	400,000	372,333
Liquor	40,000	39,558
Business	82,000	71,646
Contractors	39,000	34,285
Animal	1,000	785
Building & housing inspections	45,000	46,510
Elevator inspections	8,000	5,952
<b>Total licenses</b>	<u>615,000</u>	<u>571,069</u>
 Permits:		
Building	55,000	80,033
Electrical	20,000	31,955
Other	75,000	112,738
<b>Total permits</b>	<u>150,000</u>	<u>224,726</u>
 Fines:		
Police	750,000	691,024
Building violations	-	6,579
Railroad	-	4,793
<b>Total fines</b>	<u>750,000</u>	<u>702,396</u>
 Grants	<u>2,400,000</u>	<u>551,492</u>
 Interest	-	564
<b>Total interest</b>	<u>\$ -</u>	<u>\$ 564</u>

The accompanying notes are an integral part of this statement.



**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 2 of 15

	Original & Final Budget	Actual
<b>REVENUES (Continued)</b>		
Other:		
Ambulance user fees	\$ 425,000	\$ 372,885
City parking lots	150,000	112,014
Insurance reimbursements	200,000	164,276
Maintenance of state roads and traffic signals	-	101,631
Miscellaneous	800,000	721,084
Motor fuel tax reimbursement	-	675,255
Sanitation and recycling fees	1,500,000	1,400,864
Salary reimbursements-grant funds	-	4,014
Television franchise fees	200,000	182,857
Telephone franchise fees	80,000	107,772
Telephone surcharges-911 system	300,000	209,356
User fees-911 system	750,000	721,320
Vital statistics	-	40,795
<b>Total other</b>	<u>4,405,000</u>	<u>4,814,123</u>
 Total revenues	 <u>\$ 18,300,000</u>	 <u>\$ 16,127,759</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 3 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES</b>		
General Government:		
Salaries and benefits:		
Mayor's office:		
Full-time salaries	\$ 80,000	\$ 56,155
Part-time salaries	30,000	31,784
Finance:		
Full-time salaries	233,000	185,118
Part-time salaries	7,000	7,211
Overtime salaries	1,000	1,339
Clerk's office:		
Full-time salaries	100,000	53,680
Part-time salaries	-	42,290
General Government		
Full-time salaries	51,000	49,972
Part-time salaries	47,000	62,678
Aldermen salaries	36,400	36,720
Seniors' program salaries	-	-
Illinois Municipal Retirement Fund	80,300	59,784
Payroll taxes-FICA and Medicare	44,490	38,323
Life/unemployment insurance	3,000	660
<b>Total salaries and benefits</b>	<b>713,190</b>	<b>625,714</b>
Services:		
Audit	22,000	25,140
Computers and software	58,250	101,226
Expenses of City officials	61,200	60,600
Legal	250,000	462,984
Other	10,000	9,001
Professional consulting and engineering	189,000	188,142
Telephone	50,250	108,495
<b>Total services</b>	<b>640,700</b>	<b>955,588</b>
Supplies and materials:		
Maintenance supplies	8,000	6,554
Operating supplies	2,000	337
Printing, postage, and office supplies	13,600	15,608
Small equipment	2,500	2,800
Vehicle sticker program	6,500	6,029
<b>Total supplies and materials</b>	<b>\$ 32,600</b>	<b>\$ 31,328</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 4 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
General Government (Continued)		
Repairs and maintenance:		
Building	\$ 20,000	\$ 35,332
Equipment	16,850	16,101
Lot/property maintenance	2,000	-
Outside contractors	1,000	2,500
<b>Total repairs and maintenance</b>	<b>39,850</b>	<b>53,933</b>
Miscellaneous:		
Advertising and marketing	2,000	1,610
Bank service charges	1,500	2,392
Bond principal	595,000	-
Community promotions	4,000	3,583
Dues and subscriptions	28,800	34,732
Employee/office services	1,700	2,369
Interest expense-tax anticipation warrants	75,000	-
Legal notices	2,000	1,221
Library personal property replacement taxes	48,000	54,830
Licenses/fees	73,600	74,097
Main Street Director and other expenses	-	3,700
Meetings and seminars	1,500	1,950
Other	16,500	28,835
Travel/transportation	1,850	1,483
<b>Total miscellaneous</b>	<b>851,450</b>	<b>210,802</b>
Capital expenditures	7,000	-
<b>Total general government</b>	<b>2,284,790</b>	<b>1,877,365</b>
Building Department		
Salaries and benefits:		
Full-time salaries	235,000	217,436
Part-time salaries	25,000	74,179
Illinois Municipal Retirement Fund	38,000	32,179
Payroll taxes-FICA and Medicare	19,900	21,056
Life/unemployment insurance	500	7,021
<b>Total salaries and benefits</b>	<b>\$ 318,400</b>	<b>\$ 351,871</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 5 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
Building Department (Continued)		
Services:		
Computers and software	\$ 15,000	\$ 670
Professional consulting and engineering	11,000	13,258
Training	500	410
<b>Total services</b>	<u>26,500</u>	<u>14,338</u>
Supplies and materials:		
Board up expense	1,000	915
Buildings and street signs	250	45
Gasoline and oil for vehicles	7,000	5,332
Maintenance supplies	150	-
Operating supplies	500	75
Printing, postage, and office supplies	5,750	5,283
Radio equipment	500	-
Uniforms	100	-
<b>Total supplies and materials</b>	<u>15,250</u>	<u>11,650</u>
Repairs and maintenance:		
Building	-	-
Elevator inspections	4,000	3,104
Equipment	17,500	15,343
Lot/property maintenance	15,000	1,875
Vehicle	3,100	1,018
<b>Total repairs and maintenance</b>	<u>39,600</u>	<u>21,340</u>
Miscellaneous:		
Dues and subscriptions	1,000	1,010
Legal notices	500	147
Meetings and seminars	1,000	-
Travel/transportation	100	-
<b>Total miscellaneous</b>	<u>2,600</u>	<u>1,157</u>
