

CITY OF BLUE ISLAND  
ILLINOIS  
AUDITED FINANCIAL STATEMENTS  
FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014

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# John Kasperek Co., Inc.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Trustees  
City of Blue Island, Illinois

### **Report on the Financial Statements**

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 period beginning May 1, 2014 and ended December 31, 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 did not audit the financial statements of the Blue Island Public Library, which represents 100% of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Blue Island Public Library, is based solely on the report of the other auditors. 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. The financial statements of the Blue Island Public Library were not audited in accordance with *Government Auditing Standards*.

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*. The effects of this departure from accounting principles generally accepted in the United States of America on the note disclosures related to the City have not been determined.

As more fully described in Notes 16 and 17 to the financial statements, the City has not implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, which was effective for the City as of December 31, 2014 and requires enhanced note disclosures and additional schedules be presented as required supplementary information. The effects of this departure from accounting principles generally accepted in the United States of America on the note disclosures related to the pension trust fund have not been determined.

### **Qualified Opinion**

In our opinion, except for the effects of the matters 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 December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the eight months then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

The closing of the fiscal year end of the City of Blue Island was changed from April 30 to December 31 with Ordinance number 2014-017 dated April 22, 2014. Accordingly, the current financial statements are prepared for the eight month period beginning May 1, 2014 and ended December 31, 2014. The Blue Island Public Library and Police Pension Trust Fund have also adopted the new fiscal year closing date for the eight months ended December 31, 2014 and their information in this report is being reported for this period. The Firefighters Pension Trust Fund did not adopt the new fiscal year end closing date and the information presented for this trust fund is for their year ended April 30, 2014. Our opinions are not modified with respect to this matter.

### **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, schedules of funding progress, and schedules of 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.

### **Supplementary 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 schedules 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 schedules 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 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 schedule of valuations, rates and extensions for tax levies; schedule of general obligation debt to maturity; and legal debt margin have not been subjected to the auditing procedures 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 April 29, 2016, 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  
April 29, 2016

CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

The year end of the City of Blue Island was changed from April 30 to December 31 with Ordinance number 2014-017 dated April 22, 2014. Accordingly, the current financial statements are prepared for eight months from May 1, 2014 to December 31, 2014 and as a result, comparative figures stated in the statements and the related notes are not comparable.

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 eight months ended December 31, 2014.

### **Financial Highlights**

The assets of the City of Blue Island exceeded its liabilities at the close of the most recent fiscal year by \$46,589,478 (*net position*). Of this amount, \$39,879,486 is invested in capital assets net of related debt, and \$11,704,612 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 \$4,994,620. 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 increased due to current year operations by \$11,593,378 primarily due to decrease in expenses and a permanent transfer from the Water Fund of \$3,654,617. Beginning net position was restated to increase the motor fuel tax fund by \$101,892 at December 31, 2014, and decrease for fixed asset adjustment in the amount of \$8,175.
- At December 31, 2014, the City of Blue Island's governmental funds reported a combined ending fund balance of \$7,126,931.
- At December 31, 2014, the unassigned fund balance for the governmental funds was at a deficit of \$4,577,681, of which the General Fund was a deficit of \$4,184,615.
- The City of Blue Island's total long-term general obligation and alternate revenue bonds decreased by \$1,661,288 at December 31, 2014.

### **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).

CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

**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 15 through 16 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Blue Island, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Blue Island can be divided into 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 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 December 31, 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 17 through 20 of this report.



CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

**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 21 through 25 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 26 and 27 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 28 through 69 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 86 through 88 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 debt 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 70 through 84 and pages 89 through 94 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 \$46,589,478 at the close of December 31, 2014.

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.

CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

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

**City of Blue Island  
Statement of Net Position  
As of December 31, 2014  
(in millions)**

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 15.5	\$ 1.6	\$ 17.1
Capital assets	<u>31.1</u>	<u>14.1</u>	<u>45.2</u>
<b>Total assets</b>	<u><u>46.6</u></u>	<u><u>15.7</u></u>	<u><u>62.3</u></u>
Long-term liabilities	5.0	4.6	9.6
Other liabilities	<u>2.1</u>	<u>4.0</u>	<u>6.1</u>
<b>Total liabilities</b>	<u><u>7.1</u></u>	<u><u>8.6</u></u>	<u><u>15.7</u></u>
Net position:			
Invested in capital assets, net of related debt	30.3	9.6	39.9
Restricted	11.7	-	11.7
Unrestricted (deficit)	<u>(2.5)</u>	<u>(2.5)</u>	<u>(5.0)</u>
<b>Total net position</b>	<u><u>\$ 39.5</u></u>	<u><u>\$ 7.1</u></u>	<u><u>\$ 46.6</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.

CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

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

A summary of the statement of net position at April 30, 2014 is below:

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
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>

**Governmental Activities.** Governmental activities increased the City of Blue Island's net position by \$11,593,378. Expenses decreased from April 30, 2014 to December 31, 2014 by \$8,844,587. Revenues increased from April 30, 2014 to December 31, 2014 by \$3,394,786. The increase was due primarily to the permanent transfer of Water Fund to the General Fund. (Comparison to December 31, 2014 reflects eight months of activity.)

**Business-type Activities.** Business-type activities decreased the City of Blue Island's net position by \$4,985,465. The decrease was due primarily to the permanent transfer of Water Fund to the General Fund.

CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

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

**City of Blue Island**  
**Changes in Net Position**  
**For the Eight Months Ended December 31, 2014**  
**(in millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$ 4.5	24.1%	\$ 4.7	100.0%	\$ 9.2	39.3%
Operating grants	1.9	10.2%	-	0.0%	1.9	8.1%
General revenue:						
Property taxes	8.3	44.4%	-	0.0%	8.3	35.5%
Other taxes	3.9	20.9%	-	0.0%	3.9	16.7%
Other revenues	0.1	0.5%	-	0.0%	0.1	0.4%
<b>Total revenues</b>	<b>18.7</b>		<b>4.7</b>		<b>23.4</b>	
Expenses:						
Governmental activities:						
General government	5.1	40%	-	0%	5.1	30.4%
Public safety	5.3	42%	-	0%	5.3	31.5%
Public works	2.2	17%	-	0%	2.2	13.1%
Interest	0.1	1%	-	0%	0.1	0.6%
Business-type:						
Water and sewer	-	0%	3.3	80%	3.3	19.6%
Golf course	-	0%	0.8	20%	0.8	4.8%
<b>Total expenses</b>	<b>12.7</b>		<b>4.1</b>		<b>16.8</b>	
Other financing sources:						
Transfers	5.6		(5.6)		-	
<b>Changes in net position</b>	<b>\$ 11.6</b>		<b>\$ (5.0)</b>		<b>\$ 6.6</b>	

CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

**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	
	Amount	% of Totals	Amount	% of Totals	Amount	% of 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%
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>	

Changes in revenue and expenses from April 30, 2014 to December 31, 2014 are reflected above.

CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

**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 December 31, 2014.

**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 a deficit of \$2,455,657. The total decrease in net position for the funds was \$4,985,465, which was primarily due to the permanent transfer from the Water Fund to the General Fund of \$5,654,617. 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**

The budgetary statement for the General Fund shows the original budget, final budget, and actual revenues, expenditures, and transfers in and out for the eight months ended December 31, 2014. Difference between the original and amended budget were not significant. The City approved a resolution for the transfer of certain budget line items totaling \$150,000 to various departments within the General Fund. Revenues and Expenditures were under budget for the eight months ended December 31, 2014.

CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

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

***General Fund Budgetary Highlights (continued)***

	<u>Final Budget</u>	<u>Actual</u>
Revenues:		
Taxes	\$ 7.3	\$ 5.8
Licenses	0.7	0.7
Permits	0.2	0.3
Fines	0.5	0.3
Grants and interest	1.2	1.6
Other	3.3	2.8
Total revenues	<u>13.2</u>	<u>11.5</u>
Expenditures:		
Current:		
General government	2.0	1.4
Building	0.4	0.2
Planning	0.8	0.3
Police	2.7	2.6
911 Center	1.1	0.7
Fire	1.7	1.4
Public works	2.3	1.9
Insurance loss	2.5	1.7
Civil service commission	-	-
Marketing	1.4	0.4
Total expenditures	<u>14.9</u>	<u>10.6</u>
Excess (deficiency) of revenues over expenditures	<u>(1.7)</u>	<u>0.9</u>
Other financing uses		
Tax anticipation warrants proceeds	-	1.0
Tax anticipation warrants payments	-	(1.0)
Transfers in from water fund	-	5.7
Net change in fund balance	<u>\$ (1.7)</u>	<u>\$ 6.6</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.

CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

**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 December 31, 2014 amounts to \$45,259,768 (\$46,142,577 at April 30, 2014), which is net of accumulated depreciation. This investment in capital assets includes land, buildings, utility system and improvements, and equipment, including vehicles.

During the current year, the City purchased a new phone system for \$37,397 under General Fund and \$39,156 for a new salt spreader and three handheld devices under Water Fund.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	Dec	Apr	Dec	Apr	Dec	Apr
	2014	2014	2014	2014	2014	2014
Land	\$ 20.3	\$20.3	\$ 0.7	\$ 0.7	\$ 21.0	\$21.0
Buildings and land improvements	4.9	5.1	2.7	2.8	7.6	7.9
Infrastructure	4.9	5.0	10.5	10.9	15.4	15.9
Equipment	1.0	1.2	0.2	0.1	1.2	1.3
Total	<u>\$ 31.1</u>	<u>\$31.6</u>	<u>\$ 14.1</u>	<u>\$14.5</u>	<u>\$ 45.2</u>	<u>\$46.1</u>

Additional information on the City of Blue Island's capital assets can be found in Note 6 on pages 52 through 57 of this report.

**Long-term Debt.** At December 31, 2014, the City of Blue Island had total bonded debt outstanding of \$3,950,000 (\$5,565,000 at 2014). The balance at December 31, 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.

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.



CITY OF BLUE ISLAND, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

**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		Business-type		Total	
	Activities		Activities			
	Dec	Apr	Dec	Apr	Dec	Apr
	2014	2014	2014	2014	2014	2014
General obligation bonds	\$ 0.8	\$ 2.2	\$ 0.8	\$ 0.6	\$ 1.6	\$ 2.8
Alternate revenue source						
bonds		-	3.1	3.3	3.1	3.3
Illinois EPA						
Water Supply Loan	-	-	0.6	0.9	0.6	0.9
	<u>\$ 0.8</u>	<u>\$ 2.2</u>	<u>\$ 4.5</u>	<u>\$ 4.8</u>	<u>\$ 5.3</u>	<u>\$ 7.0</u>

The City of Blue Island's total long-term debt, including notes payable, has decreased by \$1,661,288 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 December 31, 2014 was \$16,558,964.

Additional information on the City of Blue Island's long-term debt can be found in Note 9 on pages 53 through 58 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.

