

# **CITY OF BLUE ISLAND, ILLINOIS**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**K** John Kasperek Co.  

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CERTIFIED PUBLIC ACCOUNTANTS

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## **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 year ended December 31, 2015, 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**

The City was unable to furnish supporting documentation relation to bank reconciliations and various expenditures in the General Fund and Water Fund. In addition, the City was unable to furnish supporting documentation for accounts receivable in the General and Water Funds that are reported in the financial statements. The effects of those departures on the General Fund and Water Fund governmental activities, and business-type activities financial statements are not reasonably determinable. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

## **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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The closing of the fiscal year end of the Firefighter’s Pension Trust Fund was changed from April 30 to December 31, effective December 31, 2015. Accordingly, the current financial statements for this fiduciary fund are prepared for the eight month period beginning May 1, 2015 and ended December 31, 2015. 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, schedules of changes in net pension liability and related ratios, budgetary comparison schedule for the General Fund, schedules of employer contributions, schedule of funding progress for post-employment retirement benefits, 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.

### *Changes in Accounting Principle*

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

As discussed in Note 17 to the financial statements, in 2015 the City adopted new accounting guidance, *GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **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 September 27, 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.

  
Calumet City, Illinois  
September 27, 2016

**CITY OF BLUE ISLAND, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**

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 year ended December 31, 2015.

**Financial Highlights**

The assets of the City of Blue Island exceeded its liabilities at the close of the most recent fiscal year by \$8,986,674 (*net position*). Of this amount, \$39,925,048 is invested in capital assets net of related debt, and \$12,885,233 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 \$43,523,607. 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 City's total net position decreased by \$39,222,868. The large decrease is primarily (\$37,538,261) due to a restatement of beginning fund balance based on the implementation of GASB 68.
- At December 31, 2015, the City of Blue Island's governmental funds reported a combined ending fund balance of \$9,510,906.
- At December 31, 2015, the unassigned fund balance for the governmental funds was at a deficit of \$3,341,155, of which the General Fund was a deficit of \$3,957,661.
- The City of Blue Island's total long-term general obligations and alternate revenue bonds decreased by \$896,037 at December 31, 2015.

**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, 2015**

**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 fifteen individual governmental funds at December 31, 2015. 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 two Special Revenue Funds (Special Tax Increment Allocation II Fund and Special Tax Increment Allocation III Fund) which are considered to be major funds. Data from the other twelve governmental funds (Business District, Motor Fuel Tax Fund, Special Tax Increment Allocation Fund IV, Special Tax Increment Allocation Fund V, 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 two 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, 2015**

**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 81 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 82 through 92 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 93 through 114 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 \$8,986,674 at the close of December 31, 2015.

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, 2015**

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

**City of Blue Island**  
**Statement of Net Position**  
**As of December 31, 2015**  
**(in millions)**

|  | Governmental<br>Activities | Business-type<br>Activities | Total Primary<br>Government |
|--|----------------------------|-----------------------------|-----------------------------|
| Current and other assets                           | \$ 18.0                    | \$ 3.1                      | \$ 21.1                     |
| Capital assets                                     | 30.8                       | 13.5                        | 44.3                        |
| Deferred Outflows- GASB 68                         | 2.8                        | -                           | 2.8                         |
| <b>Total assets</b>                                | <b>51.6</b>                | <b>16.6</b>                 | <b>68.2</b>                 |
| Long-term liabilities                              | 48.3                       | 3.7                         | 52.0                        |
| Other liabilities                                  | 2.9                        | 4.2                         | 7.1                         |
| Deferred Inflows- GASB 68                          | 0.2                        | -                           | 0.2                         |
| <b>Total liabilities</b>                           | <b>51.4</b>                | <b>7.9</b>                  | <b>59.3</b>                 |
| Net position:                                      |                            |                             |                             |
| Invested in capital assets,<br>net of related debt | 30.1                       | 9.9                         | 40.0                        |
| Restricted   | 12.8                       | -                           | 12.8                        |
| Unrestricted (deficit)                             | (42.7)                     | (1.2)                       | (43.9)                      |
| <b>Total net position</b>                          | <b>\$ 0.2</b>              | <b>\$ 8.7</b>               | <b>\$ 8.9</b>               |

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, 2015**

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

A summary of the statement of net position at December 31, 2014 is below:

| <b>City of Blue Island</b>                         |                                    |                                     |                                     |
|--|------------------------------------|-------------------------------------|-------------------------------------|
| <b>Statement of Net Position</b>                   |                                    |                                     |                                     |
| <b>As of December 31, 2014</b>                     |                                    |                                     |                                     |
| <b>(in millions)</b>                               |                                    |                                     |                                     |
|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total Primary<br/>Government</u> |
| 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,<br>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>               |

**Governmental Activities.** Governmental activities decreased the City of Blue Island's net position by \$38,922,868. Expenses increased from December 31, 2014 to December 31, 2015 by \$11,029,921, which includes 4,250,897 related to the implementation of GASB 68. Revenues decreased from December 31, 2014 to December 31, 2015 by \$1,948,064.

**Business-type Activities.** Business-type activities increased the City of Blue Island's net position by \$1,620,064.

**CITY OF BLUE ISLAND, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**

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

**City of Blue Island**  
**Changes in Net Position**  
**For the Year Ended December 31, 2015**  
**(in millions)**

|                                | Governmental<br>Activities |        | Business-type<br>Activities |        | Total Primary<br>Government |        |
|--------------------------------|----------------------------|--------|-----------------------------|--------|-----------------------------|--------|
|                                | % of                       |        | % of                        |        | % of                        |        |
|                                | Amount                     | Totals | Amount                      | Totals | Amount                      | Totals |
| Program revenues:              |                            |        |                             |        |                             |        |
| Charges for service            | \$ 6.6                     | 29.5%  | \$ 7.7                      | 100.0% | \$ 14.3                     | 47.5%  |
| Operating grants               | 1.2                        | 5.4%   | -                           | 0.0%   | 1.2                         | 4.0%   |
| General revenue:               |                            |        |                             |        |                             |        |
| Property taxes                 | 8.2                        | 36.6%  | -                           | 0.0%   | 8.2                         | 27.2%  |
| Other taxes                    | 6.2                        | 27.7%  | -                           | 0.0%   | 6.2                         | 20.6%  |
| Other revenues                 | 0.2                        | 0.9%   | -                           | 0.0%   | 0.2                         | 0.7%   |
| <b>Total revenues</b>          | <u>22.4</u>                |        | <u>7.7</u>                  |        | <u>30.1</u>                 |        |
| Expenses:                      |                            |        |                             |        |                             |        |
| Governmental activities:       |                            |        |                             |        |                             |        |
| General government             | 6.8                        | 28.2%  | -                           | 0.0%   | 6.8                         | 22.5%  |
| Public safety                  | 8.8                        | 36.5%  | -                           | 0.0%   | 8.8                         | 29.1%  |
| Public works                   | 4.1                        | 17.0%  | -                           | 0.0%   | 4.1                         | 13.6%  |
| Interest                       | 0.1                        | 0.4%   | -                           | 0.0%   | 0.1                         | 0.3%   |
| Pension Expense                | 4.3                        | 17.8%  | -                           | 0.0%   | 4.3                         | 14.2%  |
| Business-type:                 |                            |        |                             |        |                             |        |
| Water and sewer                | -                          | 0.0%   | 5.1                         | 83.6%  | 5.1                         | 16.9%  |
| Golf course                    | -                          | 0.0%   | 1.0                         | 16.4%  | 1.0                         | 3.3%   |
| <b>Total expenses</b>          | <u>24.1</u>                |        | <u>6.1</u>                  |        | <u>30.2</u>                 |        |
| <b>Changes in net position</b> | <u>\$ (1.7)</u>            |        | <u>\$ 1.6</u>               |        | <u>\$ (0.1)</u>             |        |