Total building department	<u>\$ 402,350</u>	<u>\$ 400,356</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 6 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
Planning Department		
Salaries and benefits:		
Full-time salaries	\$ 135,000	\$ 110,896
Illinois Municipal Retirement Fund	20,000	15,626
Payroll taxes-FICA and Medicare	10,400	7,787
<b>Total salaries and benefits</b>	<b>165,400</b>	<b>134,309</b>
Services:		
Computers and software	4,000	2,024
Other contractual services	15,000	105
Professional consulting	58,700	-
Training	3,000	-
<b>Total services</b>	<b>80,700</b>	<b>2,129</b>
Supplies and materials:		
Film and photo processing	300	-
Printing, postage, and office supplies	9,600	1,061
Small equipment	750	-
Maintenance supplies	-	10
Operating supplies	-	2,450
<b>Total supplies and materials</b>	<b>10,650</b>	<b>3,521</b>
Repairs and maintenance:		
Equipment	500	-
<b>Total repairs and maintenance</b>	<b>500</b>	<b>-</b>
Miscellaneous:		
Advertising and marketing	1,000	-
Community promotions	5,000	-
Dues and subscriptions	3,200	1,157
Meetings and seminars	3,000	642
Pass through grant expenditures	437,150	271,735
Travel/transportation	1,600	250
<b>Total miscellaneous</b>	<b>450,950</b>	<b>273,784</b>
Capital expenditures	1,500	-
<b>Total planning department</b>	<b>\$ 709,700</b>	<b>\$ 413,743</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 7 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
Police Department		
Salaries and benefits:		
Officers:		
Full-time salaries	\$ 3,055,000	\$ 2,690,171
Overtime salaries	200,000	253,272
Records and desk clerks		
Full-time salaries	365,000	312,247
Part-time salaries	50,000	36,993
Overtime salaries	20,000	18,111
Part-time police	140,000	126,512
Illinois Municipal Retirement Fund-police clerks	-	46,617
Payroll taxes-FICA and Medicare	79,100	78,783
Unemployment insurance	500	10,306
Contribution to pension plan	63,600	9,735
<b>Total salaries and benefits</b>	<b>3,973,200</b>	<b>3,582,747</b>
Services:		
Animal care	3,500	6,019
Computers and software	55,000	37,814
Other contractual services	1,000	-
Personnel hiring/exam	1,500	-
Prisoner care	5,500	3,533
Professional consulting	20,000	25,418
Telephone	20,000	14,279
Training	13,000	27,036
Utilities	3,000	163
<b>Total services</b>	<b>122,500</b>	<b>114,262</b>
Supplies and materials:		
Ammunition/guns	8,000	8,933
Buildings and street signs	500	-
Gasoline and oil for vehicles	175,000	150,012
Maintenance supplies	7,000	4,391
Operating supplies	7,000	1,258
Printing, postage, and office supplies	31,000	27,963
Radios/radio equipment	9,000	4,341
Uniforms	37,500	28,743
<b>Total supplies and materials</b>	<b>\$ 275,000</b>	<b>\$ 225,641</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 8 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
Police Department (Continued)		
Repairs and maintenance:		
Building	\$ 33,000	\$ 5,581
Equipment	101,000	76,950
Outside contractors	2,000	-
Vehicle	82,500	24,815
<b>Total repairs and maintenance</b>	<b>218,500</b>	<b>107,346</b>
Miscellaneous:		
Community promotions	1,000	13
Dues and subscriptions	250	916
Employee/office services	100	-
Licenses/fees	6,000	4,331
Meetings and seminars	250	370
Rentals and leasing fees	1,000	409
Legal notices	1,000	1,066
Travel/transportation	3,000	4,150
<b>Total miscellaneous</b>	<b>12,600</b>	<b>11,255</b>
Capital expenditures	31,500	-
<b>Total police department</b>	<b>4,633,300</b>	<b>4,041,251</b>
9-1-1 Department		
Salaries and benefits:		
Full-time salaries	699,000	682,916
Part-time salaries	30,000	44,040
Overtime salaries	45,000	26,620
Illinois Municipal Retirement Fun	113,200	100,177
Payroll taxes-FICA and Medicare	59,200	52,758
Unemployment insurance	1,000	-
<b>Total salaries and benefits</b>	<b>947,400</b>	<b>906,511</b>
Services:		
Computers and software	100,000	58
Equipment maintenance contracts	55,000	35,991
Telephone	100,000	107,702
Training	2,500	-
Utilities	1,650	1,133
<b>Total services</b>	<b>\$ 259,150</b>	<b>\$ 144,884</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 9 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
9-1-1 Department (Continued)		
Supplies and materials:		
Maintenance supplies	\$ 1,250	\$ 681
Printing, postage, and office supplies	1,750	1,243
Radios and other equipment	500,000	9,724
Uniforms	10,000	9,100
<b>Total supplies and materials</b>	<b>513,000</b>	<b>20,748</b>
Repairs and maintenance:		
Building	15,000	206
Equipment	20,000	3,707
Outside contractors	65,000	-
<b>Total repairs and maintenance</b>	<b>100,000</b>	<b>3,913</b>
Miscellaneous:		
Advertising and marketing	500	-
Dues and subscriptions	500	-
Employee/office services	500	-
Meetings and seminars	500	-
Rentals and leasing fees	200	-
Travel/transportation	500	327
<b>Total miscellaneous</b>	<b>2,700</b>	<b>327</b>
Capital expenditures	100,000	-
<b>Total 9-1-1 department</b>	<b>1,922,250</b>	<b>1,076,383</b>
Fire Department		
Salaries and benefits:		
Full-time salaries	1,693,000	1,438,864
Part-time salaries	95,000	89,273
Overtime salaries	80,000	128,620
Illinois Municipal Retirement Fun	7,500	6,007
Payroll taxes-FICA and Medicare	40,700	30,078
<b>Total salaries and benefits</b>	<b>\$ 1,916,200</b>	<b>\$ 1,692,842</b>

The accompanying notes are an integral part of this statement.