**BASIC FINANCIAL STATEMENTS**

**CITY OF BLUE ISLAND, ILLINOIS**

**STATEMENT OF NET POSITION**

DECEMBER 31, 2014

	Primary Government			Component
	Governmental	Business-type		Unit
	Activities	Activities	Total	Public Library
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,483,906	\$ 497,725	\$ 1,981,631	\$ 597,008
Restricted cash	1,545,248	-	1,545,248	-
Receivables	9,051,534	1,110,499	10,162,033	279,641
Internal balances	3,351,083	-	3,351,083	-
Prepaid items	43,813	10,192	54,005	10,759
Inventory	-	10,757	10,757	-
Capital assets not depreciated-land	20,289,512	678,958	20,968,470	-
Capital assets (net of accumulated depreciation)				
Building and land improvements	4,927,858	2,706,419	7,634,277	29,006
Infrastructure	4,887,054	10,524,916	15,411,970	-
Equipment	1,040,069	204,982	1,245,051	50,313
Total assets	<u>46,620,077</u>	<u>15,744,448</u>	<u>62,364,525</u>	<u>966,727</u>
<b>LIABILITIES, AND NET POSITION</b>				
<b>Liabilities:</b>				
Accounts payable and other accrued expenses	969,999	607,056	1,577,055	63,113
Other payables	-	-	-	26,384
Accrued interest expense	-	95,321	95,321	-
Due to other funds	-	3,351,083	3,351,083	-
Due to other government units	146,394	-	146,394	-
Due to component unit	29,800	-	29,800	-
Other liabilities	940,732	-	940,732	-
Non current liabilities:				
Due within one year	1,055,000	336,008	1,391,008	-
Due in more than one year	3,993,010	4,250,644	8,243,654	-
Total liabilities	<u>7,134,935</u>	<u>8,640,112</u>	<u>15,775,047</u>	<u>89,497</u>
<b>Net Position:</b>				
Net investment in capital assets	30,319,493	9,559,993	39,879,486	79,319
Restricted for:				
Grant purposes	1,200,000	-	1,200,000	-
Public safety	182,378	-	182,378	-
State statute	9,990,886	-	9,990,886	-
Debt service	331,348	-	331,348	-
Unrestricted (deficit)	<u>(2,538,963)</u>	<u>(2,455,657)</u>	<u>(4,994,620)</u>	<u>797,911</u>
Total net position	<u>\$ 39,485,142</u>	<u>\$ 7,104,336</u>	<u>\$ 46,589,478</u>	<u>\$ 877,230</u>

The accompanying notes are an integral part of this statement.

# CITY OF BLUE ISLAND, ILLINOIS

## STATEMENT OF ACTIVITIES

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total
					Governmental Activities	Business-type Activities		
Governmental activities								
General government	\$ 5,184,901	\$ 1,414,233	\$ 1,864,238	\$ -	\$ (1,906,430)	\$ (1,906,430)	\$ -	
Public safety	5,283,788	1,219,504	49,952	-	(4,014,332)	(4,014,332)	-	
Public works	2,240,962	1,867,783	-	-	(373,179)	(373,179)	-	
Interest on debt	94,924	-	-	-	(94,924)	(94,924)	-	
Total governmental activities	12,804,575	4,501,520	1,914,190	-	(6,388,865)	(6,388,865)	-	
Business-type activities								
Water and sewer	3,251,617	3,876,488	-	-	624,871	624,871	-	
Golf course	817,985	859,480	-	-	41,495	41,495	-	
Total business-type activities	4,069,602	4,735,968	-	-	666,366	666,366	-	
Total primary government	\$ 16,874,177	\$ 9,237,488	\$ 1,914,190	\$ -	\$ (6,388,865)	\$ (5,722,499)	\$ -	
Component unit-Public Library	\$ 928,227	\$ 37,851	\$ -	\$ -	\$ -	\$ -	\$ (890,376)	
General revenues								
Taxes:								
Property taxes					8,315,509	-	455,633	
Replacement taxes					254,406	-	20,354	
State income and use taxes					1,756,381	-	-	
Utility taxes					814,946	-	-	
State sales tax					953,352	-	-	
Video gaming tax					99,753	-	-	
Rental income/reimbursement/miscellaneous					130,003	-	527	
Transfers					5,654,617	(5,654,617)	-	
Unrestricted investment earnings					3,276	2,786	202	
Total general revenues					17,982,243	(5,651,831)	476,716	
Changes in net position					11,593,378	(4,985,465)	(413,660)	
Net position, beginning of year					27,798,047	12,089,801	1,290,890	
Prior period adjustments					93,717	-	-	
Net position, beginning of year, as restated					27,891,764	12,089,801	1,290,890	
Net position, end of year					\$ 39,485,142	\$ 7,104,336	\$ 877,230	

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

DECEMBER 31, 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	\$ 12,844	\$ 790,262	\$ 15,285	\$ 3,456	\$ 662,059	\$ 1,483,906
Receivables:						
Property taxes-net	3,969,283	-	-	-	2,874,958	6,844,241
Customers	162,107	-	-	-	-	162,107
Grants	225,981	-	-	126,126	-	352,107
Other	1,606,004	-	-	-	87,075	1,693,079
Due from other funds	3,399,461	5,142,309	3,654,682	337,936	393,384	12,927,772
Restricted cash	1,545,248	-	-	-	-	1,545,248
Prepaid items	38,629	-	-	-	5,184	43,813
Total assets	<u>\$ 10,959,557</u>	<u>\$ 5,932,571</u>	<u>\$ 3,669,967</u>	<u>\$ 467,518</u>	<u>\$ 4,022,660</u>	<u>\$ 25,052,273</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>						
<b>Liabilities:</b>						
Accounts payable	728,916	\$ 2,850	\$ -	120,620	27,378	\$ 879,764
Accrued expenses	90,235	-	-	-	-	90,235
Due to other funds	9,353,540	-	174,770	-	48,379	9,576,689
Due to component unit	29,800	-	-	-	-	29,800
Due to other government units	-	-	-	-	146,394	146,394
Other liabilities	-	-	-	940,732	-	940,732
Total liabilities	<u>10,202,491</u>	<u>2,850</u>	<u>174,770</u>	<u>1,061,352</u>	<u>222,151</u>	<u>11,663,614</u>
<b>Deferred Inflows of Resources:</b>						
Property taxes	<u>3,741,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,520,047</u>	<u>6,261,728</u>
<b>Fund Balance:</b>						
Restricted for grant purposes	1,200,000	-	-	-	-	1,200,000
Restricted for public safety	-	-	-	-	182,378	182,378
Restricted under state statute	-	5,929,721	3,495,197	-	565,968	9,990,886
Restricted for debt service	-	-	-	-	331,348	331,348
Unassigned	(4,184,615)	-	-	(593,834)	200,768	(4,577,681)
Total fund balance (deficit)	<u>(2,984,615)</u>	<u>5,929,721</u>	<u>3,495,197</u>	<u>(593,834)</u>	<u>1,280,462</u>	<u>7,126,931</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 10,959,557</u>	<u>\$ 5,932,571</u>	<u>\$ 3,669,967</u>	<u>\$ 467,518</u>	<u>\$ 4,022,660</u>	<u>\$ 25,052,273</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

Total fund balance- governmental funds-page 17	\$ 7,126,931
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.	31,144,493
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net position.	6,261,728
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 outstanding	(1,000,000)
General obligations bonds	(825,000)
Net benefit pension obligations	(2,970,023)
Compensated absences	<u>(252,987)</u>
Net position of governmental activities-page 15	<u><u>\$ 39,485,142</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 BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 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>REVENUES:</b>						
Property taxes-net	\$ 1,925,135	\$ 352,056	\$ 389,311	\$ -	\$ 1,807,317	\$ 4,473,819
Personal property and replacement taxes	227,028	-	-	-	27,378	254,406
Other taxes	3,624,432	-	-	-	-	3,624,432
Licenses	703,152	-	-	-	-	703,152
Permits	277,009	-	-	-	-	277,009
State allotments	-	-	-	-	507,183	507,183
Fines	328,522	-	-	-	-	328,522
Grants	1,626,831	-	-	-	-	1,626,831
Interest	699	1,336	1,079	9	153	3,276
9-1-1 system fees	605,091	-	-	-	-	605,091
Sanitation fees	962,560	-	-	-	-	962,560
Other	1,248,006	-	-	249,430	37,929	1,535,365
Total revenues	11,528,465	353,392	390,390	249,439	2,379,960	14,901,646
<b>EXPENDITURES</b>						
Current:						
General government	1,325,739	32,229	7,807	827,833	14,169	2,207,777
Building	246,606	-	-	-	-	246,606
Planning	275,433	-	-	-	-	275,433
Police	3,338,198	-	-	-	-	3,338,198
Fire	1,392,931	-	-	-	-	1,392,931
Pension Contributions-Police & Fire	-	-	-	-	1,099,656	1,099,656
Public works	1,855,487	-	-	-	-	1,855,487
Street	-	-	-	-	352,698	352,698
Insurance loss	1,664,689	-	-	-	-	1,664,689
Civil Service Commission	18,111	-	-	-	-	18,111
Marketing	384,791	-	-	-	-	384,791
Debt service	-	-	-	-	1,469,924	1,469,924
Capital outlay	37,398	-	-	-	-	37,398
Total expenditures	10,539,383	32,229	7,807	827,833	2,936,447	14,343,699
Excess (deficiency) of revenues over (under) expenditures	989,082	321,163	382,583	(578,394)	(556,487)	557,947
<b>OTHER FINANCING SOURCES (USES)</b>						
Tax Anticipation Warrant Proceeds	1,000,000	-	-	-	-	1,000,000
Tax Anticipation Warrant Payments	(1,000,000)	-	-	-	-	(1,000,000)
Transfers in- proprietary fund	5,654,617	-	-	-	-	5,654,617
Transfers in	-	-	7,807	82,922	786,750	877,479
Transfers out	-	(90,729)	(786,750)	-	-	(877,479)
Total other financing sources (uses)	5,654,617	(90,729)	(778,943)	82,922	786,750	5,654,617
Net change in fund balances	6,643,699	230,434	(396,360)	(495,472)	230,263	6,212,564
Fund balances at beginning of year	(9,628,314)	5,699,287	3,891,557	(98,362)	948,307	812,475
Prior Period Adjustments	-	-	-	-	101,892	101,892
Fund balance at end of year (Deficit)	\$ (2,984,615)	\$ 5,929,721	\$ 3,495,197	\$ (593,834)	\$ 1,280,462	\$ 7,126,931

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**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

Net change in fund balance - total governmental funds - page 19

\$ 6,212,564

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	37,398	
Depreciation	<u>(562,534)</u>	(525,136)

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

Deferred at December 31, 2014	6,261,728	
Deferred at April 30, 2014	<u>(2,420,038)</u>	3,841,690

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.

Repayment of principal on bonds	1,375,000	
Repayment of Tax Anticipation Warrant	1,000,000	
Tax Anticipation Warrant proceeds	<u>(1,000,000)</u>	1,375,000

Some expenses reported in the statement of activities do not require  
the use of current financial resources and, therefore, are not reported  
as expenditures in governmental funds.

Change in accrued interest	39,190	
Change in compensated absences	(38,961)	
Change in net pension obligation	<u>689,031</u>	<u>689,260</u>

Change in net position of governmental activities - page 16

\$ 11,593,378

The accompanying notes are an integral part of this statement.