**CITY OF BLUE ISLAND, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**

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

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

|                                    | Governmental<br>Activities |                | Business-type<br>Activities |                | Total Primary<br>Government |                |
|------------------------------------|----------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------|
|                                    | Amount                     | % of<br>Totals | Amount                      | % of<br>Totals | Amount                      | % of<br>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>              | <u>18.7</u>                |                | <u>4.7</u>                  |                | <u>23.4</u>                 |                |
| Expenses:                          |                            |                |                             |                |                             |                |
| Governmental activities:           |                            |                |                             |                |                             |                |
| General government                 | 5.1                        | 40.2%          | -                           | 0.0%           | 5.1                         | 30.4%          |
| Public safety                      | 5.3                        | 41.7%          | -                           | 0.0%           | 5.3                         | 31.5%          |
| Public works                       | 2.2                        | 17.3%          | -                           | 0.0%           | 2.2                         | 13.1%          |
| Interest                           | 0.1                        | 0.8%           | -                           | 0.0%           | 0.1                         | 0.6%           |
| Business-type:                     |                            |                |                             |                |                             |                |
| Water and sewer                    | -                          | 0.0%           | 3.3                         | 80.5%          | 3.3                         | 19.6%          |
| Golf course                        | -                          | 0.0%           | 0.8                         | 19.5%          | 0.8                         | 4.8%           |
| <b>Total expenses</b>              | <u>12.7</u>                |                | <u>4.1</u>                  |                | <u>16.8</u>                 |                |
| Other financing sources:           |                            |                |                             |                |                             |                |
| Transfers                          | <u>5.6</u>                 |                | <u>(5.6)</u>                |                | <u>-</u>                    |                |
| <b>Changes in<br/>net position</b> | <u>\$ 11.6</u>             |                | <u>\$ (5.0)</u>             |                | <u>\$ 6.6</u>               |                |

**Changes in revenue and expenses from December 31, 2014 to December 31, 2015 are reflected above.**

**CITY OF BLUE ISLAND, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**

**Government-wide Financial Analysis (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, 2015.

**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 \$1,171,759. The total increase in net position for the funds was \$1,620,064. 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 year ended December 31, 2015. Difference between the original and amended budget were not significant. The City approved a resolution for the transfer of certain budget line items totaling \$60,000 to various departments within the General Fund. Revenues were over budget and Expenditures were under budget for the year ended December 31, 2015.

**CITY OF BLUE ISLAND, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**

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

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

|  | <b>General Fund (in millions)</b> |               |
|--|-----------------------------------|---------------|
|  | <u>Final Budget</u>               | <u>Actual</u> |
| Revenues:  |                                   |               |
| Taxes  | \$ 9.7                            | \$ 9.6        |
| Licenses   | 0.8                               | 0.9           |
| Permits  | 0.3                               | 0.4           |
| Fines  | 0.5                               | 0.7           |
| Grants and interest                                  | 1.1                               | 0.7           |
| Other  | 4.2                               | 4.3           |
| Total revenues                                       | <u>16.6</u>                       | <u>16.6</u>   |
| Expenditures:  |                                   |               |
| Current:   |                                   |               |
| General government                                   | 2.2                               | 2.2           |
| Building   | 0.4                               | 0.3           |
| Planning   | 0.4                               | 0.2           |
| Police   | 4.2                               | 4.0           |
| 911 Center   | 1.2                               | 1.1           |
| Fire   | 2.6                               | 2.0           |
| Public works   | 3.0                               | 3.1           |
| Insurance loss                                       | 3.2                               | 2.6           |
| Civil service commission                             | 0.1                               | -             |
| Marketing  | 1.3                               | 0.5           |
| Total expenditures                                   | <u>18.6</u>                       | <u>16.0</u>   |
| Excess (deficiency) of revenues<br>over expenditures | <u>(2.0)</u>                      | <u>0.6</u>    |
| Other financing uses                                 |                                   |               |
| Tax anticipation warrants proceeds                   | -                                 | 0.5           |
| Tax anticipation warrants payments                   | -                                 | (1.0)         |
| Transfers In   | -                                 | 0.2           |
| Transfers Out  | -                                 | (0.1)         |
| Net change in fund balance                           | <u>\$ (2.0)</u>                   | <u>\$ 0.2</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, 2015**

**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, 2015 amounts to \$44,403,890 (\$45,259,768 at December 31, 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; replaced the roof and HVAC system for \$161,924; purchased an ambulance, a Ford Explorer and a Ford Inceptor for \$182,973; and a tractor and seeder for \$30,370 under General Fund. The City also purchased a back hoe and shoring equipment for \$125,590 under Water Fund.

|                                 | <b>City of Blue Island</b><br><b>Capital Assets</b><br><b>Net of Depreciation</b><br><b>(in millions)</b> |                |                             |                |                             |                |
|---------------------------------|---|----------------|-----------------------------|----------------|-----------------------------|----------------|
|                                 | Governmental<br>Activities  |                | Business-type<br>Activities |                | Total Primary<br>Government |                |
|                                 | Dec   | Dec            | Dec                         | Dec            | Dec                         | Dec            |
|                                 | 2015  | 2014           | 2015                        | 2014           | 2015                        | 2014           |
| Land                            | \$ 20.3   | \$ 20.3        | \$ 0.7                      | \$ 0.7         | \$ 21.0                     | \$ 21.0        |
| Construction in Progress        | 0.1   | -              | -                           | -              | 0.1                         | -              |
| Buildings and land improvements | 4.8   | 4.9            | 2.6                         | 2.7            | 7.4                         | 7.6            |
| Infrastructure                  | 4.6   | 4.9            | 10.0                        | 10.5           | 14.6                        | 15.4           |
| Equipment                       | 1.0   | 1.0            | 0.3                         | 0.2            | 1.3                         | 1.2            |
| Total                           | <u>\$ 30.8</u>  | <u>\$ 31.1</u> | <u>\$ 13.6</u>              | <u>\$ 14.1</u> | <u>\$ 44.4</u>              | <u>\$ 45.2</u> |

Additional information on the City of Blue Island's capital assets can be found in Note 5 on pages 49 through 50 of this report.

**Long-term Debt.** At December 31, 2015, the City of Blue Island had two general obligation bonds outstanding, totaling \$3,640,000 (\$3,950,000 at 2014). All of this bonded debt is backed by the full faith and credit of the government.

The City also 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. The outstanding balance at December 31, 2015 was \$792,397 (\$834,110 at 2014).



**CITY OF BLUE ISLAND, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**

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

**Capital Asset and Debt Administration (continued)**

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

|                          | Governmental  |               | Business-type |               | Total         |               |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                          | Activities    |               | Activities    |               |               |               |
|                          | Dec           | Dec           | Dec           | Dec           | Dec           | Dec           |
|                          | 2015          | 2014          | 2015          | 2014          | 2015          | 2014          |
| General obligation bonds | \$ 0.8        | \$ 0.8        | \$ -          | \$ 0.6        | \$ 0.8        | \$ 1.4        |
| Alternate revenue source |               |               |               |               |               |               |
| bonds                    |               |               | 2.9           | 3.1           | 2.9           | 3.1           |
| Illinois EPA             |               |               |               |               |               |               |
| Water Supply Loan        | -             | -             | 0.8           | 0.8           | 0.8           | 0.8           |
|                          | <u>\$ 0.8</u> | <u>\$ 0.8</u> | <u>\$ 3.7</u> | <u>\$ 4.5</u> | <u>\$ 4.5</u> | <u>\$ 5.3</u> |

The City of Blue Island's total long-term debt, including notes payable, has decreased by \$896,037 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, 2015 was \$16,257,807.

Additional information on the City of Blue Island's long-term debt can be found in Note 8 on pages 52 through 55 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, 2015**