**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 10 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
Fire Department (Continued)		
Services:		
Ambulance processing fee	\$ 60,000	\$ 37,267
Computers and software	18,000	5,032
Other contractual services	500	-
Professional consulting	6,000	3,314
Telephone	3,000	697
Training	17,500	5,367
<b>Total services</b>	<b>105,000</b>	<b>51,677</b>
Supplies and materials:		
Film and photo processing	200	-
Gasoline and oil for vehicles	8,000	6,233
Maintenance supplies	6,500	4,587
Operating supplies	6,000	2,154
Printing, postage, and office supplies	4,000	2,319
Small equipment	204,000	64,125
Uniforms	27,500	14,166
Utilities	1,500	1,100
<b>Total supplies and materials</b>	<b>257,700</b>	<b>94,684</b>
Repairs and maintenance:		
Building	30,000	6,453
Equipment	24,400	10,521
Outside contractors	1,500	-
Vehicle	40,000	49,913
<b>Total repairs and maintenance</b>	<b>95,900</b>	<b>66,887</b>
Miscellaneous:		
Community promotions	1,500	452
Dues and subscriptions	6,500	5,128
Employee/office services	1,000	348
Licenses/fees	750	295
Meetings and seminars	1,500	-
Physical exams	12,500	3,420
Rentals and leasing fees	2,000	1,120
Travel/transportation	1,000	503
<b>Total miscellaneous</b>	<b>\$ 26,750</b>	<b>\$ 11,266</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 11 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
Fire Department (Continued)		
Capital expenditures	\$ 263,000	\$ -
Total fire department	2,664,550	1,917,356
Public Works Department		
Salaries and benefits:		
Full-time salaries	800,000	879,826
Part-time salaries	85,000	108,525
Overtime salaries	40,000	58,517
Illinois Municipal Retirement Fund	135,300	129,607
Payroll taxes-FICA and Medicare	70,800	75,265
<b>Total salaries and benefits</b>	1,131,100	1,251,740
Services:		
Computers and software	2,500	13
Engineering	136,000	133,788
Garbage and recycling	1,245,600	1,049,601
Other	750	-
Snow removal	67,000	853
Telephone	500	39
Utilities	201,200	210,710
<b>Total services</b>	1,653,550	1,395,004
Supplies and materials:		
Building and street signs	7,500	8,157
Concrete/asphalt/stone	14,000	18,717
Gasoline and oil for vehicles	70,000	73,737
Maintenance supplies	25,000	20,181
Operating supplies	13,000	10,478
Printing, postage, and office supplies	1,110	915
Small equipment	28,000	8,739
Uniforms	11,000	10,000
<b>Total supplies and materials</b>	\$ 169,610	\$ 150,924

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 12 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
Public Works Department (Continued)		
Repairs and maintenance:		
Building	\$ 4,000	\$ 2,423
Equipment	47,900	39,148
Equipment rental	4,000	2,893
Parking lot maintenance	12,000	-
Outside contractors	2,450,000	225
Street lighting system	15,000	15,074
Street resurfacing/repairs	20,000	2,880
Traffic signals	20,000	10,254
Tree program	175,000	48,887
Vehicle	53,300	74,762
<b>Total repairs and maintenance</b>	<b>2,801,200</b>	<b>196,546</b>
Miscellaneous:		
Dues and subscriptions	300	-
Employee/office services	1,000	690
Licenses/fees	100	-
Meetings and seminars	300	16
Travel/transportation	200	48
Pass through grant expenditures	10,000	10,000
<b>Total miscellaneous</b>	<b>11,900</b>	<b>10,754</b>
Capital expenditures:		
Bridge improvements/maintenance	3,000,000	-
Curb and sidewalk improvements	5,000	-
Machinery and equipment	85,000	-
Office equipment	2,000	-
Vehicles	85,000	-
<b>Total capital expenditures</b>	<b>3,177,000</b>	<b>-</b>
 Total public works department	 \$ 8,944,360	 \$ 3,004,968

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 13 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
Insurance Loss Department		
Salaries and benefits:		
Full-time salaries	\$ 90,000	\$ 84,256
Illinois Municipal Retirement Fun	13,200	8,206
Payroll taxes-FICA and Medicare	6,900	6,391
Employee medical insurance	2,695,000	2,490,125
Life/unemployment insurance	16,000	12,433
<b>Total salaries and benefits</b>	<b>2,821,100</b>	<b>2,601,411</b>
Services:		
Auto/property damage claims	15,000	1,500
Insurance-buildings/vehicles	70,000	35,566
Insurance fees	141,250	53,652
Legal fees	5,000	-
Liability claim expense	225,000	47,088
Personal injury claims	500,000	236,900
Professional consulting	2,000	-
Workers compensation disability medical claims	250,000	78,150
<b>Total services</b>	<b>1,208,250</b>	<b>452,856</b>
Miscellaneous:		
Licenses/fees	1,000	-
Meetings and seminars	500	-
Travel/transportation	600	350
<b>Total miscellaneous</b>	<b>2,100</b>	<b>350</b>
Total insurance loss department	<b>4,031,450</b>	<b>3,054,617</b>
Civil Service Commission		
Professional consulting	1,500	100
Personnel hiring/exams	25,000	22,734
Legal fees	30,000	32,705
Legal notices	1,000	758
Personal injury and civil rights claims	-	15,000
Total civil service commission	<b>\$ 57,500</b>	<b>\$ 71,297</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 14 of 15