**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2014**

	Water	Golf Course	Total Proprietary Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 474,593	\$ 23,132	\$ 497,725
Accounts receivable:			
Customers	1,125,499	-	1,125,499
Less allowance for doubtful accounts	(15,000)	-	(15,000)
Prepays	-	10,192	10,192
Due from other funds	53,140	-	53,140
Inventory	-	10,757	10,757
<b>Total current assets</b>	<u>1,638,232</u>	<u>44,081</u>	<u>1,682,313</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	942,949	494,126	1,437,075
Less accumulated depreciation	(11,088,112)	(2,422,367)	(13,510,479)
<b>Total noncurrent assets</b>	<u>10,733,090</u>	<u>3,382,185</u>	<u>14,115,275</u>
<b>Total assets</b>	<u>12,371,322</u>	<u>3,426,266</u>	<u>15,797,588</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current Liabilities:</b>			
Accounts payable	524,100	74,621	598,721
Accrued salaries	7,090	973	8,063
Due to other funds	-	3,404,223	3,404,223
EPA loan payable	41,713	-	41,713
Bonds payable	288,892	-	288,892
Unamortized bond premium	5,403	-	5,403
Other liabilities	-	272	272
Accrued interest	95,321	-	95,321
<b>Total current liabilities</b>	<u>962,519</u>	<u>3,480,089</u>	<u>4,442,608</u>
<b>Noncurrent Liabilities:</b>			
Compensated absences payable	30,128	1,242	31,370
EPA loan payable	792,397	-	792,397
Bonds payable	3,380,432	-	3,380,432
Unamortized bond premium	46,445	-	46,445
<b>Total noncurrent liabilities</b>	<u>4,219,274</u>	<u>-</u>	<u>4,219,274</u>
<b>Total liabilities</b>	<u>5,181,793</u>	<u>3,480,089</u>	<u>8,661,882</u>
<b>Net Position:</b>			
Net Investment in capital assets	6,177,808	3,382,185	9,559,993
Unrestricted (deficit)	981,593	(3,437,250)	(2,455,657)
<b>Total net position</b>	<u>\$ 7,159,401</u>	<u>\$ (55,065)</u>	<u>\$ 7,104,336</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**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

Page 1 of 3

	<u>Water</u>	<u>Golf Course</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Water Sales	\$ 3,288,269	\$ -	\$ 3,288,269
Sewer maintenance fees	586,925	-	586,925
Sale of water meters	1,130	-	1,130
Golf course	-	622,708	622,708
Pro shop and concessions	-	210,816	210,816
Miscellaneous	164	25,956	26,120
Total operating revenues	<u>3,876,488</u>	<u>859,480</u>	<u>4,735,968</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits:			
Full-time salaries	359,932	54,538	414,470
Part-time salaries	16,217	135,851	152,068
Overtime wages	21,333	-	21,333
Illinois Municipal Retirement Fund	52,945	10,244	63,189
Payroll taxes-FICA and Medicare	30,118	15,236	45,354
Employee medical insurance	93,751	19,588	113,339
Life/unemployment insurance	502	68	570
Total salaries and benefits	<u>574,798</u>	<u>235,525</u>	<u>810,323</u>
Services:			
Audit	6,000	4,000	10,000
Computers and software	68	540	608
Insurance	-	1,334	1,334
Servicecape	-	228,724	228,724
Utilities- Electricity	25,021	14,277	39,298
Professional consulting and engineering	15,585	-	15,585
Other	3,160	-	3,160
Telephone	-	1,471	1,471
Training	3,093	400	3,493
Utilities- other	3,234	2,045	5,279
Water billing	23,396	-	23,396
Total services	<u>\$ 79,557</u>	<u>\$ 252,791</u>	<u>\$ 332,348</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**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

Page 2 of 3

	<u>Water</u>	<u>Golf Course</u>	<u>Total</u>
<b>OPERATING EXPENSES (Continued)</b>			
Supplies and materials:			
Concrete/asphalt/stone	\$ 6,986	\$ -	\$ 6,986
Gasoline and oil for vehicles	14,871	36,217	51,088
Maintenance supplies	10,551	3,525	14,076
Operating supplies	5,735	1,311	7,046
Printing, postage, and office supplies	27,298	315	27,613
Uniforms	332	-	332
Total supplies and materials	<u>65,773</u>	<u>41,368</u>	<u>107,141</u>
Repairs and maintenance:			
Building	928	11,808	12,736
Equipment	37,433	7,205	44,638
Outside contractors	27,322	1,300	28,622
Vehicle	3,391	927	4,318
Total repairs and maintenance	<u>69,074</u>	<u>21,240</u>	<u>90,314</u>
Water from Chicago	<u>1,917,967</u>	<u>-</u>	<u>1,917,967</u>
Merchandise for resale	<u>-</u>	<u>122,829</u>	<u>122,829</u>
Miscellaneous:			
Bank charges	12,181	8,433	20,614
Agent/Trust fees- debt service	11,736	495	12,231
Dues and subscriptions	-	280	280
Employee/office services	626	30	656
Licenses/fees	5,105	750	5,855
Meetings and seminars	411	-	411
Rental & leasing fees	2,669	53,835	56,504
Total miscellaneous	<u>\$ 32,728</u>	<u>\$ 63,823</u>	<u>\$ 96,551</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**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 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	\$ -	\$ 598	\$ 598
Water meter purchases	2,371	-	2,371
Total capital expenditures	<u>2,371</u>	<u>598</u>	<u>2,969</u>
Less:			
Amounts capitalized as property and equipment	-	-	-
Payment of bond principal and interest	<u>-</u>	<u>-</u>	<u>-</u>
Operating expense before depreciation	2,742,268	738,174	3,480,442
Depreciation	357,218	79,811	437,029
Total operating expenses	<u>3,099,486</u>	<u>817,985</u>	<u>3,917,471</u>
Operating income (loss)	<u>777,002</u>	<u>41,495</u>	<u>818,497</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	171	8	179
Interest expense	(152,131)	-	(152,131)
Bond premium amortization	2,607	-	2,607
Total nonoperating revenues (expenses)	<u>(149,353)</u>	<u>8</u>	<u>(149,345)</u>
<b>TRANSFERS</b>			
Transfers out to General Fund	(5,654,617)	-	(5,654,617)
Total Transfers	<u>(5,654,617)</u>	<u>-</u>	<u>(5,654,617)</u>
Change in net position (deficit)	<u>(5,026,968)</u>	<u>41,503</u>	<u>(4,985,465)</u>
Net position at beginning of year	12,186,369	(96,568)	12,089,801
Net position at end of year (deficit)	<u>\$ 7,159,401</u>	<u>\$ (55,065)</u>	<u>\$ 7,104,336</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2014**

	Water	Golf Course	Total
Cash flows from operating activities:			
Receipts from customers	\$ 3,417,265	\$ 859,480	\$ 4,276,745
Payment to suppliers	(2,158,138)	(554,007)	(2,712,145)
Payment to employees	(416,581)	(225,295)	(641,876)
Net cash from operating activities	<u>842,546</u>	<u>80,178</u>	<u>922,724</u>
Cash flow from noncapital financing activities:			
Interfund borrowing	5,315,751	(168,067)	5,147,684
Operating transfers out	(5,654,617)	-	(5,654,617)
Net cash (used) by noncapital financing activities	<u>(338,866)</u>	<u>(168,067)</u>	<u>(506,933)</u>
Cash flow from capital and related financing activities:			
Lease proceeds	-	43,972	43,972
Purchase of capital assets	(39,156)	(48,375)	(87,531)
Principal paid on capital debt	(286,338)	-	(286,338)
Interest paid on capital debt	(214,730)	-	(214,730)
Transfer in	-	-	-
Net cash (used) by capital and related financing activities	<u>(540,224)</u>	<u>(4,403)</u>	<u>(544,627)</u>
Cash flow from investing activities:			
Interest income	171	8	179
Net cash provided by investing activities	<u>171</u>	<u>8</u>	<u>179</u>
Change in cash and cash equivalents	(36,373)	(92,284)	(128,657)
Cash and cash equivalents at:			
Beginning of year	<u>510,966</u>	<u>115,416</u>	<u>626,382</u>
End of year	<u>\$ 474,593</u>	<u>\$ 23,132</u>	<u>\$ 497,725</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 777,002	\$ 41,495	\$ 818,497
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	357,218	79,811	437,029
Change to asset and liabilities:			
(Increase) decrease in receivables	(459,222)	-	(459,222)
(Increase) decrease in capital assets	-	-	-
(Increase) decrease in prepaid expenses	-	(9,617)	(9,617)
(Increase) decrease in inventory	-	9,616	9,616
Increase (decrease) in accrued payroll	(10,574)	(8,733)	(19,307)
Increase (decrease) in accounts payable	186,647	(4,845)	181,802
Increase (decrease) in compensated absences	(8,525)	(26,173)	(34,698)
Increase (decrease) in other liabilities	-	(1,376)	(1,376)
Net cash provided by operating activities	<u>\$ 842,546</u>	<u>\$ 80,178</u>	<u>\$ 922,724</u>
Non-cash capital and related financing activities			
Capital assets not yet paid and included in accounts payable	<u>\$ 17,733</u>	<u>\$ -</u>	<u>\$ 17,733</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**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014 AND YEAR ENDED APRIL 30, 2014**

	December 31, 2014 Police Pension Fund	April 30, 2014 Firefighters Pension Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 11,175	\$ 208,376	\$ 219,551
Interest receivable	23,177	18,678	41,855
Personal Property Replacement Taxes Receivable	-	20,282	20,282
Investments			
US treasury securities	-	1,534,397	1,534,397
US agencies	-	667,198	667,198
Mutual funds	5,205,502	996,467	6,201,969
Corporate obligations	-	454,972	454,972
Equities	-	1,364,903	1,364,903
Money market mutual funds	489,744	-	489,744
Fixed income	4,258,948	-	4,258,948
Prepaid	775	-	775
Due from members	8,916	-	8,916
Total assets	<u>9,998,237</u>	<u>5,265,273</u>	<u>15,263,510</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
Accounts Payable	15,104	-	15,104
Total liabilities	<u>15,104</u>	<u>-</u>	<u>15,104</u>
<b>Net Position</b>			
Net position held in trust for pension benefit	<u>\$ 9,983,133</u>	<u>\$ 5,265,273</u>	<u>\$ 15,248,406</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF FIDUCIARY**  
**NET POSITION-PENSION TRUST FUNDS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014 AND YEAR ENDED APRIL 30, 2014**

	December 31, 2014 Police Pension Fund	April 30, 2014 Firefighter's Pension Fund	Total
<b>ADDITIONS</b>			
Contributions			
Employee contributions	\$ 157,311	\$ 127,344	\$ 284,655
Employer contributions	698,837	671,010	1,369,847
Total contributions	856,148	798,354	1,654,502
Investment income	401,159	360,773	761,932
Total additions	1,257,307	1,159,127	2,416,434
<b>DEDUCTIONS</b>			
Benefits and refunds	1,027,217	1,054,275	2,081,492
Administrative costs	32,523	21,122	53,645
Investment expenses	15,614	23,143	38,757
Other expense	6,804	24,380	31,184
Total deductions	1,082,158	1,122,920	2,205,078
Net change in plan net position	175,149	36,207	211,356
Net position held in trust for pension benefits at beginning of year	9,807,984	5,229,066	15,037,050
Net position held in trust for pension benefits at end of year	\$ 9,983,133	\$ 5,265,273	\$ 15,248,406

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 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.

The year end of the City of Blue Island was changed from April 30 to December 31 with Ordinance number 2014-017 dated April 22, 2014. Accordingly, the current financial statements are prepared for 8 months from May 1, 2014 to December 31, 2014.

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.

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

**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:

**Net investment in capital assets** 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 EIGHT MONTHS ENDED DECEMBER 31, 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 proprietary 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 EIGHT MONTHS ENDED DECEMBER 31, 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 December 31, 2014).

**Certain Significant Concentrations** - Approximately 82%, or \$3,879,095, of revenue of proprietary funds is from water and sewer operations, and 18%, or \$855,069, of revenue is from golf club operations. On the statement of net position, receivables of governmental activities consist of property taxes (76%), other taxes (19%), grants (4%), and customer accounts (1%). 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 Proprietary 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 December 31, 2014.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 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 EIGHT MONTHS ENDED DECEMBER 31, 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 proprietary 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 EIGHT MONTHS ENDED DECEMBER 31, 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. As of December 31, 2014, there was no deferred revenue.

**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.

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.

Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. This also includes any negative fund balance in other funds.

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. If there is an expenditure incurred for the purposes for which restricted or unrestricted could be used, then the City will consider unrestricted fund balance to be spent first, then unrestricted fund balance.

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.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

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

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 \$2,984,615, the Special Tax Increment Allocation Fund V has a deficit fund balance of \$593,834, the Special Tax Increment Allocation Fund IV has a deficit fund balance of \$11,924, 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. In December 2014, the final payment was made on this bond and therefore no longer have to comply with the funding requirement.