|  | Primary Government |               |              | Component      |
|--|--------------------|---------------|--------------|----------------|
|  | Governmental       | Business-type | Total        | Unit           |
|  | Activities         | Activities    |              | Public Library |
| <b>ASSETS</b>  |                    |               |              |                |
| Cash and cash equivalents                                | \$ 3,553,588       | \$ 987,399    | \$ 4,540,987 | \$ 754,926     |
| Restricted cash  | 1,260,947          | -             | 1,260,947    | -              |
| Receivables  | 9,942,506          | 1,801,080     | 11,743,586   | 201,364        |
| Internal balances  | 3,130,440          | 282,140       | 3,412,580    | -              |
| Prepaid items  | 41,307             | 1,222         | 42,529       | 10,168         |
| Inventory  | -                  | 2,240         | 2,240        | -              |
| Capital assets not depreciated-land                      | 20,289,512         | 678,958       | 20,968,470   | -              |
| Capital assets - construction in progress                | 128,554            | -             | 128,554      | -              |
| Capital assets (net of accumulated depreciation)         |                    |               |              |                |
| Building and land improvements                           | 4,770,247          | 2,607,518     | 7,377,765    | 27,757         |
| Infrastructure   | 4,627,017          | 10,015,250    | 14,642,267   | -              |
| Equipment  | 1,016,731          | 270,103       | 1,286,834    | 112,420        |
| Net pension asset- IMRF-SLEP                             | 54,897             | -             | 54,897       | -              |
| Total assets   | 48,815,746         | 16,645,910    | 65,461,656   | 1,106,635      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                    |                    |               |              |                |
| Deferred outflow of resources related to IMRF            | 1,366,671          | -             | 1,366,671    | -              |
| Deferred outflow of resources related to IMRF-SLEP       | 6,359              | -             | 6,359        | -              |
| Deferred outflow of resources related to police pensions | 886,189            | -             | 886,189      | -              |
| Deferred outflow of resources related to fire pensions   | 541,772            | -             | 541,772      | -              |
| Total deferred outflow of sources                        | 2,800,991          | -             | 2,800,991    | -              |
| Total assets and deferred outflows of resources          | 51,616,737         | 16,645,910    | 68,262,647   | 1,106,635      |
| <b>LIABILITIES, AND NET POSITION</b>                     |                    |               |              |                |
| <b>Liabilities:</b>                                      |                    |               |              |                |
| Accounts payable and other accrued expenses              | 1,772,012          | 761,885       | 2,533,897    | 30,331         |
| Accrued interest expense                                 | -                  | 13,401        | 13,401       | -              |
| Due to other funds                                       | -                  | 3,412,580     | 3,412,580    | -              |
| Due to other government units                            | 148,518            | -             | 148,518      | -              |
| Due to component unit                                    | 56,953             | -             | 56,953       | -              |
| Other liabilities  | 257,192            | -             | 257,192      | -              |
| Non current liabilities:                                 |                    |               |              |                |
| Due within one year                                      | 610,000            | 311,524       | 921,524      | -              |
| Due in more than one year                                | 894,721            | 3,422,120     | 4,316,841    | 31,889         |
| Net pension liabilities                                  |                    |               |              |                |
| IMRF   | 3,322,340          | -             | 3,322,340    | -              |
| Police pension   | 26,495,961         | -             | 26,495,961   | -              |
| Fire pension   | 16,975,264         | -             | 16,975,264   | -              |
| Post-employment retirement benefits                      | 602,677            | -             | 602,677      | -              |
| Total liabilities  | 51,135,638         | 7,921,510     | 59,057,148   | 62,220         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                     |                    |               |              |                |
| Deferred inflows of resources related to IMRF            | 218,825            | -             | 218,825      | -              |
| Total deferred inflows of resources                      | 218,825            | -             | 218,825      | -              |
| Total liabilities and deferred inflows of resources      | 51,354,463         | 7,921,510     | 59,275,973   | 62,220         |
| <b>Net Position:</b>                                     |                    |               |              |                |
| Net investment in capital assets                         | 30,062,061         | 9,862,987     | 39,925,048   | 140,177        |
| Restricted for:  |                    |               |              |                |
| Grant purposes   | 1,202,928          | -             | 1,202,928    | -              |
| Public safety  | 120,052            | -             | 120,052      | -              |
| State statute  | 11,444,115         | -             | 11,444,115   | -              |
| Debt service   | 84,966             | 33,172        | 118,138      | -              |
| Unrestricted (deficit)                                   | (42,651,848)       | (1,171,759)   | (43,823,607) | 904,238        |
| Total net position                                       | \$ 262,274         | \$ 8,724,400  | \$ 8,986,674 | \$ 1,044,415   |

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

| Functions/Programs                        | Expenses      | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                 | Component Unit |
|---|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------|----------------|
|   |               | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          | Public Library  |                |
|   |               |                      |                                    |                                  | Governmental Activities                           | Business-type Activities | Total           |                |
| Governmental activities                   |               |                      |                                    |                                  |   |                          |                 |                |
| General government                        | \$ 6,757,054  | \$ 1,779,156         | \$ 722,956                         | \$ -                             | \$ (4,254,942)                                    | \$ -                     | \$ (4,254,942)  | \$ -           |
| Public safety                             | 8,845,355     | 1,970,996            | 493,602                            | -                                | (6,380,757)                                       | -                        | (6,380,757)     | -              |
| Public works                              | 4,155,285     | 2,856,179            | -                                  | -                                | (1,299,106)                                       | -                        | (1,299,106)     | -              |
| Interest on debt                          | 125,905       | -                    | -                                  | -                                | (125,905)   | -                        | (125,905)       | -              |
| Pension expenses-GASB 68                  |               |                      |                                    |                                  |   |                          |                 |                |
| IMRF                                      | 808,930       | -                    | -                                  | -                                | (808,930)   | -                        | (808,930)       | -              |
| IMRF-SLEP                                 | 1,177         | -                    | -                                  | -                                | (1,177)   | -                        | (1,177)         | -              |
| Police pension                            | 2,316,134     | -                    | -                                  | -                                | (2,316,134)                                       | -                        | (2,316,134)     | -              |
| Fire pension                              | 1,124,656     | -                    | -                                  | -                                | (1,124,656)                                       | -                        | (1,124,656)     | -              |
| Total governmental activities             | 24,134,496    | 6,606,331            | 1,216,558                          | -                                | (16,311,607)                                      | -                        | (16,311,607)    | -              |
| Business-type activities                  |               |                      |                                    |                                  |   |                          |                 |                |
| Water and sewer                           | 5,051,574     | 6,461,810            | -                                  | 23,578                           | -   | 1,433,814                | 1,433,814       | -              |
| Golf course                               | 1,060,172     | 942,894              | -                                  | -                                | -   | (117,278)                | (117,278)       | -              |
| Total business-type activities            | 6,111,746     | 7,404,704            | -                                  | 23,578                           | -   | 1,316,536                | 1,316,536       | -              |
| Total primary government                  | \$ 30,246,242 | \$ 14,011,035        | \$ 1,216,558                       | \$ 23,578                        | \$ (16,311,607)                                   | \$ 1,316,536             | \$ (14,995,071) | \$ -           |
| Component unit-Public Library             | \$ 1,307,800  | \$ 53,100            | \$ 64,633                          | \$ -                             | \$ -  | \$ -                     | \$ -            | \$ (1,190,067) |
| General revenues                          |               |                      |                                    |                                  |   |                          |                 |                |
| Taxes:                                    |               |                      |                                    |                                  |   |                          |                 |                |
| Property taxes                            |               |                      |                                    |                                  | 8,236,081   | -                        | 8,236,081       | 1,267,268      |
| Replacement taxes                         |               |                      |                                    |                                  | 373,037   | -                        | 373,037         | 56,953         |
| State income and use taxes                |               |                      |                                    |                                  | 3,054,781   | -                        | 3,054,781       | -              |
| Utility taxes                             |               |                      |                                    |                                  | 1,208,030   | -                        | 1,208,030       | -              |
| State sales tax                           |               |                      |                                    |                                  | 1,354,153   | -                        | 1,354,153       | -              |
| Video gaming tax                          |               |                      |                                    |                                  | 191,653   | -                        | 191,653         | -              |
| Rental income/reimbursement/miscellaneous |               |                      |                                    |                                  | 200,704   | -                        | 200,704         | 32,565         |
| Forgiveness of debt (JAWA)                |               |                      |                                    |                                  | -   | 288,525                  | 288,525         | -              |
| Gain on sale of fixed assets              |               |                      |                                    |                                  | -   | 9,600                    | 9,600           | -              |
| Unrestricted investment earnings          |               |                      |                                    |                                  | 8,561   | 5,403                    | 13,964          | 466            |
| Total general revenues                    |               |                      |                                    |                                  | 14,627,000  | 303,528                  | 14,930,528      | 1,357,252      |
| Changes in net position                   |               |                      |                                    |                                  | (1,684,607)                                       | 1,620,064                | (64,543)        | 167,185        |
| Net position - beginning, restated        |               |                      |                                    |                                  | 1,946,881   | 7,104,336                | 9,051,217       | 877,230        |
| Net position, end of year                 |               |                      |                                    |                                  | \$ 262,274  | \$ 8,724,400             | \$ 8,986,674    | \$ 1,044,415   |

The accompanying notes are an integral part of this statement.