	Original & Final Budget	Actual
<b>EXPENDITURES (Continued)</b>		
Marketing Department		
Salaries and benefits:		
Full-time salaries	\$ 95,000	\$ 98,815
Part-time salaries	-	4,960
Illinois Municipal Retirement Fun	13,900	13,665
Payroll taxes-FICA and Medicare	7,300	7,549
<b>Total salaries and benefits</b>	<u>116,200</u>	<u>124,989</u>
Services:		
Computers and software	600	251
Insurance	6,500	5,605
Other contractual services	1,500	624
<b>Total services</b>	<u>8,600</u>	<u>6,480</u>
Supplies and materials:		
Printing, postage, and office supplies	13,400	3,274
<b>Total supplies and materials</b>	<u>13,400</u>	<u>3,274</u>
Miscellaneous:		
Advertising and marketing	6,000	1,275
Community promotions	62,000	20,100
Dues and subscriptions	400	-
Licenses/fees	-	18
Meetings and seminars	200	414
Pass through grant expenditures	1,159,500	9,557
State/federal grant match	61,000	-
Travel/transportation	1,200	2,358
<b>Total miscellaneous</b>	<u>1,290,300</u>	<u>33,722</u>
Marketing Department (Continued)		
Capital expenditures	1,000	-
Total marketing department	<u>1,429,500</u>	<u>168,465</u>
Total expenditures	<u>27,079,750</u>	<u>16,025,801</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,779,750)</u>	<u>\$ 101,958</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

Page 15 of 15

	Original & Final Budget	Actual
<b>OTHER FINANCING SOURCES (USES)</b>		
Tax Anticipation Warrant Proceeds	\$ -	\$ 1,000,000
Transfers out	-	(45,890)
Total other financing sources (uses)	-	954,110
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	 <u>\$ (8,779,750)</u>	 1,056,068
 Fund balance at beginning of year		(10,509,411)
 Prior period adjustments		(174,971)
 Fund balance at end of year		<u>\$ (9,628,314)</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE –GENERAL FUND**  
**YEAR ENDED APRIL 30, 2014**

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 Council passed the appropriation ordinance on July 23, 2013.
- The City Aldermen may:
  - By two-thirds vote transfer within any department amounts appropriated for an object or purpose to another object or purpose. No object or purpose can be reduced below an amount sufficient to provide for all obligations incurred or to be incurred against the appropriation.
  - Adopt a supplemental Appropriation Ordinance in an amount not to exceed any additional revenue available, including unappropriated fund balances, or amounts estimated to be received after adoption of the annual Appropriation Ordinance.
- No other appropriation can be adopted during the fiscal year, unless approved by a petition signed by fifty (50) percent of the number of individuals who voted for Mayor at the last general municipal election, or by a majority of individuals voting on the question in a regular general election or an emergency referendum.
- Management cannot amend the Appropriation Ordinance. However, expenditures may exceed appropriations at the subobject level. The City Aldermen, as outlined above, must approve expenditures that exceed individual appropriations at the object level.

For the year ended April 30, 2014, there were no supplemental appropriations.

**CITY OF BLUE ISLAND, ILLINOIS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF FUNDING PROGRESS**  
**APRIL 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Regular</b>						
12/31/2013	\$ 6,411,432	\$ 9,570,712	\$ 3,159,280	66.99%	\$ 4,666,924	67.70%
12/31/2012	\$ 7,246,945	\$ 11,012,112	\$ 3,765,167	65.81%	\$ 4,658,625	80.82%
12/31/2011	\$ 5,756,100	\$ 10,053,013	\$ 4,296,913	57.26%	\$ 4,432,079	96.95%
12/31/2010	\$ 5,329,611	\$ 9,529,703	\$ 4,200,092	55.93%	\$ 4,436,821	94.66%
12/31/2009	\$ 7,302,717	\$ 10,436,116	\$ 3,133,399	69.98%	\$ 4,459,919	70.26%
12/31/2008	\$ 8,526,178	\$ 11,091,513	\$ 2,565,335	76.87%	\$ 4,324,540	59.32%
12/31/2007	\$ 11,384,160	\$ 11,282,312	\$ (101,848)	100.90%	\$ 3,949,895	0.00%
<b>SLEP</b>						
12/31/2013	\$ 98,321	\$ 49,606	\$ (48,715)	198.20%	-	0.00%
12/31/2012	\$ 92,329	\$ 46,145	\$ (46,184)	200.08%	-	0.00%
12/31/2011	\$ 87,231	\$ 42,926	\$ (44,305)	203.21%	-	0.00%
12/31/2010	\$ 83,724	\$ 39,931	\$ (43,793)	209.67%	-	0.00%
12/31/2009	\$ 79,808	\$ 37,145	\$ (42,663)	214.86%	-	0.00%
12/31/2008	\$ 79,374	\$ 34,554	\$ (44,820)	229.71%	-	0.00%
12/31/2007	\$ 79,802	\$ 32,143	\$ (47,659)	248.27%	-	0.00%

**Regular**

On a market basis, the actuarial value of assets as of December 31, 2013 is \$8,678,048. On a market basis, the funded ratio would be 90.67%.

**SLEP**

On a market basis, the actuarial value of assets as of December 31, 2013 is \$108,764. On a market basis, the funded ration would be 219.26%.

**Both**

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the City of Blue Island. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.