**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 EIGHT MONTHS ENDED DECEMBER 31, 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 \$3,526,104, and the bank balance was \$3,995,809 (\$591,006 and \$592,998, respectively for the City's component unit). Cash on hand totaled \$575 for the City and \$413 for the City's component unit. Of the bank balances, \$750,000 was covered by Federal Depository Insurance (\$330,125 for the City's component unit). Of the \$2,776,104 remaining balances of the City's deposits of \$2,676,985 was collateralized by the banks and the remaining balance of \$99,119 was not collateralized (The City's component unit had \$262,873 that was not 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 December 31, 2014:

	Carrying Amount	Fair Value
Illinois Funds:		
Primary government	<u>\$ 525,183</u>	<u>\$ 525,183</u>

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**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	\$ 575	\$ 413
Carrying amount of deposits	3,526,304	591,006
Carrying amount of deposits investments	-	5,589
	<u>\$ 3,526,879</u>	<u>\$ 597,008</u>
 Statement of Net Position		
Cash and investments	\$ 1,981,631	\$ 597,008
Restricted cash	1,545,248	-
	<u>\$ 3,526,879</u>	<u>\$ 597,008</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 \$3,275,000. 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 December 31, 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 \$11,175, and the bank balances totaled \$11,175.

*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**  
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**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	\$ 2,828,500	\$ -	\$ 1,842,212	\$ 986,288	\$ -
U.S. Agencies	127,129	-	127,129	-	-
Corporate Obligations	1,303,319	-	1,109,968	193,351	-
Money Market Funds	489,744	489,744	-	-	-
Total	4,748,692	\$ 489,744	\$ 3,079,309	\$ 1,179,639	\$ -

Investments not sensitive to  
interest rate risk:

Mutual Funds	5,205,502
Total Investments	\$ 9,954,194

**CITY OF BLUE ISLAND, ILLINOIS**  
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**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 December 31, 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 December 31, 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 December 31, 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:

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**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	\$ 50,518
Federal Home Loan Bank	3/13/2020	500,834
Federal Home Loan Bank	6/10/2016	153,441
Federal Home Loan Bank	3/11/2016	1,135,430
Fannie Mae	11/27/2018	502,823
Tennessee VLYA	8/15/2022	485,454
Total Government Securities		<u>\$ 2,828,500</u>
 <u>U.S. Agencies</u>	 <u>Due</u>	 <u>Fair Value</u>
Government National Mortgage Assoc.	12/15/2016	\$ 13,057
Government National Mortgage Assoc.	11/15/2018	114,072
Total U.S. Agencies		<u>\$ 127,129</u>
 <u>Corporate Obligations</u>	 <u>Due</u>	 <u>Fair Value</u>
Bank New York Mel	7/28/2016	\$ 204,105
Caterpillar Fin	6/1/2017	201,568
Intel Corporation	12/15/2017	249,601
John Deere Capital	4/17/2019	252,621
JP Morgan Chase	8/15/2017	202,073
3M Company	6/26/2022	193,351
Total Corporate Obligations		<u>\$ 1,303,319</u>
 <u>Mutual Funds</u>		 <u>Fair Value</u>
Schwab Govt Money Fund: SWGXX		\$ 307,337
Schwab Govt Money Fund: SWGXX		182,407
Total Money Market Funds		<u>\$ 489,744</u>

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

<u>Mutual Funds</u>	<u>Fair Value</u>
First TR Exch Traded Fd	\$ 99,596
Ishares Aero & Def ETF	66,061
Ishares MSCI EMRG MKT FD	82,588
Ishares TR MSCI EAFE	625,253
Ishares TR US Telecom	85,908
Ishares TR US Utilities	141,451
SPDR S&P Transportation	77,361
Vanguard CNSMR Dscrtary	417,378
Vanguard Consumer Staples	454,621
Vanguard Energy ETF	289,989
Vanguard Financials	765,931
Vanguard FTSE ETF	86,291
Vanguard Health Care	673,414
Vanguard Industrials	330,287
Vanguard Info Technology	870,840
Vanguard Materials	138,533
	<u>\$ 5,205,502</u>

**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.

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

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:

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

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

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.

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**  
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**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

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**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**  
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**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

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**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 EIGHT MONTHS ENDED DECEMBER 31, 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 EIGHT MONTHS ENDED DECEMBER 31, 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:

Per statements of net position:

Cash, cash equivalents and investments - primary government	\$ 1,981,631
Restricted cash - primary government	1,545,248
Cash, cash equivalents and investments - component unit	597,008
Cash and cash equivalents - statement of fiduciary net position	219,551
Investments, at fair value - statement of fiduciary net position	14,972,131
Total	<u>\$ 19,315,569</u>

Per note above:

Cash and cash equivalents - primary government	\$ 3,526,879
Investments - primary government	-
Cash and cash equivalents - discretely presented component unit	597,008
Investments - discretely presented component unit	-
Cash and cash equivalents - Police Pension Trust Fund	11,175
Investments - Police Pension Trust Fund	9,954,194
Cash and cash equivalents - Firefighters' Pension Trust Fund	208,376
Investments - Firefighters' Pension Trust Fund	5,017,937
Total	<u>\$ 19,315,569</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 EIGHT MONTHS ENDED DECEMBER 31, 2014**

**NOTE 5. RECEIVABLES (CONTINUED)**

Based upon collection histories, the City has provided an allowance for uncollectible property taxes between 3% and 5% of the current year's levy for Debt Service Funds and all other funds, respectively. All uncollected taxes relating to the 2013 and prior years' levies have been written off.

Trade accounts receivable, consisting of amounts due from residents for water, sewer and refuse service, are recorded net of uncollectible amounts, as determined by management. An allowance for uncollectible trade receivables of \$15,000 was recorded as of December 31, 2014.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the eight months ended December 31, 2014 is as follows:

	<u>Balances</u> <u>April 30, 2014</u>	<u>Additions</u>	<u>Prior Period</u> <u>Adjustment</u>	<u>Balances</u> <u>December 31, 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	-	(8,175)	12,184,512
Infrastructure	16,082,234	-	-	16,082,234
Equipment	8,068,924	37,398	-	8,106,322
Total capital assets being depreciated	36,343,845	37,398	(8,175)	36,373,068
Less accumulated depreciation for:				
Building and land improvements	7,044,729	211,925	-	7,256,654
Infrastructure	11,021,822	173,358	-	11,195,180
Equipment	6,889,002	177,251	-	7,066,253
Total accumulated depreciation	24,955,553	562,534	-	25,518,087
Total capital assets being depreciated, net	11,388,292	(525,136)	(8,175)	10,854,981
Governmental activities, capital assets net	\$ 31,677,804	\$ (525,136)	\$ (8,175)	\$ 31,144,493

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

General government	\$ 393,539
Public safety	142,963
Highways and streets	26,032
Total depreciation - Governmental activities	<u>\$ 562,534</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

	<u>Balances</u> <u>April 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u> <u>December 31, 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	20,761,241	-	-	20,761,241
Equipment	1,577,694	87,530	(228,149)	1,437,075
Capital assets being depreciated	<u>27,087,415</u>	<u>87,530</u>	<u>(228,149)</u>	<u>26,946,796</u>
Less accumulated depreciation for:				
Building and land improvements	1,976,127	65,934	-	2,042,061
Infrastructure	9,896,548	339,777	-	10,236,325
Equipment	1,428,925	31,317	(228,149)	1,232,093
Total accumulated depreciation	<u>13,301,600</u>	<u>437,028</u>	<u>(228,149)</u>	<u>13,510,479</u>
Capital assets being depreciated, net	<u>13,785,815</u>	<u>(349,498)</u>	<u>-</u>	<u>13,436,317</u>
Capital assets, net	<u>\$ 14,464,773</u>	<u>\$ (349,498)</u>	<u>\$ -</u>	<u>\$ 14,115,275</u>

	<u>Balances</u> <u>April 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>December 31, 2014</u>
<b>Component Unit</b>				
Capital assets being depreciated:				
Buildings and land improvements	\$ 37,490	\$ -	\$ -	\$ 37,490
Equipment	132,865	-	-	132,865
Capital assets being depreciated	<u>170,355</u>	<u>-</u>	<u>-</u>	<u>170,355</u>
Less accumulated depreciation for:				
Building and land improvements	6,673	1,811	-	8,484
Equipment	78,169	4,383	-	82,552
Total accumulated depreciation	<u>84,842</u>	<u>6,194</u>	<u>-</u>	<u>91,036</u>
Capital assets being depreciated, net	<u>\$ 85,513</u>	<u>\$ (6,194)</u>	<u>\$ -</u>	<u>\$ 79,319</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

The composition of interfund balances as of December 31, 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	\$ 3,351,083
General	CDBG Fund	1,590
General	Special Tax Increment	
	Allocation Fund IV	20,230
General	Special Tax Increment	
	Allocation Fund VI	26,559
Motor Fuel Tax	General	176,215
Special Tax Increment		
Allocation Fund II	General	4,967,538
Special Tax Increment		
Allocation Fund III	General	3,654,682
Special Tax Increment		
Allocation Fund V	General	337,936
Alternate Bond Fund-		
Series 1995	General	195,137
General Obligation		
Bond Fund-Series 2011	General	22,032
Library	General	29,800
Water	Golf Course	53,140
Special Tax Increment	Special Tax Increment	
Allocation Fund II	Allocation Fund III	174,770
		<u>\$ 13,010,712</u>

The interfund balances represent amounts deposited into one fund, but recorded as 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.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

Transfers between funds for the eight months ended December 31, 2014 are as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 5,654,617
1998 TIF General Obligation	Allocation Fund III	786,750
Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund II	7,807
Special Tax Increment Allocation Fund V	Special Tax Increment Allocation Fund II	82,922
		<u>\$ 6,532,096</u>

Per the prior year approved ordinance adopted by the City Council, the Water Fund was authorized to transfer to the General Fund an amount necessary to eliminate the balance due between the funds. The transfers from the Special Tax Increment Allocation Fund II to Special Tax Increment Allocation Fund III and Special Tax Increment Allocation Fund V were made pursuant to Resolution No. 2014-052 because Special Tax Increment Allocation Fund II had available funds. The transfers from the Special Tax Increment Allocation Fund II were made to fund debt service payments as they became due.

**NOTE 8. OPERATING LEASE OBLIGATIONS**

The City leases various equipment items under the provisions of long-term lease agreements classified as operating leases for accounting purposes. The lease payments for the eight months ended December 31, 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 EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

<u>Issues</u>	<u>Balances April 30, 2014</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balances December 31, 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%	\$ 515,000	\$ -	\$ 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).	935,000	-	110,000	825,000
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%.	750,000	-	750,000	-
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%.	3,365,000	-	240,000	3,125,000
	<u>\$ 5,565,000</u>	<u>\$ -</u>	<u>\$ 1,615,000</u>	<u>\$ 3,950,000</u>

(continued)

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

<u>Issues</u>	<u>Balances April 30, 2014</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balances December 31, 2014</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.	\$ 854,722	\$ -	\$ 20,612	\$ 834,110
South Suburban Joint Action Water Agency bond (JAWA) agreement dated June 26, 2012				
Original principal \$570,000, payments due annually, commencing December 2014.	\$ 570,000	\$ -	\$ 25,676	\$ 544,324

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 (a Proprietary Fund).