## CITY OF BLUE ISLAND, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

|  | General Fund         | Special Tax<br>Increment<br>Allocation<br>Fund II | Special Tax<br>Increment<br>Allocation<br>Fund III | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---|--|-----------------------------------|--------------------------------|
| <b>ASSETS</b>  |                      |   |  |                                   |                                |
| Cash and cash equivalents  | \$ 246,538           | \$ 1,446,740                                      | \$ 614,647   | \$ 1,245,663                      | \$ 3,553,588                   |
| Receivables:   |                      |   |  |                                   |                                |
| Property taxes-net   | 4,177,471            | -   | -  | 2,953,494                         | 7,130,965                      |
| Customers  | 220,836              | -   | -  | -                                 | 220,836                        |
| Grants   | 517,443              | -   | -  | 84,714                            | 602,157                        |
| Other  | 1,787,624            | -   | -  | 200,924                           | 1,988,548                      |
| Due from other funds   | 3,424,486            | 5,141,751   | 3,652,794  | 522,147                           | 12,741,178                     |
| Restricted cash  | 1,260,947            | -   | -  | -                                 | 1,260,947                      |
| Prepaid items  | 41,307               | -   | -  | -                                 | 41,307                         |
| Total assets   | <u>\$ 11,676,652</u> | <u>\$ 6,588,491</u>                               | <u>\$ 4,267,441</u>                                | <u>\$ 5,006,942</u>               | <u>\$ 27,539,526</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b> |                      |   |  |                                   |                                |
| <b>Liabilities:</b>  |                      |   |  |                                   |                                |
| Accounts payable   | \$ 1,198,880         | \$ -  | \$ 96,803  | \$ 365,937                        | \$ 1,661,620                   |
| Accrued expenses   | 110,392              | -   | -  | -                                 | 110,392                        |
| Due to other funds   | 9,370,954            | -   | 174,738  | 65,046                            | 9,610,738                      |
| Due to component unit  | 56,953               | -   | -  | -                                 | 56,953                         |
| Due to other government units                                      | -                    | -   | -  | 148,518                           | 148,518                        |
| Other liabilities  | -                    | -   | -  | 257,192                           | 257,192                        |
| Total liabilities  | <u>10,737,179</u>    | <u>-</u>  | <u>271,541</u>                                     | <u>836,693</u>                    | <u>11,845,413</u>              |
| <b>Deferred Inflows of Resources:</b>                              |                      |   |  |                                   |                                |
| Property taxes   | <u>3,694,206</u>     | <u>-</u>  | <u>-</u>   | <u>2,489,001</u>                  | <u>6,183,207</u>               |
| <b>Fund Balance:</b>   |                      |   |  |                                   |                                |
| Restricted for grant purposes                                      | 1,202,928            | -   | -  | -                                 | 1,202,928                      |
| Restricted for public safety                                       | -                    | -   | -  | 120,052                           | 120,052                        |
| Restricted under state statute                                     | -                    | 6,588,491   | 3,995,900  | 859,724                           | 11,444,115                     |
| Restricted for debt service  | -                    | -   | -  | 84,966                            | 84,966                         |
| Unassigned   | <u>(3,957,661)</u>   | <u>-</u>  | <u>-</u>   | <u>616,506</u>                    | <u>(3,341,155)</u>             |
| Total fund balance (deficit)                                       | <u>(2,754,733)</u>   | <u>6,588,491</u>                                  | <u>3,995,900</u>                                   | <u>1,681,248</u>                  | <u>9,510,906</u>               |
| Total liabilities, deferred inflows of resources and fund balance  | <u>\$ 11,676,652</u> | <u>\$ 6,588,491</u>                               | <u>\$ 4,267,441</u>                                | <u>\$ 5,006,942</u>               | <u>\$ 27,539,526</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 YEAR ENDED DECEMBER 31, 2015**

Total fund balance- governmental funds-page 17 \$ 9,510,906

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.

|                                |    |                     |            |
|--------------------------------|----|---------------------|------------|
| Cost                           | \$ | 57,203,798          |            |
| Less: accumulated depreciation |    | <u>(26,371,737)</u> | 30,832,061 |

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

6,183,207

Pension related deferred outflows of resources and deferred inflows of  
resources are not due and payable in the current year and, therefore  
are not reported in the governmental funds, as follows:

|   |  |                  |  |
|---|--|------------------|--|
| Deferred outflows of resources-IMRF           |  | 1,366,671        |  |
| Deferred outflows of resources-IMRF-SLEP      |  | 6,359            |  |
| Deferred outflows of resources-police pension |  | 886,189          |  |
| Deferred outflows of resources-fire pension   |  | 541,772          |  |
| Deferred inflows of resources-IMRF            |  | <u>(218,825)</u> |  |

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 |  | (500,000)        |  |
| General obligations bonds            |  | (770,000)        |  |
| Compensated absences                 |  | <u>(234,721)</u> |  |

Long-term liabilities are not due and payable in the current period and  
are therefore not reported in the funds:

|                                     |                  |                     |  |
|-------------------------------------|------------------|---------------------|--|
| Pension liability - IMRF            | (3,322,340)      |                     |  |
| Pension asset - IMRF-SLEP           | 54,897           |                     |  |
| Pension liability - police pension  | (26,495,961)     |                     |  |
| Pension liability - fire pension    | (16,975,264)     |                     |  |
| Post-employment retirement benefits | <u>(602,677)</u> | <u>(47,341,345)</u> |  |

Net position of governmental activities-page 15 \$ 262,274

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 YEAR ENDED DECEMBER 31, 2015**

|   | General Fund          | Special Tax<br>Increment<br>Allocation<br>Fund II | Special Tax<br>Increment<br>Allocation<br>Fund III | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------------------|---|--|-----------------------------------|--------------------------------|
| <b>REVENUES:</b>                        |                       |   |  |                                   |                                |
| Property taxes-net                      | \$ 3,493,008          | \$ 752,463  | \$ 698,096   | \$ 3,371,035                      | \$ 8,314,602                   |
| Personal property and replacement taxes | 318,908               | -   | -  | 54,129                            | 373,037                        |
| Other taxes                             | 5,808,617             | -   | -  | -                                 | 5,808,617                      |
| Licenses                                | 892,690               | -   | -  | -                                 | 892,690                        |
| Permits                                 | 339,379               | -   | -  | -                                 | 339,379                        |
| State allotments                        | -                     | -   | -  | 579,550                           | 579,550                        |
| Fines                                   | 671,325               | -   | -  | -                                 | 671,325                        |
| Grants                                  | 726,449               | -   | -  | -                                 | 726,449                        |
| Interest                                | 1,554                 | 3,423   | 1,357  | 2,227                             | 8,561                          |
| 9-1-1 system fees                       | 814,371               | -   | -  | -                                 | 814,371                        |
| Sanitation fees                         | 1,484,221             | -   | -  | -                                 | 1,484,221                      |
| Other                                   | 2,025,499             | -   | -  | 490,109                           | 2,515,608                      |
| Total revenues                          | <u>16,576,021</u>     | <u>755,886</u>                                    | <u>699,453</u>                                     | <u>4,497,050</u>                  | <u>22,528,410</u>              |
| <b>EXPENDITURES</b>                     |                       |   |  |                                   |                                |
| Current:                                |                       |   |  |                                   |                                |
| General government                      | 2,124,890             | 10,384  | 36,825   | 458,183                           | 2,630,282                      |
| Building                                | 283,862               | -   | -  | -                                 | 283,862                        |
| Planning                                | 205,851               | -   | -  | -                                 | 205,851                        |
| Police                                  | 5,016,536             | -   | -  | -                                 | 5,016,536                      |
| Fire                                    | 1,860,852             | -   | -  | -                                 | 1,860,852                      |
| Pension contributions-police & fire     | -                     | -   | -  | 1,745,820                         | 1,745,820                      |
| Public works                            | 3,078,443             | -   | -  | -                                 | 3,078,443                      |
| Street maintenance                      | -                     | -   | -  | 1,020,507                         | 1,020,507                      |
| Insurance loss                          | 2,644,277             | -   | -  | -                                 | 2,644,277                      |
| Civil service commission                | 38,220                | -   | -  | -                                 | 38,220                         |
| Marketing                               | 397,660               | -   | -  | -                                 | 397,660                        |
| Debt service                            | -                     | -   | -  | 180,905                           | 180,905                        |
| Capital outlay                          | 328,606               | -   | 161,925  | 50,688                            | 541,219                        |
| Total expenditures                      | <u>15,979,197</u>     | <u>10,384</u>                                     | <u>198,750</u>                                     | <u>3,456,103</u>                  | <u>19,644,434</u>              |
| Excess of revenues<br>over expenditures | <u>596,824</u>        | <u>745,502</u>                                    | <u>500,703</u>                                     | <u>1,040,947</u>                  | <u>2,883,976</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                       |   |  |                                   |                                |
| Tax anticipation warrant proceeds       | 500,000               | -   | -  | -                                 | 500,000                        |
| Tax anticipation warrant payments       | (1,000,000)           | -   | -  | -                                 | (1,000,000)                    |
| Transfers in- proprietary fund          | 195,137               | -   | -  | -                                 | 195,137                        |
| Transfers out- debt service             | -                     | -   | -  | (195,137)                         | (195,137)                      |
| Transfers in                            | -                     | -   | -  | 148,810                           | 148,810                        |
| Transfers out                           | (62,079)              | (86,731)  | -  | -                                 | (148,810)                      |
| Total other financing sources (uses)    | <u>(366,942)</u>      | <u>(86,731)</u>                                   | <u>-</u>   | <u>(46,327)</u>                   | <u>(500,000)</u>               |
| Net change in fund balances             | 229,882               | 658,771   | 500,703  | 994,620                           | 2,383,976                      |
| Fund balances at beginning of year      | <u>(2,984,615)</u>    | <u>5,929,720</u>                                  | <u>3,495,197</u>                                   | <u>686,628</u>                    | <u>7,126,930</u>               |
| Fund balance at end of year (Deficit)   | <u>\$ (2,754,733)</u> | <u>\$ 6,588,491</u>                               | <u>\$ 3,995,900</u>                                | <u>\$ 1,681,248</u>               | <u>\$ 9,510,906</u>            |