**CITY OF BLUE ISLAND, ILLINOIS  
POLICE AND FIREFIGHTERS' PENSION FUNDS  
SCHEDULE OF FUNDING PROGRESS  
APRIL 30, 2014**

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>						
4/30/2014	\$ 10,137,489	\$ 32,043,107	\$ 21,905,618	31.64%	\$ 2,634,816	831.39%
4/30/2013	\$ 9,562,447	\$ 32,768,088	\$ 23,205,641	29.18%	\$ 2,653,307	874.59%
4/30/2012	\$ 9,102,077	\$ 31,910,991	\$ 22,808,914	28.52%	\$ 2,748,150	829.97%
4/30/2011	\$ 8,695,301	\$ 32,342,635	\$ 23,647,334	26.88%	\$ 2,512,809	941.07%
4/30/2007	\$ 7,325,846	\$ 20,610,538	\$ 13,284,692	35.54%	\$ 2,239,621	593.17%
4/30/2006	\$ 6,833,713	\$ 19,299,374	\$ 12,465,661	35.41%	\$ 2,116,563	588.96%
<b>Firefighters' Pension Fund</b>						
4/30/2014	\$ 6,056,197	\$ 17,891,688	\$ 11,835,491	33.85%	\$ 1,291,293	916.56%
4/30/2013	\$ 5,849,197	\$ 18,085,994	\$ 12,236,797	32.34%	\$ 1,360,796	899.24%
4/30/2012	\$ 5,767,191	\$ 17,908,100	\$ 12,140,909	32.20%	\$ 1,299,300	934.42%
4/30/2011	\$ 5,491,966	\$ 17,878,663	\$ 12,386,697	30.72%	\$ 1,403,305	882.68%
4/30/2007	\$ 5,488,895	\$ 12,033,126	\$ 6,544,231	45.61%	\$ 1,074,155	609.24%
4/30/2006	\$ 5,126,919	\$ 10,712,291	\$ 5,585,372	47.86%	\$ 1,102,109	506.79%

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

**Digest of Changes**

None.

Analysis of the dollar amounts of the actuarial values 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 of a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater the 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.

**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**APRIL 30, 2014**

	Governmental Fund Types			
	Special Revenue Funds	Debt Service Funds	Capital Projects - CDBG Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 479,979	\$ -	\$ 109	\$ 480,088
Receivables:				-
Property taxes-net	-	479,678	-	479,678
Grants	-	-	-	-
Other	91,324	-	-	91,324
Due from other governmental agencies	-	-	-	-
Due from other funds	209,265	511,766	-	721,031
Total assets	<u>\$ 780,568</u>	<u>\$ 991,444</u>	<u>\$ 109</u>	<u>\$ 1,772,121</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 163,963	\$ -	\$ 1,155	\$ 165,118
Accrued expense	-	-	-	-
Due to other funds	46,789	-	435	47,224
Due to component unit	-	-	-	-
Due to other government units	140,241	-	-	140,241
Other liabilities	-	-	-	-
Total liabilities	<u>350,993</u>	<u>-</u>	<u>1,590</u>	<u>352,583</u>
<b>Deferred Inflows:</b>				
Property taxes	-	471,229	-	471,229
<b>Fund Balance:</b>				
Nonspendable	-	-	-	-
Restricted for grant purposes	-	-	-	-
Restricted for public safety	-	-	-	-
Restricted for public safety-grants	156,461	-	-	156,461
Restricted under state statute	309,503	-	-	309,503
Restricted for debt service	-	520,215	-	520,215
Unassigned	(36,389)	-	(1,481)	(37,870)
Total fund balance	<u>429,575</u>	<u>520,215</u>	<u>(1,481)</u>	<u>948,309</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 780,568</u>	<u>\$ 991,444</u>	<u>\$ 109</u>	<u>\$ 1,772,121</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2014**

	Governmental Fund Types			
	Special Revenue Funds	Debt Service Funds	Capital Projects - CDBG Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 1,957,816	\$ 673,388	\$ -	\$ 2,631,204
Personal property and replacement taxes	47,621	-	-	47,621
State allotments	705,708	-	-	705,708
Grants	-	-	278,553	278,553
Interest	151	-	19	170
Forfeiture income	112,468	-	-	112,468
Total revenues	<u>2,823,764</u>	<u>673,388</u>	<u>278,572</u>	<u>3,775,724</u>
<b>EXPENDITURES</b>				
Current:				
General government	162,081	-	6,000	168,081
Pension contribution	2,001,731	-	-	2,001,731
Street maintenance	926,856	-	319,598	1,246,454
Debt service:				
Principal	-	1,585,000	-	1,585,000
Interest	-	139,987	-	139,987
Capital outlay	-	-	-	-
Total expenditures	<u>3,090,668</u>	<u>1,724,987</u>	<u>325,598</u>	<u>5,141,253</u>
Excess (deficiency) of revenues over expenditures	<u>(266,904)</u>	<u>(1,051,599)</u>	<u>(47,026)</u>	<u>(1,365,529)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,130,866	45,890	1,176,756
Total other financing sources (uses)	<u>-</u>	<u>1,130,866</u>	<u>45,890</u>	<u>1,176,756</u>
Net change in fund balance	(266,904)	79,267	(1,136)	(188,773)
Fund balances at beginning of year (deficit)	657,851	679,806	(345)	1,337,312
Prior period adjustments	38,628	(238,858)	-	(200,230)
Fund balances at end of year (deficit)	<u>\$ 429,575</u>	<u>\$ 520,215</u>	<u>\$ (1,481)</u>	<u>\$ 948,309</u>