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

The annual debt service requirements to maturity are as follows:

Period Ending December 31	General Obligation Bonds		
	Total	Principal	Interest
Governmental activities due in 2015:			
2015	\$ 66,726	\$ 55,000	\$ 11,726
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	337,623	330,000	7,623
Totals	<u>\$ 874,841</u>	<u>\$ 825,000</u>	<u>\$ 49,841</u>

Period Ending December 31	General Obligation Bonds		
	Total	Principal	Interest
Business-type activities (Waterworks and Sewerage Series 2006):			
2015	\$ 399,538	\$ 255,000	\$ 144,538
2016	398,063	265,000	133,063
2017	396,138	275,000	121,138
2018	398,763	290,000	108,763
2019	400,713	305,000	95,713
2020-2024	1,988,877	1,735,000	253,877
Totals	<u>\$ 3,982,092</u>	<u>\$ 3,125,000</u>	<u>\$ 857,092</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

The annual debt service requirements to maturity are as follows:

Period Ending December 31	2013 Illinois Environmental Protection Agency Public Water Supply Loan Program		
	Total	Principal	Interest
Business-type activities:			
2015	\$ 52,009	\$ 41,713	\$ 10,296
2016	52,009	42,236	9,773
2017	52,009	42,765	9,244
2018	52,009	43,302	8,707
2019	52,009	43,845	8,164
2020-2024	260,046	227,608	32,438
2025-2029	260,046	242,241	17,805
2030-2032	153,671	150,400	3,271
Totals	<u>\$ 933,808</u>	<u>\$ 834,110</u>	<u>\$ 99,698</u>

Period Ending December 31	South Suburban Joint Action Water Agency Series 2012		
	Total	Principal	Interest
Business-type activities:			
2015	\$ 85,374	\$ 33,892	\$ 51,482
2016	77,029	28,757	48,272
2017	82,223	37,486	44,737
2018	83,141	42,622	40,519
2019	83,543	47,757	35,786
2020-2024	435,946	353,810	82,136
Totals	<u>\$ 847,256</u>	<u>\$ 544,324</u>	<u>\$ 302,932</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. 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. At December 31, 2014, the City had paid off the alternative revenue source bonds.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

**Noncurrent Liability Summary:**

	<u>April 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2014</u>	<u>Due within one year</u>
<b>Governmental Activities</b>					
General obligation bonds	\$ 2,200,000	\$ -	\$ 1,375,000	\$ 825,000	\$ 55,000
Tax anticipation warrants	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Compensated absences	214,026	38,961		252,987	-
Net pension obligation	3,659,054	-	689,031	2,970,023	-
<b>Subtotal</b>	<u>7,073,080</u>	<u>1,038,961</u>	<u>3,064,031</u>	<u>5,048,010</u>	<u>1,055,000</u>
<b>Water Fund</b>					
General obligation bonds	3,935,000	-	265,676	3,669,324	288,892
IEPA Loan	854,722	-	20,612	834,110	41,713
Compensated absences	38,653	-	7,283	31,370	-
Reoffering premium	54,456	-	2,608	51,848	5,403
<b>Subtotal</b>	<u>4,882,831</u>	<u>-</u>	<u>296,179</u>	<u>4,586,652</u>	<u>336,008</u>
<b>Total</b>	<u>\$ 11,955,911</u>	<u>\$ 1,038,961</u>	<u>\$ 3,360,210</u>	<u>\$ 9,634,662</u>	<u>\$ 1,391,008</u>

**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**  
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**NOTE 12. TAX INCREMENT REDEVELOPMENT PROJECT**

The City has established Tax Increment Financing Districts II, III, IV, V and VI in December 1992, January 1994, September 2007, November 2008, and September 2012, respectively.

A redevelopment plan was adopted to make improvements on certain blighted areas, which will be funded by property taxes attributable to the increase in the equalized assessed valuation of each taxable lot in the Project Area.

The base equalized assessed valuation (EAV), as well as the incremental change equalized assessed valuation for these districts (2014 EAV latest available), is as follows:

	Base EAV	2014 EAV
District II	\$ 9,578,727	\$ 14,651,133
District III	\$ 1,473,597	\$ 6,785,017
District IV	\$ 4,090,525	\$ 4,343,909
District V	\$ 11,405,303	\$ 16,358,478
District VI	\$ 933,560	\$ 585,645

**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 EIGHT MONTHS ENDED DECEMBER 31, 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 employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2014 was 14.18 percent. The employer annual required contribution rate for calendar year 2014 was 13.75 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, 2014, the employer's actual contributions for pension cost for the Regular were \$575,017. The required contribution for calendar year 2014 was \$575,017. For the SLEP Plan, the City's required and actual contribution was \$0 for the calendar year 2014.

The net pension liability as of December 31, 2014 was comprised of the following:

Annual required contribution	\$ 575,114
Interest on the net pension asset	24,024
Adjustment to the ARC	<u>(17,893)</u>
Annual pension cost	581,245
Fiscal 2014 contribution	<u>575,114</u>
Increase in pension liability	6,131
Net pension liability at April 30, 2014	<u>320,321</u>
Net pension liability at December 31, 2014	<u><u>\$ 326,452</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 December 31, 2014, 2013, and 2012 is as follows:

Calendar Year Ended December 31,	Annual Pension Cost (APC)	Net Pension Obligation	Percentage of APC Contributed
Regular:			
2014	\$ 575,017	\$ 326,452	100.00%
2013	716,638	320,321	95.00%
2012	710,906	292,452	88.00%
SLEP:			
2014	-	-	100%
2013	-	-	100%
2012	-	-	100%

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012 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) plan 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis. The City's SLEP plan's overfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

*Funding Status and Funding Progress* – As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 66.39 percent funded. The actuarial accrued liability for benefits was \$9,566,349 and the actuarial value of assets was \$6,350,954, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,215,395. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$4,055,126 and the ratio of the UAAL to the covered payroll was 79.00%.

As of December 31, 2014, the most recent actuarial valuation date, the SLEP plan was 199.25 percent funded. The actuarial accrued liability for benefits was \$53,326 and the actuarial value of assets was \$106,250, resulting in an overfunded actuarial accrued liability (UAAL) of \$52,924. The covered payroll for calendar year 2014 (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 multiyear 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:* 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 Pension Fund does not issue a stand-alone financial report. Actuary data required by GASB 67 was not available for the December 31, 2014 audit and has not been implemented in the financial statements. GASB 67 requires additional not disclosures regarding the pension plan and additional supplementary schedules providing more information about the status of the plan's funding and 10 year trend. The pension fund intends to implement GASB 67 and 68 for the year ended December 31, 2015

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.



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

**NOTE 16. POLICE 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 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 December 31, 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	38
Current employees	<u>33</u>
Total	<u><u>71</u></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.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

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

*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 progress 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>December 31, 2014</u>
Annual required contribution	\$ 1,783,246
Interest on the NPO	122,316
Adjustment to the ARC	<u>(88,910)</u>
Annual pension cost	1,816,652
Actual contribution	<u>(2,003,346)</u>
Increase (decrease) in the NPO	<u>(186,694)</u>
NPO at April 30, 2014	2,255,838
Change in NPO due to change in year end	<u>(508,468)</u>
NPO at December 31, 2014	<u><u>\$ 1,560,676</u></u>

**THREE YEAR TREND INFORMATION**

Period	Annual		Percentage	
Ending	Pension Cost	Actual	of APC	Net Pension
	(APC)	Contributions	Contributed	Obligation
12/31/2014	\$ 1,816,652	\$ 2,003,346	110.3%	* \$ 1,560,676
4/30/2013	1,719,781	1,176,332	68.4%	1,747,370
4/30/2012	1,730,255	1,009,391	58.3%	1,203,921

\* City requirement shown for the year ending December 31, 2014 represents the recommended City contribution for the plan year from May 1, 2013 to April 30, 2014. The percentage of APC and contribution amount shown are based on contributions that were made during a longer period from May 1, 2013 to December 31, 2014.

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 EIGHT MONTHS ENDED DECEMBER 31, 2014**

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

Contributed Rates:

Employer	67.20%
Employee	9.91%
Annual pension cost	\$ 1,783,246
Contributions made	\$ 2,003,346
Actuarial valuation date	1/1/2015
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 December 31, 2014 was as follows:

Actuarial accrued liability (AAL)	\$ 34,254,256
Actuarial value of plan assets	\$ 10,152,942
Unfunded actuarial accrued liability (Uaal)	\$ 24,101,314
Funded ratio (actuarial value of plan assets/AAL)	29.64%
Covered payroll (active plan members)	\$ 2,503,013
UAAL as a percentage of covered payroll	962.89%

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 EIGHT MONTHS ENDED DECEMBER 31, 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 EIGHT MONTHS ENDED DECEMBER 31, 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. Since the Fire pension fund did not change their year end to December 31, the most recent actuary report is period ending April 30, 2014.

*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 Year	Annual Required Contribution	Actual Contributions	of APC Contributed	Net Pension Obligation
4/30/2014	\$ 962,485	\$ 851,682	88.5%	\$ 1,082,895
4/30/2013	930,510	620,840	66.7%	953,856
4/30/2012	962,469	692,448	71.9%	630,478

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 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:

Contributed Rates:

Employer	73.30%
Employee	9.455%
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, 2014 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 EIGHT MONTHS ENDED DECEMBER 31, 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 and December 31, 2014. After further litigation, the court approved on October 1, 2015 that the City pay MSMC \$857,191.56 in two installments. The first installment of \$428,595.78 is due by December 1, 2015. The second installment of \$428,595.78 will accrue interest starting December 1, 2015 at a rate of 5% annually until paid in full.

**NOTE 20. PRIOR PERIOD ADJUSTMENTS**

Beginning fund balance for Motor Fuel Tax Fund has been restated. The explanation for the fund restatement is listed below.

Fund 06 - Motor Fuel Tax Fund	
\$ 101,892	To record FY2014 Illinois Jobs Now amount that wasn't recorded in prior year.
<u>101,892</u>	Fund Balance prior period adjustment
Fund 01 - General Fund	
	To adjust Net Position of General Fund for fixed asset recordings to
(8,175)	Library Fund
<u>(8,175)</u>	
\$ 93,717	Net Position prior period adjustment

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

**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 on September 24, 2014. The City of Blue Island issued a General Corporate Purposes Tax Anticipation Warrant, Series 2014 dated December 10, 2014 for \$1,000,000 with Beverly Bank and Trust Company, NA. The warrant is due on or before September 30, 2015. Interest rate is 3.25% and is due at maturity of the note.

**NOTE 22. RECENT PRONOUNCEMENTS**

***Effective for the December 31, 2015 audit:***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Governmental employers participating in a cost-sharing plan will also be required to report a net pension liability, pension expense and pension-related assets and liabilities based on their proportionate share of the collective amounts for all governments in the plan. All governments participating in the defined benefit pension plan would also have the following in their note disclosures; Descriptions of the plan and benefits provided, Significant assumptions employed in the measurement of the net pension liability, Descriptions of benefit changes and changes in assumptions, Assumptions related to the discount rate and impact on the total pension liability of a 1 percentage point increase and decrease in the discount rate, Net pension assets and liabilities. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014.

In late 2013, the U.S Office of Management and Budget (OMB) published final guidance in the Federal Register entitled *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. This Uniform Guidance supersedes and combines the requirements of eight previous OMB Circulars with the intent to streamline the federal grant-making and monitoring process, to ease administrative burden for grant applicants and recipients, and to reduce the risk of waste, fraud, and abuse. Audit requirement effective for fiscal years beginning on or after December 26, 2014.

***Effective for December 31, 2016 and after:***

GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The statement requires governments to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This provision is effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets* that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68. This statement establishes requirements for those pensions and pension plans that are not administered through a trust not covered by Statements 67 and 68. This provision is effective for fiscal years beginning after June 15, 2015.



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

**NOTE 22. RECENT PRONOUNCEMENTS (CONTINUED)**

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. This provision is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contributions requirements. This provision is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify-in the context of the current governmental financial reporting environment- the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This provision is effective for reporting periods beginning after June 15, 2015.