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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

\$ 2,383,976

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 outlay reported in governmental fund statements      | \$ 541,218       |           |
| Depreciation expense reported in the statement of activities | <u>(853,650)</u> | (312,432) |

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, 2015 | 6,183,207          |          |
| Deferred at December 31, 2014 | <u>(6,261,730)</u> | (78,523) |

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       | 55,000           |         |
| Repayment of Tax Anticipation Warrant | 1,000,000        |         |
| Tax Anticipation Warrant proceeds     | <u>(500,000)</u> | 555,000 |

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 compensated absences | 18,269             |                    |
| Pension expense                | <u>(4,250,897)</u> | <u>(4,232,628)</u> |

Change in net position of governmental activities - page 16

\$ (1,684,607)

The accompanying notes are an integral part of this statement.



**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2015**

|                                      | Water               | Golf Course         | Total<br>Proprietary<br>Funds |
|--------------------------------------|---------------------|---------------------|-------------------------------|
| <b>ASSETS</b>                        |                     |                     |                               |
| <b>Current Assets:</b>               |                     |                     |                               |
| Cash and cash equivalents            | \$ 953,645          | \$ 33,754           | \$ 987,399                    |
| Accounts receivable:                 |                     |                     |                               |
| Customers                            | 1,792,502           | -                   | 1,792,502                     |
| Less allowance for doubtful accounts | (15,000)            | -                   | (15,000)                      |
| Grant receivable                     | 23,578              | -                   | 23,578                        |
| Prepays                              | -                   | 1,222               | 1,222                         |
| Due from other funds                 | 282,140             | -                   | 282,140                       |
| Inventory                            | -                   | 2,240               | 2,240                         |
| Total current assets                 | <u>3,036,865</u>    | <u>37,216</u>       | <u>3,074,081</u>              |
| <b>Noncurrent Assets:</b>            |                     |                     |                               |
| Property and equipment:              |                     |                     |                               |
| Land                                 | 8,958               | 670,000             | 678,958                       |
| Buildings and land improvement       | 108,054             | 4,640,426           | 4,748,480                     |
| Infrastructure                       | 20,761,241          | -                   | 20,761,241                    |
| Equipment                            | 1,013,226           | 494,126             | 1,507,352                     |
| Less accumulated depreciation        | (11,581,877)        | (2,542,325)         | (14,124,202)                  |
| Total noncurrent assets              | <u>10,309,602</u>   | <u>3,262,227</u>    | <u>13,571,829</u>             |
| Total assets                         | <u>13,346,467</u>   | <u>3,299,443</u>    | <u>16,645,910</u>             |
| <b>LIABILITIES AND NET POSITION</b>  |                     |                     |                               |
| <b>Current Liabilities:</b>          |                     |                     |                               |
| Accounts payable                     | 693,974             | 55,550              | 749,524                       |
| Accrued salaries                     | 10,521              | 1,513               | 12,034                        |
| Due to other funds                   | -                   | 3,412,580           | 3,412,580                     |
| EPA loan payable                     | 42,236              | -                   | 42,236                        |
| Bonds payable                        | 265,000             | -                   | 265,000                       |
| Unamortized bond premium             | 4,288               | -                   | 4,288                         |
| Other liabilities                    | -                   | 327                 | 327                           |
| Accrued interest                     | 13,401              | -                   | 13,401                        |
| Total current liabilities            | <u>1,029,420</u>    | <u>3,469,970</u>    | <u>4,499,390</u>              |
| <b>Noncurrent Liabilities:</b>       |                     |                     |                               |
| Compensated absences payable         | 22,986              | 1,816               | 24,802                        |
| EPA loan payable                     | 750,161             | -                   | 750,161                       |
| Bonds payable                        | 2,605,000           | -                   | 2,605,000                     |
| Unamortized bond premium             | 42,157              | -                   | 42,157                        |
| Total noncurrent liabilities         | <u>3,420,304</u>    | <u>1,816</u>        | <u>3,422,120</u>              |
| Total liabilities                    | <u>4,449,724</u>    | <u>3,471,786</u>    | <u>7,921,510</u>              |
| <b>Net Position:</b>                 |                     |                     |                               |
| Net Investment in capital assets     | 6,600,760           | 3,262,227           | 9,862,987                     |
| Restricted for debt service          | 33,172              | -                   | 33,172                        |
| Unrestricted (deficit)               | 2,262,811           | (3,434,570)         | (1,171,759)                   |
| Total net position                   | <u>\$ 8,896,743</u> | <u>\$ (172,343)</u> | <u>\$ 8,724,400</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 YEAR ENDED DECEMBER 31, 2015**

Page 1 of 3

|   | Water             | Golf Course       | Total             |
|---|-------------------|-------------------|-------------------|
| <b>OPERATING REVENUES</b>               |                   |                   |                   |
| Water sales                             | \$ 5,384,861      | \$ -              | \$ 5,384,861      |
| Sewer maintenance fees                  | 909,973           | -                 | 909,973           |
| Sale of water meters                    | 12,760            | -                 | 12,760            |
| Golf course                             | -                 | 686,463           | 686,463           |
| Pro shop and concessions                | -                 | 225,694           | 225,694           |
| Miscellaneous                           | 154,216           | 30,737            | 184,953           |
| Total operating revenues                | <u>6,461,810</u>  | <u>942,894</u>    | <u>7,404,704</u>  |
| <b>OPERATING EXPENSES</b>               |                   |                   |                   |
| Salaries and benefits:                  |                   |                   |                   |
| Full-time salaries                      | 653,993           | 82,098            | 736,091           |
| Part-time salaries                      | 57,169            | 144,572           | 201,741           |
| Overtime wages                          | 43,679            | -                 | 43,679            |
| Illinois Municipal Retirement Fund      | 107,407           | 14,963            | 122,370           |
| Payroll taxes-FICA and Medicare         | 56,384            | 17,071            | 73,455            |
| Employee medical insurance              | 282,837           | 15,809            | 298,646           |
| Life/unemployment insurance             | 667               | 92                | 759               |
| Total salaries and benefits             | <u>1,202,136</u>  | <u>274,605</u>    | <u>1,476,741</u>  |
| Services:                               |                   |                   |                   |
| Professional fees                       | 6,000             | 4,000             | 10,000            |
| Computers and software                  | 1,781             | 193               | 1,974             |
| Insurance                               | -                 | 1,977             | 1,977             |
| Landscaping and grounds maintenance     | -                 | 382,358           | 382,358           |
| Utilities- electricity                  | 39,759            | 22,004            | 61,763            |
| Professional consulting and engineering | 47,305            | -                 | 47,305            |
| Other contractual services              | 5,516             | -                 | 5,516             |
| Telephone                               | -                 | 2,676             | 2,676             |
| Training                                | 3,750             | 60                | 3,810             |
| Utilities- other                        | 4,999             | 3,581             | 8,580             |
| Water billing                           | 27,707            | -                 | 27,707            |
| Total services                          | <u>\$ 136,817</u> | <u>\$ 416,849</u> | <u>\$ 553,666</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 YEAR ENDED DECEMBER 31, 2015**

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                 | \$ 13,265        | \$ -               | \$ 13,265         |
| Gasoline and oil for vehicles          | 15,603           | 23,724             | 39,327            |
| Maintenance supplies                   | 27,821           | 3,136              | 30,957            |
| Operating supplies                     | -                | 2,045              | 2,045             |
| Printing, postage, and office supplies | 38,908           | 935                | 39,843            |
| Total supplies and materials           | <u>95,597</u>    | <u>29,840</u>      | <u>125,437</u>    |
| Repairs and maintenance:               |                  |                    |                   |
| Building                               | -                | 710                | 710               |
| Equipment                              | 42,162           | 8,637              | 50,799            |
| Outside contractors                    | 107,676          | -                  | 107,676           |
| Vehicle                                | 5,413            | 977                | 6,390             |
| Total repairs and maintenance          | <u>155,251</u>   | <u>10,324</u>      | <u>165,575</u>    |
| Water from Chicago                     | <u>2,672,906</u> | <u>-</u>           | <u>2,672,906</u>  |
| Merchandise for resale                 | <u>-</u>         | <u>139,182</u>     | <u>139,182</u>    |
| Miscellaneous:                         |                  |                    |                   |
| Bank charges                           | 15,259           | 9,782              | 25,041            |
| Agent/Trust fees- debt service         | 200              | 80                 | 280               |
| Dues and subscriptions                 | 397              | 420                | 817               |
| Office services                        | 122              | 435                | 557               |
| Licenses and fees                      | 6,000            | 600                | 6,600             |
| Meetings and seminars                  | 50               | -                  | 50                |
| Miscellaneous                          | 6,990            | -                  | 6,990             |
| Rental & leasing fees                  | 4,158            | 57,453             | 61,611            |
| Grant pass through expenditures        | 23,578           | -                  | 23,578            |
| Total miscellaneous                    | <u>\$ 56,754</u> | <u>\$ 68,770</u>   | <u>\$ 125,524</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 YEAR ENDED DECEMBER 31, 2015**