**CITY OF BLUE ISLAND**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**APRIL 30, 2014**

	Motor Fuel Tax Fund	Special Revenue Allocation Fund I	Special Revenue Allocation Fund IV	Special Revenue Allocation Fund VI	State Asset Seizure Fund	Federal Asset Seizure Fund	Police Pension Fund	Firefighters' Pension Fund	Total
<b>ASSETS</b>									
Cash and investments	\$ 171.010	\$ -	\$ 12.267	\$ -	\$ 189.165	\$ 107.537	\$ -	\$ -	\$ 479.979
Receivables:									
Property taxes	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Other	43.703	-	-	-	-	-	27.339	20.282	91.324
Due from other governmental agencies	-	-	-	-	-	-	-	-	-
Due from other funds	209.265	-	-	-	-	-	-	-	209.265
Restricted cash	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 423.978</u>	<u>\$ -</u>	<u>\$ 12.267</u>	<u>\$ -</u>	<u>\$ 189.165</u>	<u>\$ 107.537</u>	<u>\$ 27.339</u>	<u>\$ 20.282</u>	<u>\$ 780.568</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 114.475	\$ -	\$ 1.867	\$ -	\$ -	\$ -	\$ 27.339	\$ 20.282	\$ 163.963
Accrued expense	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	20.230	26.559	-	-	-	-	46.789
Due to component unit	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-
Due to other government units	-	-	-	-	140.241	-	-	-	140.241
Total liabilities	<u>114.475</u>	<u>-</u>	<u>22.097</u>	<u>26.559</u>	<u>140.241</u>	<u>-</u>	<u>27.339</u>	<u>20.282</u>	<u>350.993</u>
<b>Deferred Inflows</b>									
Property taxes	-	-	-	-	-	-	-	-	-
<b>Fund Balance</b>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted for grant purposes	-	-	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	-	-	-	-	-
Restricted for public safety-grants	-	-	-	-	48.924	107.537	-	-	156.461
Restricted under state statute	309.503	-	-	-	-	-	-	-	309.503
Restricted for debt service	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(9.830)	(26.559)	-	-	-	-	(36.389)
Total fund balance	<u>309.503</u>	<u>-</u>	<u>(9.830)</u>	<u>(26.559)</u>	<u>48.924</u>	<u>107.537</u>	<u>-</u>	<u>-</u>	<u>429.575</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 423.978</u>	<u>\$ -</u>	<u>\$ 12.267</u>	<u>\$ -</u>	<u>\$ 189.165</u>	<u>\$ 107.537</u>	<u>\$ 27.339</u>	<u>\$ 20.282</u>	<u>\$ 780.568</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED APRIL 30, 2014**

	Motor Fuel Tax Fund	Special Tax Increment Allocation Fund I	Special Tax Increment Allocation Fund IV	Special Tax Increment Allocation Fund VI	State Asset Seizure Fund	Federal Asset Seizure Fund	Police Pension Fund	Firefighters' Pension Fund	Total
<b>REVENUES</b>									
Property taxes-net	\$ -	\$ -	\$ 3,706	\$ -	\$ -	\$ -	\$ 1,295,300	\$ 658,810	\$ 1,957,816
Personal property and replacement taxes	-	-	-	-	-	-	27,339	20,282	47,621
State allotments	705,708	-	-	-	-	-	-	-	705,708
Interest	53	-	19	-	16	63	-	-	151
Forfeiture income	-	-	-	-	46,537	65,931	-	-	112,468
Total revenues	<u>705,761</u>	<u>-</u>	<u>3,725</u>	<u>-</u>	<u>46,553</u>	<u>65,994</u>	<u>1,322,639</u>	<u>679,092</u>	<u>2,823,764</u>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	76,537	463	4,908	80,173	-	-	\$ 162,081
Pension contribution	-	-	-	-	-	-	1,322,639	679,092	2,001,731
Street maintenance	919,132	-	7,724	-	-	-	-	-	926,856
Total expenditures	<u>919,132</u>	<u>-</u>	<u>84,261</u>	<u>463</u>	<u>4,908</u>	<u>80,173</u>	<u>1,322,639</u>	<u>679,092</u>	<u>3,090,668</u>
Net change in fund balance	(213,371)	-	(80,536)	(463)	41,645	(14,179)	-	-	(266,904)
Fund balance at beginning of year (deficit)	522,874	90,367	70,706	(26,096)	-	-	-	-	657,851
Prior period adjustments	-	(90,367)	-	-	7,279	121,716	-	-	38,628
Fund balances at end of year (deficit)	<u>\$ 309,503</u>	<u>\$ -</u>	<u>\$ (9,830)</u>	<u>\$ (26,559)</u>	<u>\$ 48,924</u>	<u>\$ 107,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,575</u>

**CITY OF BLUE ISLAND**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**APRIL 30, 2014**

	Alternate Bond Fund Series 1995	Special Tax Series 1997	Increment Allocation Funds		General Obligation Bond Fund Series 2007	General Obligation Bond Fund Series 2011	Total
			TIF 3 Series 1998	TIF 2 Series 2003			
<b>ASSETS</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:							
Property taxes-net	369,443	-	-	-	-	110,235	479,678
Customers	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other governmental agencies	-	-	-	-	-	-	-
Due from other funds	468,733	-	-	-	-	43,033	511,766
Restricted cash	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total assets	<u>\$ 838,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,268</u>	<u>\$ 991,444</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows</b>							
Property taxes	<u>361,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,437</u>	<u>471,229</u>
<b>Fund Balance:</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted for grant purposes	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	-	-	-
Restricted under state statute	-	-	-	-	-	-	-
Restricted for debt service	476,384	-	-	-	-	43,831	520,215
Unassigned	-	-	-	-	-	-	-
Total fund balance	<u>476,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,831</u>	<u>520,215</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 838,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,268</u>	<u>\$ 991,444</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED APRIL 30, 2014**