GASB Statement No. 77, Tax Abatement Disclosures. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This provision is effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employees whose employees are provided with such pensions. This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that 1) is not a state or local governmental pension plan, 2) is used to provide defined benefit pensions, 3) has no predominant state or local governmental employer. This provision is effective for reporting periods beginning after December 15, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

Page 1 of 15

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Property taxes	\$ 3,350,000	\$ 3,350,000	\$ 1,925,135
Personal property replacement tax	177,000	177,000	227,028
Other taxes:			
State income and use	1,855,000	1,855,000	1,756,381
Utility taxes	900,000	900,000	814,946
State sales tax	950,000	950,000	953,352
Video gaming tax	70,000	70,000	99,753
<b>Total taxes</b>	<u>7,302,000</u>	<u>7,302,000</u>	<u>5,776,595</u>
 Licenses:			
Vehicle	600,000	600,000	576,107
Liquor	30,000	30,000	37,589
Business	22,600	22,600	22,701
Contractors	24,900	24,900	24,800
Animal	700	700	320
Building & housing inspections	40,000	40,000	38,520
Elevator inspections	3,500	3,500	3,115
<b>Total licenses</b>	<u>721,700</u>	<u>721,700</u>	<u>703,152</u>
 Permits:			
Building	99,500	99,500	189,938
Electrical	25,000	25,000	13,845
Other	75,100	75,100	73,226
<b>Total permits</b>	<u>199,600</u>	<u>199,600</u>	<u>277,009</u>
 Fines:			
Police	497,250	497,250	317,447
Building violations	5,500	5,500	11,000
Compliance Court	3,500	3,500	75
<b>Total fines</b>	<u>506,250</u>	<u>506,250</u>	<u>328,522</u>
 Grants	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,626,831</u>
 Interest	500	500	699
<b>Total interest</b>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 699</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**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

Page 2 of 15

	Original Budget	Final Budget	Actual
<b>REVENUES (Continued)</b>			
Other:			
Ambulance user fees	\$ 218,000	\$ 218,000	\$ 285,891
City parking lots	76,500	76,500	63,841
Insurance reimbursements	131,000	131,000	92,184
Maintenance of state roads and traffic signals	50,000	50,000	69,310
Towing Fees	105,000	105,000	84,310
Engineering	35,000	35,000	2,662
Alarm Security fees	7,000	7,000	5,783
Miscellaneous	109,300	109,300	93,167
Reimbursements	45,600	45,600	28,391
Rent/lease/sale property	53,000	53,000	53,202
Motor fuel tax reimbursement	350,000	350,000	264,889
Sanitation and recycling fees	930,000	930,000	962,560
Salary reimbursements-grant funds	10,000	10,000	-
Television franchise fees	182,000	182,000	121,545
Telephone franchise fees	66,000	66,000	57,987
Telephone surcharges-911 system	145,000	145,000	123,713
User fees-911 system	732,000	732,000	481,378
Vital statistics	27,500	27,500	24,844
<b>Total other</b>	<b>3,272,900</b>	<b>3,272,900</b>	<b>2,815,657</b>
<b>Total revenues</b>	<b>\$ 13,152,950</b>	<b>\$ 13,152,950</b>	<b>\$ 11,528,465</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**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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	Original Budget	Final Budget	Actual
<b>EXPENDITURES</b>			
General Government:			
Salaries and benefits:			
Mayor's office:			
Full-time salaries	\$ 33,500	\$ 33,500	\$ 33,303
Part-time salaries	20,000	20,000	19,667
Finance:			
Full-time salaries	154,750	154,750	128,107
Part-time salaries	4,700	4,700	4,713
Overtime salaries	1,000	1,000	-
Clerk's office:			
Full-time salaries	53,500	53,500	20,896
Part-time salaries	-	-	31,801
General Government			
Full-time salaries	33,500	33,500	34,220
Part-time salaries	28,000	28,000	24,400
Aldermen salaries	24,275	24,275	24,506
Illinois Municipal Retirement Fund	42,250	42,250	39,275
Payroll taxes-FICA and Medicare	26,960	26,960	24,542
Unemployment insurance	3,000	63,000	52,448
<b>Total salaries and benefits</b>	<b>425,435</b>	<b>485,435</b>	<b>437,878</b>
Services:			
Audit	25,000	25,000	10,954
Computers and software	121,186	131,186	117,972
Expenses of City officials	40,800	40,800	41,400
Legal	340,000	340,000	425,591
Other	4,000	4,000	4,765
Professional consulting and engineering	45,000	55,000	28,859
Telephone	36,000	106,000	42,724
Utilities-Gas	-	-	1,725
Training	400	400	349
<b>Total services</b>	<b>612,386</b>	<b>702,386</b>	<b>674,339</b>
Supplies and materials:			
Maintenance supplies	5,500	5,500	3,023
Operating supplies	900	900	134
Printing, postage, and office supplies	11,100	11,100	7,782
Small equipment	2,600	2,600	549
Vehicle sticker program	6,350	6,350	20,062
<b>Total supplies and materials</b>	<b>\$ 26,450</b>	<b>\$ 26,450</b>	<b>\$ 31,550</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
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**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
General Government (Continued)			
Repairs and maintenance:			
Building	\$ 15,000	\$ 15,000	\$ 3,793
Equipment	13,340	13,340	10,097
Lot/property maintenance	500	500	-
Outside contractors	1,000	1,000	750
<b>Total repairs and maintenance</b>	<b>29,840</b>	<b>29,840</b>	<b>14,640</b>
Miscellaneous:			
Advertising and marketing	2,000	2,000	-
Bank service charges	1,500	1,500	6,825
Bond principal	570,000	570,000	-
Dues and subscriptions	31,775	31,775	29,057
Employee/office services	1,850	1,850	814
Interest expense-tax anticipation warrants	37,500	37,500	35,500
Legal notices	2,000	2,000	1,053
Library personal property replacement taxes	55,000	55,000	29,800
Licenses/fees	47,850	47,850	43,446
Meetings and seminars	2,750	2,750	1,729
Rental and leasing	1,260	1,260	759
Other	11,250	11,250	17,180
Pass through grant exp	25,000	25,000	-
Travel/transportation	1,600	1,600	1,169
<b>Total miscellaneous</b>	<b>791,335</b>	<b>791,335</b>	<b>167,332</b>
Capital expenditures	-	-	37,398
<b>Total general government</b>	<b>1,885,446</b>	<b>2,035,446</b>	<b>1,363,137</b>
Building Department			
Salaries and benefits:			
Full-time salaries	95,000	95,000	86,229
Part-time salaries	82,500	82,500	68,557
Illinois Municipal Retirement Fund	25,250	25,250	19,284
Payroll taxes-FICA and Medicare	13,200	13,200	11,242
Life/unemployment insurance	3,500	3,500	-
<b>Total salaries and benefits</b>	<b>\$ 219,450</b>	<b>\$ 219,450</b>	<b>\$ 185,312</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
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**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
Building Department (Continued)			
Services:			
Computers and software	\$ 2,750	\$ 2,750	\$ 68
Professional consulting and engineering	53,000	53,000	14,335
Training	3,477	3,477	1,006
<b>Total services</b>	<u>59,227</u>	<u>59,227</u>	<u>15,409</u>
Supplies and materials:			
Board up expense	1,000	1,000	-
Buildings and street signs	200	200	-
Gasoline and oil for vehicles	4,700	4,700	3,001
Maintenance supplies	150	150	76
Operating supplies	150	150	98
Printing, postage, and office supplies	3,550	3,550	3,125
Uniforms	720	720	464
<b>Total supplies and materials</b>	<u>10,470</u>	<u>10,470</u>	<u>6,764</u>
Repairs and maintenance:			
Elevator inspections	5,000	5,000	3,216
Equipment	10,450	10,450	10,001
Lot/property maintenance	5,000	5,000	-
Vehicle	3,350	3,350	419
<b>Total repairs and maintenance</b>	<u>23,800</u>	<u>23,800</u>	<u>13,636</u>
Miscellaneous:			
Dues and subscriptions	1,198	1,198	192
Legal notices	350	350	143
Meetings and seminars	1,000	1,000	-
Travel/transportation	100	100	-
Grant pass through exp	75,000	75,000	25,150
<b>Total miscellaneous</b>	<u>77,648</u>	<u>77,648</u>	<u>25,485</u>
<b>Total building department</b>	<u>\$ 390,595</u>	<u>\$ 390,595</u>	<u>\$ 246,606</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
Planning Department			
Salaries and benefits:			
Full-time salaries	\$ 73,500	\$ 73,500	\$ 42,647
Illinois Municipal Retirement Fund	10,450	10,450	6,384
Payroll taxes-FICA and Medicare	5,700	5,700	3,423
<b>Total salaries and benefits</b>	<b>89,650</b>	<b>89,650</b>	<b>52,454</b>
Services:			
Computers and software	1,300	1,300	119
Other contractual services	-	-	115
Professional consulting	48,300	48,300	56,435
Training	3,000	3,000	2,745
<b>Total services</b>	<b>52,600</b>	<b>52,600</b>	<b>59,414</b>
Supplies and materials:			
Printing, postage, and office supplies	7,600	7,600	732
<b>Total supplies and materials</b>	<b>7,600</b>	<b>7,600</b>	<b>732</b>
Miscellaneous:			
Dues and subscriptions	2,250	2,250	1,591
Pass through grant expenditures	601,100	601,100	160,092
Travel/transportation	1,600	1,600	1,150
<b>Total miscellaneous</b>	<b>604,950</b>	<b>604,950</b>	<b>162,833</b>
Capital expenditures	-	-	-
<b>Total planning department</b>	<b>\$ 754,800</b>	<b>\$ 754,800</b>	<b>\$ 275,433</b>

The accompanying notes are an integral part of this statement.