Page 3 of 3

|   | <u>Water</u>        | <u>Golf Course</u>  | <u>Total</u>        |
|---|---------------------|---------------------|---------------------|
| <b>OPERATING EXPENSES (Continued)</b>       |                     |                     |                     |
| Capital expenditures                        |                     |                     |                     |
| Machinery and equipment                     | \$ 351              | \$ 645              | \$ 996              |
| Water meter purchases                       | 28,728              | -                   | 28,728              |
| Total capital expenditures                  | <u>29,079</u>       | <u>645</u>          | <u>29,724</u>       |
| Operating expenses before depreciation      | 4,348,540           | 940,215             | 5,288,755           |
| Depreciation                                | 549,078             | 119,957             | 669,035             |
| Total operating expenses                    | <u>4,897,618</u>    | <u>1,060,172</u>    | <u>5,957,790</u>    |
| Operating income (loss)                     | <u>1,564,192</u>    | <u>(117,278)</u>    | <u>1,446,914</u>    |
| <b>NONOPERATING REVENUES (EXPENSES)</b>     |                     |                     |                     |
| Grant income                                | 23,578              | -                   | 23,578              |
| Interest expense                            | (153,956)           | -                   | (153,956)           |
| Bond premium amortization                   | 5,403               | -                   | 5,403               |
| Gain on disposal of fixed assets            | 9,600               | -                   | 9,600               |
| Forgiveness of debt (JAWA)                  | 288,525             | -                   | 288,525             |
| Total nonoperating revenues (expenses)      | <u>173,150</u>      | <u>-</u>            | <u>173,150</u>      |
| Change in net position (deficit)            | 1,737,342           | (117,278)           | 1,620,064           |
| Net position at beginning of year (deficit) | 7,159,401           | (55,065)            | 7,104,336           |
| Net position at end of year (deficit)       | <u>\$ 8,896,743</u> | <u>\$ (172,343)</u> | <u>\$ 8,724,400</u> |

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2015**

|  | <u>Water</u>        | <u>Golf<br/>Course</u> | <u>Total</u>        |
|--|---------------------|------------------------|---------------------|
| Cash flows from operating activities:  |                     |                        |                     |
| Receipts from customers  | \$ 5,794,807        | \$ 942,894             | \$ 6,737,701        |
| Payment to suppliers   | (3,423,825)         | (698,949)              | (4,122,774)         |
| Payment to employees   | (758,552)           | (225,555)              | (984,107)           |
| Net cash from operating activities   | <u>1,612,430</u>    | <u>18,390</u>          | <u>1,630,820</u>    |
| Cash flow from noncapital financing activities:  |                     |                        |                     |
| Interfund borrowing  | (229,000)           | 8,357                  | (220,643)           |
| Net cash (used) by noncapital financing activities   | <u>(229,000)</u>    | <u>8,357</u>           | <u>(220,643)</u>    |
| Cash flow from capital and related financing activities:   |                     |                        |                     |
| Purchase of capital assets   | (125,590)           | -                      | (125,590)           |
| Principal paid on capital debt   | (841,037)           | (16,125)               | (857,162)           |
| Interest paid on capital debt  | (235,876)           | -                      | (235,876)           |
| Gain on disposal of fixed assets   | 9,600               | -                      | 9,600               |
| Forgiveness of debt (JAWA)   | 288,525             | -                      | 288,525             |
| Net cash (used) by capital and related financing activities  | <u>(904,378)</u>    | <u>(16,125)</u>        | <u>(920,503)</u>    |
| Cash flow from investing activities:   |                     |                        |                     |
| Interest income  | -                   | -                      | -                   |
| Net cash provided by investing activities  | <u>-</u>            | <u>-</u>               | <u>-</u>            |
| Change in cash and cash equivalents  | 479,052             | 10,622                 | 489,674             |
| Cash and cash equivalents at:  |                     |                        |                     |
| Beginning of year  | <u>474,593</u>      | <u>23,132</u>          | <u>497,725</u>      |
| End of year  | <u>\$ 953,645</u>   | <u>\$ 33,754</u>       | <u>\$ 987,399</u>   |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities:       |                     |                        |                     |
| Operating income (loss)  | \$ 1,564,192        | \$ (117,278)           | \$ 1,446,914        |
| Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities: |                     |                        |                     |
| Depreciation   | 549,078             | 119,957                | 669,035             |
| Change to asset and liabilities:   |                     |                        |                     |
| (Increase) decrease in receivables   | (667,003)           | -                      | (667,003)           |
| (Increase) decrease in prepaid expenses  | -                   | 8,971                  | 8,971               |
| (Increase) decrease in inventory   | -                   | 8,517                  | 8,517               |
| Increase (decrease) in accrued payroll   | 3,431               | 540                    | 3,971               |
| Increase (decrease) in accounts payable  | 169,874             | (2,946)                | 166,928             |
| Increase (decrease) in compensated absences  | (7,142)             | 574                    | (6,568)             |
| Increase (decrease) in other liabilities   | -                   | 55                     | 55                  |
| Net cash provided by operating activities  | <u>\$ 1,612,430</u> | <u>\$ 18,390</u>       | <u>\$ 1,630,820</u> |

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**DECEMBER 31, 2015**

|  | Police Pension<br>Fund | Firefighters<br>Pension Fund | Total                |
|--|------------------------|------------------------------|----------------------|
| <b>ASSETS</b>                                  |                        |                              |                      |
| Cash and investments                           | \$ 8,490               | \$ -                         | \$ 8,490             |
| Interest receivable                            | 18,007                 | 23,013                       | 41,020               |
| Personal property replacement taxes receivable | 30,630                 | 22,084                       | 52,714               |
| Investments:                                   |                        |                              |                      |
| US treasury                                    | 602,531                | 589,135                      | 1,191,666            |
| US government securities                       | 1,292,620              | 652,978                      | 1,945,598            |
| US government agencies                         | 71,477                 | 518,782                      | 590,259              |
| Mutual funds                                   | 6,176,417              | 1,010,079                    | 7,186,496            |
| Corporate obligations                          | 1,299,123              | 901,636                      | 2,200,759            |
| Equities                                       | -                      | 1,235,225                    | 1,235,225            |
| Money market mutual funds                      | 545,815                | -                            | 545,815              |
| Due from members                               | 10,220                 | -                            | 10,220               |
| Total assets                                   | <u>10,055,330</u>      | <u>4,952,932</u>             | <u>15,008,262</u>    |
| <b>LIABILITIES AND NET POSITION</b>            |                        |                              |                      |
| <b>Liabilities:</b>                            |                        |                              |                      |
| Accounts payable                               | 8,738                  | -                            | 8,738                |
| Other current liabilities                      | -                      | 11,679                       | 11,679               |
| Total liabilities                              | <u>8,738</u>           | <u>11,679</u>                | <u>20,417</u>        |
| <b>Net Position:</b>                           |                        |                              |                      |
| Net position held in trust for pension benefit | <u>\$ 10,046,592</u>   | <u>\$ 4,941,253</u>          | <u>\$ 14,987,845</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 YEAR ENDED DECEMBER 31, 2015 AND FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2015**

|   | Year Ended<br>December 31, 2015<br>Police Pension<br>Fund | Eight months ended<br>December 31, 2015<br>Firefighter's<br>Pension Fund | Total         |
|---|---|--|---------------|
| <b>ADDITIONS</b>  |   |  |               |
| Contributions:  |   |  |               |
| Employee contributions  | \$ 270,367  | \$ 100,407   | \$ 370,774    |
| Employer contributions  | 1,440,253   | 414,266  | 1,854,519     |
| Total contributions   | 1,710,620   | 514,673  | 2,225,293     |
| Investment income:  |   |  |               |
| Investment income   | 48,081  | (33,356)   | 14,725        |
| Investment fees   | (25,226)  | (13,714)   | (38,940)      |
| Total investment income   | 22,855  | (47,070)   | (24,215)      |
| Other income  | 2,178   | 2,022  | 4,200         |
| Total additions   | 1,735,653   | 469,625  | 2,205,278     |
| <b>DEDUCTIONS</b>   |   |  |               |
| Benefits and refunds  | 1,641,553   | 819,391  | 2,460,944     |
| Administrative costs  | 24,889  | 32,227   | 57,116        |
| Other expense   | 5,752   | 3,210  | 8,962         |
| Total deductions  | 1,672,194   | 854,828  | 2,527,022     |
| Net change in plan net position   | 63,459  | (385,203)  | (321,744)     |
| Net position held in trust for pension benefits<br>at beginning of year | 9,983,133   | 5,326,456  | 15,309,589    |
| Net position held in trust for pension benefits<br>at end of year       | \$ 10,046,592   | \$ 4,941,253   | \$ 14,987,845 |