	Alternate Bond Fund Series 1995	Special Tax Series 1997	Increment Allocation Funds		General Obligation Bond Fund Series 2007	General Obligation Bond Fund Series 2011	Total Governmental Funds
			TIF 3 Series 1998	TIF 2 Series 2003			
<b>REVENUES</b>							
Property taxes-net	\$ 609,753	\$ -	\$ -	\$ -	\$ -	\$ 63,635	\$ 673,388
Total revenues	<u>609,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,635</u>	<u>673,388</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Operating expense	-	-	-	-	-	-	-
Debt service							
Principal	485,000	-	715,000	330,000	-	55,000	1,585,000
Interest	53,000	-	71,428	14,438	-	1,121	139,987
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>538,000</u>	<u>-</u>	<u>786,428</u>	<u>344,438</u>	<u>-</u>	<u>56,121</u>	<u>1,724,987</u>
Revenues over (under) expenditures before other financing sources	71,753	-	(786,428)	(344,438)	-	7,514	(1,051,599)
Other financing sources - transfers in	<u>-</u>	<u>-</u>	<u>786,428</u>	<u>344,438</u>	<u>-</u>	<u>-</u>	<u>1,130,866</u>
Net change in fund balance	71,753	-	-	-	-	7,514	79,267
Fund balance at beginning of year	404,631	-	238,858	-	-	36,317	679,806
Prior period adjustment	-	-	(238,858)	-	-	-	(238,858)
Fund balance at end of year	<u>\$ 476,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,831</u>	<u>\$ 520,215</u>



**CITY OF BLUE ISLAND, ILLINOIS**  
**BALANCE SHEET**  
**PUBLIC LIBRARY**  
**APRIL 30, 2014**

**ASSETS**

Cash, cash equivalents and investments	\$ 1,189,118
Receivables-property taxes, net	615,939
Due from primary government	<u>64,276</u>
	<u><u>\$ 1,869,333</u></u>

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE**

Accounts payable	\$ 39,000
Accrued expenses	26,015
Deferred inflows-property taxes	598,941
Fund balance	<u>1,205,377</u>
	<u><u>\$ 1,869,333</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**PUBLIC LIBRARY**  
**YEAR ENDED APRIL 30, 2014**

Page 1 of 3

	2014	
	Original & Final Budget	Actual
<b>REVENUES:</b>		
Property taxes	\$ 1,512,500	\$ 1,277,064
Personal property replacement taxes	48,000	54,059
Fines and fees	-	50,439
State library/other grants	-	29,633
Interest income	-	726
Other	127,350	372
Total revenues	<u>\$ 1,687,850</u>	<u>\$ 1,412,293</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**PUBLIC LIBRARY**  
**YEAR ENDED APRIL 30, 2014**

Page 2 of 3

	2014	
	Original & Final Budget	Actual
<b>EXPENDITURES</b>		
Current:		
Salaries and benefits:		
Salaries	\$ 800,000	\$ 843,188
Illinois Municipal Retirement Fund	85,000	99,013
Payroll taxes-FICA and Medicare	70,000	62,549
Unemployment tax	-	3,483
Employee medical insurance	65,000	77,866
Total salaries and benefits	<u>1,020,000</u>	<u>1,086,099</u>
Services:		
Audit	-	-
Computers and software/computer service	-	6,184
Finance/bank charges	2,000	1,023
Heat/light/water	28,000	7,427
Insurance	30,000	18,654
Legal	10,000	2,532
Other contractual services	-	4,509
Professional consulting	5,000	31,223
Telephone	12,000	8,329
Internet services	-	158
Total services	<u>87,000</u>	<u>80,039</u>
Supplies and materials:		
Audio-visual materials	30,000	15,161
Book purchasing and processing	-	59,205
Maintenance supplies	12,000	5,149
On-line resources	24,000	38,123
Periodical subscriptions	10,000	9,318
Printing, postage, and office supplies	70,000	40,583
Total supplies and materials	<u>146,000</u>	<u>167,539</u>
Maintenance and repair:		
Building repairs and renovations	105,100	22,142
Contract maintenance	-	41,661
Equipment	-	344
Total maintenance and repair	<u>\$ 105,100</u>	<u>\$ 64,147</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**PUBLIC LIBRARY**  
**YEAR ENDED APRIL 30, 2014**

Page 3 of 3

	2014	
	Original & Final Budget	Actual
<b>EXPENDITURES</b>		
Current (Continued)		
Miscellaneous:		
Advertising and marketing	\$ 7,500	\$ 213
Contingent	-	284
Dues and memberships	150,000	1,319
Meetings and seminars	-	9,995
Programming	30,000	22,170
Rentals and leasing fees	25,000	8,970
Shipping, handling and delivery	5,000	1,220
Staff reimbursed purchases	-	57
Travel	-	81
Total miscellaneous	<u>217,500</u>	<u>44,309</u>
Capital expenditures:		
Computer equipment	60,000	28,886
Library equipment	27,500	4,666
Internet development	-	18,226
Total capital expenditures	<u>87,500</u>	<u>51,778</u>
Total expenditures	<u>1,663,100</u>	<u>1,493,911</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 24,750</u>	(81,618)
Fund balance at beginning of year		1,262,634
Prior period adjustments		<u>24,361</u>
Fund balance at end of year		<u>\$ 1,205,377</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY**  
**NET POSITION-PENSION TRUST FUNDS**  
**APRIL 30, 2014**