**CITY OF BLUE ISLAND, ILLINOIS**  
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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
Police Department			
Salaries and benefits:			
Officers:			
Full-time salaries	\$ 1,700,000	\$ 1,700,000	\$ 1,719,042
Overtime salaries	180,000	180,000	199,156
Records and desk clerks			
Full-time salaries	175,700	175,700	178,941
Part-time salaries	24,000	24,000	32,212
Overtime salaries	18,000	18,000	1,000
Part-time police	120,000	120,000	117,590
Illinois Municipal Retirement Fund-police clerks	43,650	43,650	26,901
Payroll taxes-FICA and Medicare	53,500	53,500	55,798
Unemployment insurance	500	500	-
Contribution to pension plan	-	-	8,840
<b>Total salaries and benefits</b>	<b>2,315,350</b>	<b>2,315,350</b>	<b>2,339,480</b>
Services:			
Animal care	2,500	2,500	3,437
Computers and software	13,860	13,860	11,399
Prisoner care	3,000	3,000	1,370
Professional consulting	15,000	15,000	13,123
Telephone	10,000	10,000	7,280
Training	8,000	8,000	6,533
Utilities	1,125	1,125	101
<b>Total services</b>	<b>53,485</b>	<b>53,485</b>	<b>43,243</b>
Supplies and materials:			
Ammunition/guns	7,000	7,000	2,725
Gasoline and oil for vehicles	80,000	80,000	74,227
Maintenance supplies	3,000	3,000	2,147
Operating supplies	2,000	2,000	1,914
Printing, postage, and office supplies	14,000	14,000	17,239
Radios/radio equipment	4,000	4,000	95
Small equipment	550	550	-
Uniforms	26,350	26,350	23,133
<b>Total supplies and materials</b>	<b>\$ 136,900</b>	<b>\$ 136,900</b>	<b>\$ 121,480</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
Police Department (Continued)			
Repairs and maintenance:			
Building	\$ 22,000	\$ 22,000	\$ 6,404
Equipment	46,700	46,700	46,492
Vehicle	19,500	19,500	12,829
<b>Total repairs and maintenance</b>	<b>88,200</b>	<b>88,200</b>	<b>65,725</b>
Miscellaneous:			
Community promotions	500	500	189
Dues and subscriptions	500	500	1,400
Licenses/fees	2,000	2,000	1,686
Meetings and seminars	400	400	600
Rentals and leasing fees	400	400	-
Legal notices	500	500	-
Travel/transportation	2,500	2,500	336
Grant pass through exp	-	-	17,725
<b>Total miscellaneous</b>	<b>6,800</b>	<b>6,800</b>	<b>21,936</b>
Capital expenditures	73,000	73,000	-
<b>Total police department</b>	<b>2,673,735</b>	<b>2,673,735</b>	<b>2,591,864</b>
9-1-1 Department			
Salaries and benefits:			
Full-time salaries	447,000	447,000	438,857
Part-time salaries	20,000	20,000	47,740
Overtime salaries	25,000	25,000	13,122
Illinois Municipal Retirement Fun	70,000	70,000	72,158
Payroll taxes-FICA and Medicare	37,700	37,700	37,682
Unemployment insurance	700	700	-
<b>Total salaries and benefits</b>	<b>600,400</b>	<b>600,400</b>	<b>609,559</b>
Services:			
Computers and software	4,500	4,500	136
Equipment maintenance contracts	45,000	45,000	47,515
Telephone	60,000	60,000	75,220
Training	500	500	-
Utilities	710	710	532
<b>Total services</b>	<b>\$ 110,710</b>	<b>\$ 110,710</b>	<b>\$ 123,403</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
9-1-1 Department (Continued)			
Supplies and materials:			
Maintenance supplies	\$ 500	\$ 500	\$ 682
Printing, postage, and office supplies	800	800	491
Radios and other equipment	2,500	2,500	-
Uniforms	9,100	9,100	7,800
<b>Total supplies and materials</b>	<b>12,900</b>	<b>12,900</b>	<b>8,973</b>
Repairs and maintenance:			
Building	5,000	5,000	2,739
Equipment	2,800	2,800	1,660
<b>Total repairs and maintenance</b>	<b>7,800</b>	<b>7,800</b>	<b>4,399</b>
Miscellaneous:			
Dues and subscriptions	200	200	-
Travel/transportation	100	100	-
<b>Total miscellaneous</b>	<b>300</b>	<b>300</b>	<b>-</b>
Capital expenditures	400,000	400,000	-
<b>Total 9-1-1 department</b>	<b>1,132,110</b>	<b>1,132,110</b>	<b>746,334</b>
Fire Department			
Salaries and benefits:			
Full-time salaries	983,500	983,500	937,861
Part-time salaries	60,000	60,000	86,059
Overtime salaries	55,000	55,000	137,365
Illinois Municipal Retirement Fun	6,100	6,100	4,191
Payroll taxes-FICA and Medicare	19,400	19,400	20,856
<b>Total salaries and benefits</b>	<b>\$ 1,124,000</b>	<b>\$ 1,124,000</b>	<b>\$ 1,186,332</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
Fire Department (Continued)			
Services:			
Ambulance processing fee	\$ 27,500	\$ 27,500	\$ 25,357
Computers and software	6,600	6,600	5,061
Professional consulting	1,500	1,500	-
Telephone	250	250	563
Training	6,000	6,000	330
<b>Total services</b>	<b>41,850</b>	<b>41,850</b>	<b>31,311</b>
Supplies and materials:			
Gasoline and oil for vehicles	3,200	3,200	3,449
Maintenance supplies	4,500	4,500	2,074
Operating supplies	3,500	3,500	2,230
Printing, postage, and office supplies	1,700	1,700	1,328
Small equipment	6,250	6,250	3,402
Uniforms	25,000	25,000	12,418
Utilities	680	680	688
<b>Total supplies and materials</b>	<b>44,830</b>	<b>44,830</b>	<b>25,589</b>
Repairs and maintenance:			
Building	3,000	3,000	1,154
Equipment	9,100	9,100	6,730
Vehicle	46,400	46,400	13,386
<b>Total repairs and maintenance</b>	<b>58,500</b>	<b>58,500</b>	<b>21,270</b>
Miscellaneous:			
Community promotions	750	750	654
Dues and subscriptions	4,350	4,350	3,102
Employee/office services	100	100	-
Licenses/fees	100	100	230
Meetings and seminars	1,250	1,250	-
Physical exams	12,550	12,550	675
Rentals and leasing fees	300	300	615
Travel/transportation	100	100	-
Grant pass through exp	375,000	375,000	123,153
<b>Total miscellaneous</b>	<b>\$ 394,500</b>	<b>\$ 394,500</b>	<b>\$ 128,429</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
Fire Department (Continued)			
Capital expenditures	\$ 25,000	\$ 25,000	\$ -
Total fire department	1,688,680	1,688,680	1,392,931
Public Works Department			
Salaries and benefits:			
Full-time salaries	567,500	567,500	529,459
Part-time salaries	90,000	90,000	34,386
Overtime salaries	20,000	20,000	13,614
Illinois Municipal Retirement Fund	96,500	96,500	83,289
Payroll taxes-FICA and Medicare	52,050	52,050	43,061
<b>Total salaries and benefits</b>	<b>826,050</b>	<b>826,050</b>	<b>703,809</b>
Services:			
Computers and software	1,500	1,500	1,036
Engineering	38,000	38,000	7,982
Garbage and recycling	820,000	820,000	760,818
Snow removal	22,000	22,000	671
Telephone	2,500	2,500	1,375
Utilities	122,125	122,125	147,817
<b>Total services</b>	<b>1,006,125</b>	<b>1,006,125</b>	<b>919,699</b>
Supplies and materials:			
Building and street signs	6,800	6,800	8,465
Concrete/asphalt/stone	18,000	18,000	11,349
Gasoline and oil for vehicles	40,000	40,000	37,433
Maintenance supplies	20,000	20,000	11,364
Operating supplies	10,000	10,000	3,541
Printing, postage, and office supplies	900	900	572
Small equipment	3,000	3,000	-
Uniforms	9,000	9,000	-
<b>Total supplies and materials</b>	<b>\$ 107,700</b>	<b>\$ 107,700</b>	<b>\$ 72,724</b>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
Public Works Department (Continued)			
Repairs and maintenance:			
Building	\$ 2,000	\$ 2,000	\$ 205
Equipment	26,670	26,670	17,338
Equipment rental	3,000	3,000	-
Parking lot maintenance	5,000	5,000	4,825
Outside contractors	1,000	1,000	-
Street lighting system	15,000	15,000	20,634
Traffic signals	10,000	10,000	-
Tree program	150,000	150,000	72,010
Vehicle	36,500	36,500	18,537
<b>Total repairs and maintenance</b>	<b>249,170</b>	<b>249,170</b>	<b>133,549</b>
Miscellaneous:			
Dues and subscriptions	-	-	15
Employee/office services	600	600	392
Licenses/fees	100	100	-
Meetings and seminars	100	100	-
Travel/transportation	100	100	19
Pass through grant expenditures	-	-	25,280
<b>Total miscellaneous</b>	<b>900</b>	<b>900</b>	<b>25,706</b>
Capital expenditures:			
Machinery and equipment	65,000	65,000	-
<b>Total capital expenditures</b>	<b>65,000</b>	<b>65,000</b>	<b>-</b>
Total public works department	\$ 2,254,945	\$ 2,254,945	\$ 1,855,487

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
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**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
Insurance Loss Department			
Salaries and benefits:			
Employee medical insurance	\$ 1,600,000	\$ 1,600,000	\$ 1,430,554
Life/unemployment insurance	9,600	9,600	7,658
<b>Total salaries and benefits</b>	<u>1,609,600</u>	<u>1,609,600</u>	<u>1,438,212</u>
Services:			
Auto/property damage claims	10,000	10,000	1,969
Insurance-buildings/vehicles	25,000	25,000	13,421
Insurance fees	40,100	40,100	69,045
Liability claim expense	375,000	375,000	99,813
Personal injury claims	600,000	450,000	25,000
Workers compensation disability medical claims	-	-	17,229
<b>Total services</b>	<u>1,050,100</u>	<u>900,100</u>	<u>226,477</u>
Total insurance loss department	<u>2,659,700</u>	<u>2,509,700</u>	<u>1,664,689</u>
Civil Service Commission			
Professional consulting	500	500	-
Personnel hiring/exams	7,200	7,200	6,965
Legal fees	10,000	10,000	11,146
Legal notices	1,000	1,000	-
Total civil service commission	<u>\$ 18,700</u>	<u>\$ 18,700</u>	<u>\$ 18,111</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
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	Original Budget	Final Budget	Actual
<b>EXPENDITURES (Continued)</b>			
Marketing Department			
Salaries and benefits:			
Full-time salaries	\$ 40,000	\$ 40,000	\$ 40,837
Part-time salaries	19,000	19,000	15,118
Illinois Municipal Retirement Fun	8,400	8,400	7,785
Payroll taxes-FICA and Medicare	4,600	4,600	4,177
<b>Total salaries and benefits</b>	<b>72,000</b>	<b>72,000</b>	<b>67,917</b>
Services:			
Computers and software	1,550	1,550	792
Insurance	10,000	10,000	5,029
<b>Total services</b>	<b>11,550</b>	<b>11,550</b>	<b>5,821</b>
Supplies and materials:			
Printing, postage, and office supplies	16,000	16,000	477
<b>Total supplies and materials</b>	<b>16,000</b>	<b>16,000</b>	<b>477</b>
Miscellaneous:			
Advertising and marketing	3,000	3,000	1,775
Community promotions	45,000	45,000	26,642
Rental/leasing fee	1,500	1,500	-
Meetings and seminars	750	750	103
Pass through grant expenditures	1,230,000	1,230,000	264,650
State/federal grant match	40,368	40,368	-
Travel/transportation	600	600	400
<b>Total miscellaneous</b>	<b>1,321,218</b>	<b>1,321,218</b>	<b>293,570</b>
Capital Expenditures:			
Capital Improvement	26,000	26,000	17,006
<b>Total marketing department</b>	<b>1,446,768</b>	<b>1,446,768</b>	<b>384,791</b>
<b>Total expenditures</b>	<b>14,905,479</b>	<b>14,905,479</b>	<b>10,539,383</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (1,752,529)	\$ (1,752,529)	\$ 989,082

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**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

Page 15 of 15

	Original Budget	Final Budget	Actual
<b>OTHER FINANCING SOURCES (USES)</b>			
Tax Anticipation Warrant Proceeds	\$ -	\$ -	\$ 1,000,000
Tax Anticipation Warrant Payments	-	-	(1,000,000)
Transfers in from Water Fund	-	-	5,654,617
Net other financing sources (uses)	-	-	5,654,617
Net change in fund balance	<u>\$ (1,752,529)</u>	<u>\$ (1,752,529)</u>	\$ 6,643,699
Fund balance at beginning of year			(9,628,314)
Fund balance at end of year			<u>\$ (2,984,615)</u>

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE—GENERAL FUND**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 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 May 27, 2014.
- 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 sub-object level. The City Aldermen, as outlined above, must approve expenditures that exceed individual appropriations at the object level.

The Appropriation Ordinance was amended on August 26, 2014 to reflect transfers within the General Fund.

For the eight months ended December 31, 2014, there were no supplemental appropriations.

**CITY OF BLUE ISLAND, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF FUNDING PROGRESS**  
**DECEMBER 31, 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>						
12/31/2014	\$ 6,350,954	\$ 9,566,349	\$ 3,215,395	66.39%	\$ 4,055,126	79.29%
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%
<b>SLEP</b>						
12/31/2014	\$ 106,250	\$ 53,326	\$ (52,924)	199.25%	-	0.00%
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%

**Regular**

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$8,598,211. On a market basis, the funded ratio would be 89.88%.

**SLEP**

On a market basis, the actuarial value of assets as of December 31, 2014 is \$116,621. On a market basis, the funded ration would be 218.69%.

**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  
REQUIRED SUPPLEMENTARY INFORMATION  
POLICE AND FIREFIGHTERS' PENSION FUNDS  
SCHEDULE OF FUNDING PROGRESS  
FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014 AND YEAR ENDED APRIL 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Police Pension Fund</b>						
12/31/2014	\$ 10,152,942	\$ 34,254,256	\$ 24,101,314	29.64%	\$ 2,503,013	962.89%
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**

The City of Blue Island and Police Pension Fund changed their year end to December 31, 2014. The Firefighters' Pension Fund yearend was April 30, 2015.

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.