	Police Pension Fund	Firefighters Pension Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 9,200	\$ 208,376	\$ 217,576
Interest receivable	19,119	18,678	37,797
Personal Property Replacement Taxes Receivable	27,339	20,282	47,621
Pensioner Receivable	9,317	-	9,317
Investments			
US treasury securities	2,820,124	1,534,397	4,354,521
US agencies	179,635	667,198	846,833
Mutual funds	4,564,840	996,467	5,561,307
Corporate obligations	1,301,390	454,972	1,756,362
Equities	-	1,364,903	1,364,903
Money market mutual funds	881,086	-	881,086
Prepaid	1,017	-	1,017
Other assets	-	-	-
Due from other governments	-	-	-
Total assets	<u>9,813,067</u>	<u>5,265,273</u>	<u>15,078,340</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
Accounts Payable	<u>5,083</u>	<u>-</u>	<u>5,083</u>
Total liabilities	<u>5,083</u>	<u>-</u>	<u>5,083</u>
<b>Net Position</b>			
Net position held in trust for pension benefit	<u>\$ 9,807,984</u>	<u>\$ 5,265,273</u>	<u>\$ 15,073,257</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**COMBINING STATEMENT OF FIDUCIARY**  
**NET POSITION-PENSION TRUST FUNDS**  
**APRIL 30, 2014**

	Police Pension Fund	Firefighter's Pension Fund	Total
<b>ADDITIONS</b>			
Contributions			
Employee contributions	\$ 243,354	\$ 127,344	\$ 370,698
Employer contributions	1,306,828	671,010	1,977,838
Total contributions	1,550,182	798,354	2,348,536
Investment income	722,608	360,773	1,083,381
Total additions	2,272,790	1,159,127	3,431,917
<b>DEDUCTIONS</b>			
Benefits and refunds	1,486,566	1,054,275	2,540,841
Administrative costs	43,713	21,122	64,835
Investment expenses	23,366	23,143	46,509
Other expense	14,810	24,380	39,190
Total deductions	1,568,455	1,122,920	2,691,375
Net change in plan net position	704,335	36,207	740,542
Net position held in trust for pension benefits at beginning of year	9,080,518	5,229,066	14,309,584
Prior period adjustment	23,131	-	23,131
Net position held in trust for pension benefits at end of year	\$ 9,807,984	\$ 5,265,273	\$ 15,073,257

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND**  
**SCHEDULE OF VALUATIONS, RATES AND EXTENSIONS**  
**FOR TAX LEVY YEAR 2013**  
**YEAR ENDED APRIL 30, 2014**

Tax Levy Year	Assessed Valuation	Extended Tax Rate
2003	\$ 211,856,519	2.2149%
2004	207,768,422	2.4649%
2005	214,789,139	2.2837%
2006	252,498,526	2.0950%
2007	253,651,868	2.2158%
2008	301,871,416	2.4988%
2009	303,600,890	2.4019%
2010	302,729,252	2.5914%
2011	245,174,072	3.0379%
2012	223,319,634	3.3069%
2013	209,449,861	3.9485%

The 2013 gross tax levy is analyzed below:

	Rate	Percent	Amount
General:			
Corporate	\$ 0.4303	11.32	\$ 858,744
Garbage	0.1967	5.17	392,509
Illinois Municipal Retirement	0.3883	5.88	445,918
Liability insurance	0.0418	1.10	83,361
Street and bridge	0.0988	2.60	197,092
Fire protection	0.2499	6.57	498,700
Police protection	0.4022	10.58	802,611
Social Security	0.1654	4.35	330,092
Auditing	0.0108	0.28	21,573
Workers' compensation	0.0927	2.44	184,944
Total general	2.0769	50.29	3,815,544
Library	0.3735	9.82	745,432
Library building and maintenance	0.0198	0.52	39,586
Bond and interest	0.3737	10.32	782,779
Police Pension	0.7163	18.84	1,429,495
Firefighters' Pension	0.3883	10.21	774,964
Total	\$ 3.9485	100.00	\$ 7,587,800

**CITY OF BLUE ISLAND**  
**SCHEDULE OF GENERAL OBLIGATION DEBT TO MATURITY**  
**FOR THE YEAR ENDED APRIL 30, 2014**

Fiscal Year Ended April 30,	General Obligation Golf Course Refunding Bonds (Alternate Revenue Source) Series 1995				General Obligation Tax Increment Bonds Series 1998		General Obligation Judgment Bonds Series 2011	
	Total		Dated December 1, 1995		Dated March 1, 1998		Dated December 16, 2011	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,375,000	\$ 75,298	\$ 515,000	\$ 27,295	\$ 750,000	\$ 36,750	\$ 110,000	\$ 11,253
2016	110,000	9,801	-	-	-	-	110,000	9,801
2017	110,000	8,349	-	-	-	-	110,000	8,349
2018	110,000	6,897	-	-	-	-	110,000	6,897
2019	110,000	5,445	-	-	-	-	110,000	5,445
2020	110,000	3,993	-	-	-	-	110,000	3,993
2021	110,000	2,541	-	-	-	-	110,000	2,541
2022	110,000	1,089	-	-	-	-	110,000	1,089
2023	55,000	-	-	-	-	-	55,000	-
	<u>\$ 2,200,000</u>	<u>\$ 113,413</u>	<u>\$ 515,000</u>	<u>\$ 27,295</u>	<u>\$ 750,000</u>	<u>\$ 36,750</u>	<u>\$ 935,000</u>	<u>\$ 49,368</u>

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



**CITY OF BLUE ISLAND**  
**LEGAL DEBT MARGIN**  
**YEAR ENDED APRIL 30, 2014**

		2013 Tax Levy Year
Assessed valuation		\$ 209,449,861
Statutory debt limitation (8.625% of assessed valuation)		\$ 18,065,051
Total debt:		
General Obligation Bonds:		
Series 1995, dated December 1, 1995	\$ 515,000	
Series 2011, dated December 16, 2011	935,000	
General Obligation Tax Increment Refunding Bonds:		
Series 1998, dated March 1, 1998	750,000	
Tax Anticipation Warrant:		
Series 2013, dated December 12, 2013	1,000,000	3,200,000
Legal Debt Margin		\$ 14,865,051