**CITY OF BLUE ISLAND, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
DECEMBER 31, 2014**

Employer Contributions						
For the Twenty Months Ended December 31	Police Pension			Fire Pension		
	Employer	Annual	Percentage	Employer	Annual	Percentage
	Contributions	Required Contribution	Contributed	Contributions	Required Contribution	Contributed
2014	\$ 2,003,346	\$ 1,783,246	112.0%			
For the Year Ended April 30						
2014				\$ 851,682	\$ 962,485	88.0%
2013	\$ 1,176,332	\$ 1,695,123	69.0%	\$ 620,840	\$ 930,510	67.0%
2012	\$ 1,009,391	\$ 1,719,752	59.0%	\$ 692,448	\$ 962,469	72.0%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
Employer Contributions						
For the Eight Months Ended December 31	IMRF					
	Employer	Annual	Percentage			
	Contributions	Required Contribution	Contributed			
2014	\$ 374,367	\$ 374,367	100.0%			
For the Year Ended April 30						
2014	\$ 640,642	\$ 662,291	97.0%			
2013	\$ 614,332	\$ 566,979	108.0%			
2012	N/A	N/A	N/A			
2011	N/A	N/A	N/A			
2010	N/A	N/A	N/A			
2009	N/A	N/A	N/A			

N/A- Not Available

**SUPPLEMENTAL INFORMATION**

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2014**

	Governmental Fund Types			
	Special Revenue Funds	Debt Service Funds	Capital Projects - CDBG Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 661,950	\$ -	\$ 109	\$ 662,059
Receivables:				
Property taxes-net	2,622,583	252,375	-	2,874,958
Grants	-	-	-	-
Other	87,075	-	-	87,075
Due from other funds	176,215	217,169	-	393,384
Prepaid items	5,184	-	-	5,184
Total assets	<u>\$ 3,553,007</u>	<u>\$ 469,544</u>	<u>\$ 109</u>	<u>\$ 4,022,660</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 27,378	\$ -	\$ -	\$ 27,378
Due to other funds	46,789	-	1,590	48,379
Due to other government units	146,394	-	-	146,394
Total liabilities	<u>220,561</u>	<u>-</u>	<u>1,590</u>	<u>222,151</u>
<b>Deferred Inflows of Resources:</b>				
Property taxes	<u>2,381,851</u>	<u>138,196</u>	<u>-</u>	<u>2,520,047</u>
<b>Fund Balance:</b>				
Restricted for public safety-grants	182,378	-	-	182,378
Restricted under state statute	565,968	-	-	565,968
Restricted for debt service	-	331,348	-	331,348
Unassigned	202,249	-	(1,481)	200,768
Total fund balance	<u>950,595</u>	<u>331,348</u>	<u>(1,481)</u>	<u>1,280,462</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,553,007</u>	<u>\$ 469,544</u>	<u>\$ 109</u>	<u>\$ 4,022,660</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

	Governmental Fund Types			
	Special Revenue Funds	Debt Service Funds	Capital Projects - CDBG Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 1,313,010	\$ 494,307	\$ -	\$ 1,807,317
Personal property and replacement taxes	27,378	-	-	27,378
State allotments	507,183	-	-	507,183
Interest	153	-	-	153
Forfeiture income	37,929	-	-	37,929
Total revenues	<u>1,885,653</u>	<u>494,307</u>	<u>-</u>	<u>2,379,960</u>
<b>EXPENDITURES</b>				
Current:				
General government	14,169	-	-	14,169
Pension contribution	1,099,656	-	-	1,099,656
Street maintenance	352,698	-	-	352,698
Debt service:				
Principal	-	1,375,000	-	1,375,000
Interest	-	94,924	-	94,924
Capital outlay	-	-	-	-
Total expenditures	<u>1,466,523</u>	<u>1,469,924</u>	<u>-</u>	<u>2,936,447</u>
Excess (deficiency) of revenues over expenditures	<u>419,130</u>	<u>(975,617)</u>	<u>-</u>	<u>(556,487)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	786,750	-	786,750
Total other financing sources	<u>-</u>	<u>786,750</u>	<u>-</u>	<u>786,750</u>
Net change in fund balance	419,130	(188,867)	-	230,263
Fund balances at beginning of year (deficit)	429,573	520,215	(1,481)	948,307
Prior period adjustments	101,892	-	-	101,892
Fund balances at end of year (deficit)	<u>\$ 950,595</u>	<u>\$ 331,348</u>	<u>\$ (1,481)</u>	<u>\$ 1,280,462</u>



**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2014**

**ASSETS**

Cash and investments  
 Receivables:  
     Property taxes-net  
     Other  
 Due from other funds  
 Prepaid items  
 Total assets

	Motor Fuel Tax Fund	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
\$ 330,056	\$ 8,306	\$ -	\$ -	\$ 195,919	\$ 127,669	\$ -	\$ -	\$ 661,950
-	-	-	-	-	-	1,700,508	922,075	2,622,583
59,697	-	-	-	-	-	16,092	11,286	87,075
176,215	-	-	-	-	-	-	-	176,215
-	-	-	-	-	5,184	-	-	5,184
<u>\$ 565,968</u>	<u>\$ 8,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,919</u>	<u>\$ 132,853</u>	<u>\$ 1,716,600</u>	<u>\$ 933,361</u>	<u>\$ 3,553,007</u>

**LIABILITIES, DEFERRED INFLOWS OF  
 RESOURCES AND FUND BALANCE**

**Liabilities:**  
 Accounts payable  
 Due to other funds  
 Due to other government units  
 Total liabilities

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,092	\$ 11,286	\$ 27,378
-	20,230	26,559	-	-	-	-	-	46,789
-	-	-	146,394	-	-	-	-	146,394
<u>-</u>	<u>20,230</u>	<u>26,559</u>	<u>146,394</u>	<u>-</u>	<u>-</u>	<u>16,092</u>	<u>11,286</u>	<u>220,561</u>

**Deferred Inflows of Resources**

Property taxes

-	-	-	-	-	-	1,544,526	837,325	2,381,851
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**Fund Balance**

Nondisposable  
 Restricted for grant purposes  
 Restricted for public safety  
 Restricted for public safety-grants  
 Restricted under state statute  
 Restricted for debt service  
 Unassigned  
 Total fund balance

-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	132,853	-	-	182,378
565,968	-	-	49,525	-	-	-	-	565,968
-	-	-	-	-	-	-	-	-
-	(11,924)	(26,559)	-	-	-	155,982	84,750	202,249
<u>565,968</u>	<u>(11,924)</u>	<u>(26,559)</u>	<u>49,525</u>	<u>-</u>	<u>132,853</u>	<u>155,982</u>	<u>84,750</u>	<u>950,595</u>

Total liabilities, deferred inflows of  
 resources and fund balances

\$ 565,968	\$ 8,306	\$ -	\$ -	\$ 195,919	\$ 132,853	\$ 1,716,600	\$ 933,361	\$ 3,553,007
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**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

	Motor Fuel Tax 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	Total
<b>REVENUES</b>								
Property taxes-net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 839,008	\$ 474,002	\$ 1,313,010
Personal property and replacement taxes	-	-	-	-	-	16,092	11,286	27,378
State allotments	507,183	-	-	-	-	-	-	507,183
Interest	91	7	-	17	38	-	-	153
Forfeiture income	-	-	-	1,784	36,145	-	-	37,929
Total revenues	507,274	7	-	1,801	36,183	855,100	485,288	1,885,653
<b>EXPENDITURES</b>								
Current:								
General government	-	2,102	-	1,200	10,867	-	-	14,169
Pension contribution	-	-	-	-	-	699,118	400,538	1,099,656
Street maintenance	352,698	-	-	-	-	-	-	352,698
Total expenditures	352,698	2,102	-	1,200	10,867	699,118	400,538	1,466,523
Net change in fund balance	154,576	(2,095)	-	601	25,316	155,982	84,750	419,130
Fund balance at beginning of year (deficit)	309,500	(9,829)	(26,559)	48,924	107,537	-	-	429,573
Prior period adjustments	101,892	-	-	-	-	-	-	101,892
Fund balances at end of year (deficit)	\$ 565,968	\$ (11,924)	\$ (26,559)	\$ 49,525	\$ 132,853	\$ 155,982	\$ 84,750	\$ 950,595

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2014**

	Alternate Bond Fund Series 1995	Increment Allocation Funds TIF 3 Series 1998	General Obligation Bond Fund Series 2011	Total
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes-net	114,179	-	138,196	252,375
Due from other funds	195,137	-	22,032	217,169
Total assets	<u>\$ 309,316</u>	<u>\$ -</u>	<u>\$ 160,228</u>	<u>\$ 469,544</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Property taxes	-	-	138,196	138,196
<b>Fund Balance:</b>				
Restricted for debt service	309,316	-	22,032	331,348
Total fund balance	<u>309,316</u>	<u>-</u>	<u>22,032</u>	<u>331,348</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 309,316</u>	<u>\$ -</u>	<u>\$ 160,228</u>	<u>\$ 469,544</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

	Alternate Bond Fund Series 1995	Increment Allocation Funds TIF 3 Series 1998	General Obligation Bond Fund Series 2011	Total Governmental Funds
<b>REVENUES</b>				
Property taxes-net	\$ 375,227	-	\$ 119,080	\$ 494,307
Total revenues	<u>375,227</u>	<u>-</u>	<u>119,080</u>	<u>494,307</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Operating expense	-	-	-	-
Debt service				
Principal	515,000	750,000	110,000	1,375,000
Interest	27,295	36,750	30,879	94,924
Capital outlay	-	-	-	-
Total expenditures	<u>542,295</u>	<u>786,750</u>	<u>140,879</u>	<u>1,469,924</u>
Revenues under expenditures before other financing sources	(167,068)	(786,750)	(21,799)	(975,617)
Other financing sources - transfers in	-	786,750	-	786,750
Net change in fund balance	(167,068)	-	(21,799)	(188,867)
Fund balance at beginning of year	476,384	-	43,831	520,215
Fund balance at end of year	<u>\$ 309,316</u>	<u>-</u>	<u>\$ 22,032</u>	<u>\$ 331,348</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**SCHEDULE OF VALUATIONS, RATES AND EXTENSIONS**  
**FOR TAX LEVIES**  
**FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2014**

<u>Tax Levy Year</u>	<u>Assessed Valuation</u>	<u>Extended Tax Rate</u>
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%
2014	201,553,201	3.0730%

The 2014 gross tax levy is analyzed below:

	<u>Rate</u>	<u>Percent</u>	<u>Amount</u>
General:			
Corporate	0.2859	9.32	\$ 576,566
Garbage	0.1547	5.03	311,842
Illinois Municipal Retirement	0.1889	6.15	380,688
Liability insurance	0.0447	1.45	90,069
Street and bridge	0.0767	2.49	154,500
Fire protection	0.3010	9.79	606,578
Police protection	0.5281	17.18	1,064,307
Social Security	0.1320	4.29	265,998
Auditing	0.0116	0.38	23,309
Workers' compensation	0.0991	3.23	199,826
Total general	1.8227	59.31	3,673,683
Bond and interest	0.0686	2.23	138,196
Police Pension	0.7663	24.94	1,544,526
Firefighters' Pension	0.4154	13.52	837,325
Total	<u>3.0730</u>	<u>100.00</u>	<u>\$ 6,193,730</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**SCHEDULE OF GENERAL OBLIGATION DEBT TO MATURITY**  
**DECEMBER 31, 2014**

Fiscal Year Ended December 31,	General Obligation Judgment Bonds Series 2011	
	Dated December 16, 2011	Interest
	Principal	
2015	\$ 55,000	\$ 11,726
2016	110,000	9,801
2017	110,000	8,349
2018	110,000	6,897
2019	110,000	5,445
2020	110,000	3,993
2021	110,000	2,541
2022	110,000	1,089
	<u>\$ 825,000</u>	<u>\$ 49,841</u>

**CITY OF BLUE ISLAND, ILLINOIS**  
**LEGAL DEBT MARGIN**  
**DECEMBER 31, 2014**

	<u>2014 Tax Levy Year</u>
Assessed valuation	<u>\$ 201,553,201</u>
Statutory debt limitation (8.625% of assessed valuation)	\$ 17,383,964
Total debt:	
General Obligation Bonds:	
Series 2011, dated December 16, 2011	<u>825,000</u>
Legal Debt Margin	<u>\$ 16,558,964</u>