The accompanying notes are an integral part of this statement.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

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

**A. REPORTING ENTITY AND ITS SERVICES**

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

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

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

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

The Firefighter's Pension Fund fiscal year end was changed from April 30 to December 31. This was done via a motion at the November 12, 2015 Board meeting. The change creates an eight month period of May 1, 2015 through December 31, 2015 being represented in this report for this Fund.

**B. BASIS OF PRESENTATION/ 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.

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 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.



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

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

**B. BASIS OF PRESENTATION/ MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONT.)**

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:**

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.

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.

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.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

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

**B. BASIS OF PRESENTATION/ MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONT.)**

**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, 2015).

**Certain Significant Concentrations** – Approximately 88%, \$6,750,335, of revenue of proprietary funds is from water and sewer operations, and 12%, \$942,894, of revenue is from golf club operations. On the statement of net position, receivables of governmental activities consist of property taxes (72%), other taxes and miscellaneous (20%), grants (6%), and customer accounts (2%). Receivables of business-type activities consist of billed and unbilled utilities receivable.

**C. 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, 2015.

**D. 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 pooled shares. State Statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act.

**E. RECEIVABLES/PAYABLES**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and materials provided by the City, including amounts for unbilled services. Receivables are shown net of an allowance for uncollectible accounts, where applicable. Receivables are also recognized for property taxes, sales and excise taxes, loans, assessments and intergovernmental grants.

Taxes and tax increments receivables consist of uncollected taxes levied and payable in prior years, net of allowance for uncollectible taxes. These receivables are deferred to indicate they are not available to finance expenditures of the current fiscal period.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

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

**F. 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.

**G. 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." Requirements under the Water Fund Revenue Bonds provide for deposits as determined by corporate authorities.

**H. CAPITAL ASSETS**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of 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  |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

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

**I. 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. One week of vacation left in the fiscal year can be carried over into the next 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.

**J. 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.

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 an other financing source. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**K. DEFERRED REVENUE - GRANTS**

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, 2015, there was no deferred revenue.

**L. 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

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

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

**L. FUND BALANCE / NET POSITION (CONT.)**

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 restricted 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 assets. Unrestricted net position consists of net position that does not meet the definition of restricted or invested in capital assets, net of related debt.

**M. ACCOUNTING CHANGE AND RESTATEMENT**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions, which was implemented by the City during the year ended December 31, 2015. This Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures on the government-wide financial statements. Specific changes to the City's financial statements relate to the recognition of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. See Footnote 20 for prior period adjustment to reflect this accounting change.

**NOTE 2. DEFICIT FUND EQUITY**

The following Funds have deficit balances; the General Fund has a deficit fund balance of \$2,464,733, the Special Tax Increment Allocation Fund IV has a deficit fund balance of \$25,524, and the Special Tax Increment Allocation Fund VI has a deficit fund balance of \$37,155. Funding of these deficits is expected to be repaid from future tax revenues, transfers from other funds, and a reduction of future operating expenditures.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS**

Statutes authorize the City to invest in the following:

- Bonds, notes, certificates of indebtedness, Treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
- Bonds, notes, debentures or similar obligations of the United States of America or its agencies.
- Savings accounts, certificates of deposit, time accounts, or any other investment constituting direct obligations of a bank, as defined by the Illinois Banking Act. Securities legally issuable by savings and loan associations incorporated under the laws of any state of the United States of America. Share accounts and share certificates of a credit union chartered under the laws of the State of Illinois or United States of America, provided the principal office of the credit union is located within the State of Illinois. Short-term discount obligations of the Federal National Mortgage Association (FNMA).
- Investments may be made only in financial institutions which are insured by either the Federal Deposit Insurance Corporation, or other applicable law for credit unions.
- 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 \$5,801,934, and the bank balance was \$6,374,985 (\$754,926 and \$768,342, respectively for the City's component unit). Cash on hand totaled \$775 for the City and \$413 for the City's component unit. Of the bank balances, \$750,000 was covered by Federal Depository Insurance (\$500,000 for the City's component unit). Of the \$5,624,985 remaining balances of the City's deposits of \$4,479,794 was collateralized by the banks and the remaining balance of \$1,145,191 was not collateralized (The City's component unit had \$262,312 that was not collateralized).

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

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, 2015:

|                    | Carrying<br>Amount | Fair<br>Value |
|--------------------|--------------------|---------------|
| Illinois Funds:    |                    |               |
| Primary government | \$ 729,794         | \$ 729,794    |

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

|  | Primary<br>Government | Component<br>Unit |
|--|-----------------------|-------------------|
| Cash on hand                               | \$ 775                | \$ 413            |
| Carrying amount of deposits                | 5,801,159             | 748,896           |
| Carrying amount of deposits<br>investments | -                     | 5,617             |
|  | <u>\$ 5,801,934</u>   | <u>\$ 754,926</u> |
| Statement of Net Position                  |                       |                   |
| Cash and investments                       | \$ 4,540,987          | \$ 754,926        |
| Restricted cash                            | 1,260,947             | -                 |
|  | <u>\$ 5,801,934</u>   | <u>\$ 754,926</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 AAAM 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 \$4,480,000. 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, 2015 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.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**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 \$8,490, and the bank balances totaled \$8,490. The FDIC insures bank balances up to \$250,000. As of December 31, 2015, the bank balance was insured by FDIC.

*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 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 county, 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.



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

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

| Investment Type                                  | Fair Value          | Investment Maturities |                      |                     |                           |
|--|---------------------|-----------------------|----------------------|---------------------|---------------------------|
|  |                     | Less than<br>One Year | One to<br>Five Years | Six to<br>Ten Years | Greater than<br>Ten Years |
| U.S. Government Securities                       | \$ 602,531          | \$ -                  | \$ -                 | \$ 602,531          | \$ -                      |
| U.S. Agencies                                    | 1,292,620           | -                     | 805,618              | 487,002             | -                         |
| Corporate Obligations                            | 1,299,123           | 201,671               | 903,161              | 194,291             | -                         |
| GNMA Mortgage                                    | 71,477              | 4,415                 | 67,062               | -                   | -                         |
| Money Market accounts                            | 545,815             | 545,815               | -                    | -                   | -                         |
| Total  | 3,811,566           | <u>\$ 751,901</u>     | <u>\$ 1,775,841</u>  | <u>\$ 1,283,824</u> | <u>\$ -</u>               |
| Investments not sensitive to interest rate risk: |                     |                       |                      |                     |                           |
| Mutual Funds                                     | 6,176,417           |                       |                      |                     |                           |
| Total Investments                                | <u>\$ 9,987,983</u> |                       |                      |                     |                           |

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, 2015, 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.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

*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, 2015, 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, 2015, the Police Pension Fund has over 5% of total police pension plan investments invested in various agency securities as indicated in the table below. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and, as mentioned earlier, are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. The Police Pension Fund's investment policy provides diversification by asset type, by characteristic, by number of investments, and in the case of "Investment Manager", by investment style. The Police Pension Board has diversified its holdings as follows:

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

| <u>U.S. Government Securities</u>   | <u>Due</u>     | <u>Fair Value</u>     |
|-------------------------------------|----------------|-----------------------|
| Federal Home Loan Bank              | 3/13/2020      | \$ 503,458            |
| Fannie Mae                          | 11/27/2018     | 302,160               |
| Tennessee VLYA                      | 8/15/2022      | 487,002               |
| Total Government Securities         |                | <u>\$ 1,292,620</u>   |
| <br><u>U.S. Agencies</u>            | <br><u>Due</u> | <br><u>Fair Value</u> |
| Government National Mortgage Assoc. | 12/15/2016     | \$ 4,415              |
| Government National Mortgage Assoc. | 11/15/2018     | 67,062                |
| Total U.S. Agencies                 |                | <u>\$ 71,477</u>      |
| <br><u>U.S. Treasury</u>            | <br><u>Due</u> | <br><u>Fair Value</u> |
| US Treasury Nt                      | 8/31/2021      | \$ 602,531            |
| Total U.S. Treasury                 |                | <u>\$ 602,531</u>     |
| <br><u>Corporate Obligations</u>    | <br><u>Due</u> | <br><u>Fair Value</u> |
| Bank New York Mel                   | 7/28/2016      | \$ 201,671            |
| Caterpillar Fin                     | 6/1/2017       | 200,693               |
| Intel Corporation                   | 12/15/2017     | 250,313               |
| John Deere Capital                  | 4/17/2019      | 251,191               |
| JP Morgan Chase                     | 8/15/2017      | 200,964               |
| 3M Company                          | 6/26/2022      | 194,291               |
| Total Corporate Obligations         |                | <u>\$ 1,299,123</u>   |
| <br><u>Money Market Accounts</u>    |                | <br><u>Fair Value</u> |
| Schwab Govt Money Fund: SWGXX       |                | \$ 350,275            |
| Schwab Govt Money Fund: SWGXX       |                | 122,116               |
| Schwab Govt Money Fund: SWGXX       |                | 73,424                |
| Total Money Market Accounts         |                | <u>\$ 545,815</u>     |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

| <u>Mutual Funds</u>       | <u>Fair Value</u>   |
|---------------------------|---------------------|
| Ishares TR MSCI EAFE      | \$ 796,008          |
| Ishares MSCI Germany      | 132,967             |
| Ishares Nasdaq            | 124,167             |
| Ishares US                | 120,944             |
| Ishares US Areospace      | 109,826             |
| Ishares US Basic          | 119,689             |
| Ishares US Medical        | 121,623             |
| Ishares US Real Estate    | 19,145              |
| Ishares US Telecom ETF    | 98,606              |
| Ishares US Utilities      | 112,453             |
| Ishares Core S&P Small    | 151,291             |
| Ishares IBOXX Invst Grade | 29,415              |
| Ishares Jpmorgan USD Mts  | 9,838               |
| Ishares MSCI EAFE ETF     | 74,574              |
| Ishares 1-3 year Treasury | 69,513              |
| Ishares 20+ yr Treasury   | 76,448              |
| Powershares QQQ Trust     | 163,875             |
| Powershares DYN Food      | 104,811             |
| Powershares Dynamic       | 63,035              |
| Powershares Dynic         | 109,435             |
| Powershares Nasdaq        | 132,299             |
| PWRSHRS DWA Cnsmr Stpls   | 110,797             |
| SPDR S&P Dividend ETF     | 125,069             |
| SPDR S&P Homebuilders     | 104,967             |
| SPDR S&P Insurance ETF    | 167,495             |
| SPDR S&P Regional         | 161,685             |
| SPDR S&P Semiconductor    | 137,505             |
| SPDR S&P 500 ETF          | 134,350             |
| SPDR S&P 500 ETF          | 208,763             |
| Vanguard CNSMR Dscrtary   | 325,253             |
| Vanguard Consumer Staples | 216,709             |
| Vanguard Energy ETF       | 203,727             |
| Vanguard Financials       | 339,780             |
| Vanguard Health Care      | 246,625             |
| Vanguard Industrials      | 312,284             |
| Vanguard Info Technology  | 611,622             |
| Vanguard International    | 29,824              |
|                           | <u>\$ 6,176,417</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Firefighters Pension Fund**

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

For the eight months ended December 31, 2015, the Firefighters' Pension Fund's carrying amount of cash was \$0 and the bank balance was \$0. The FDIC insures bank balances up to \$250,000. As of December 31, 2015, the bank balance was insured by FDIC.

*Investments – Firefighters' Pension Trust Fund*

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

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

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

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

*Interest Rate Risk:* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Firefighters' Pension Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Firefighters' Pension Fund's investments at December 31, 2015:

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

| Investment Type                                     | Fair Value         | Investment Maturities |                      |                     |                           |
|---|--------------------|-----------------------|----------------------|---------------------|---------------------------|
|   |                    | Less than<br>One Year | One to<br>Five Years | Six to<br>Ten Years | Greater than<br>Ten Years |
| U.S. Government Securities                          | \$ 652,978         | \$ 171,565            | \$ 284,018           | \$ 197,395          | \$ -                      |
| U.S. Treasury Securities                            | 589,135            | 100,211               | 313,247              | 175,677             | -                         |
| U.S. Agencies                                       | 518,782            | -                     | 1,486                | 9,166               | 508,130                   |
| Corporate Obligations                               | 901,636            | 200,626               | 352,079              | 348,931             | -                         |
| Pooled equity funds                                 | 493,799            | 493,799               | -                    | -                   | -                         |
| Total   | 3,156,330          | <u>\$ 966,201</u>     | <u>\$ 950,830</u>    | <u>\$ 731,169</u>   | <u>\$ 508,130</u>         |
| Investments not sensitive to<br>interest rate risk: |                    |                       |                      |                     |                           |
| Common Stock  | 741,426            |                       |                      |                     |                           |
| Mutual Funds  | 1,010,079          |                       |                      |                     |                           |
| Total Investments                                   | <u>\$4,907,835</u> |                       |                      |                     |                           |

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

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

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.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

None of the Firefighters' Pension Fund's investment holdings for the eight months ended December 31, 2015 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:

| <u>U.S. Government Securities</u> | <u>Due</u> | <u>Fair Value</u> |
|-----------------------------------|------------|-------------------|
| Fannie Mae                        | 11/15/2016 | \$ 70,334         |
| Federal Farm Credit Bank          | 12/6/2016  | 101,231           |
| Federal Home Loan Mortgage Corp   | 3/8/2017   | 150,124           |
| Federal Home Loan Mortgage Corp   | 3/27/2019  | 133,894           |
| Federal Home Loan Mortgage Corp   | 1/13/2022  | 50,694            |
| Fannie Mae                        | 9/6/2024   | 146,701           |
| Total U.S. Government Securities  |            | <u>\$ 652,978</u> |

| <u>U.S. Treasury</u>               | <u>Due</u> | <u>Fair Value</u> |
|------------------------------------|------------|-------------------|
| US Treasury Note                   | 9/30/2016  | \$ 100,211        |
| U.S. Treasury Inflation Index note | 7/15/2018  | 313,247           |
| US Treasury Note                   | 8/15/2024  | 126,324           |
| US Treasury Note                   | 5/15/2025  | 49,353            |
| Total U.S. Treasury                |            | <u>\$ 589,135</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

| <u>U.S. Agencies</u>                | <u>Due</u> | <u>Fair Value</u> |
|-------------------------------------|------------|-------------------|
| Government National Mortgage Assoc. | 12/15/2018 | \$ 429            |
| Government National Mortgage Assoc. | 9/15/2020  | 137               |
| Government National Mortgage Assoc. | 11/15/2020 | 562               |
| Government National Mortgage Assoc. | 10/20/2021 | 358               |
| Government National Mortgage Assoc. | 5/20/2023  | 5,667             |
| Government National Mortgage Assoc. | 9/15/2023  | 113               |
| Government National Mortgage Assoc. | 9/20/2024  | 84                |
| Government National Mortgage Assoc. | 2/20/2025  | 1,880             |
| Government National Mortgage Assoc. | 4/20/2025  | 1,089             |
| Government National Mortgage Assoc. | 8/20/2026  | 333               |
| Government National Mortgage Assoc. | 1/20/2027  | 135               |
| Government National Mortgage Assoc. | 8/20/2027  | 3,397             |
| Government National Mortgage Assoc. | 8/20/2027  | 5,525             |
| Government National Mortgage Assoc. | 9/15/2027  | 1,153             |
| Government National Mortgage Assoc. | 1/20/2028  | 20,723            |
| Government National Mortgage Assoc. | 8/20/2028  | 4,301             |
| Government National Mortgage Assoc. | 10/15/2028 | 4,640             |
| Government National Mortgage Assoc. | 1/20/2029  | 7,785             |
| Government National Mortgage Assoc. | 2/15/2030  | 2,521             |
| Government National Mortgage Assoc. | 3/15/2030  | 3,216             |
| Government National Mortgage Assoc. | 7/15/2030  | 605               |
| Government National Mortgage Assoc. | 10/15/2030 | 1,101             |
| Government National Mortgage Assoc. | 9/15/2031  | 3,861             |
| Government National Mortgage Assoc. | 5/15/2031  | 286               |
| Government National Mortgage Assoc. | 8/15/2031  | 2,487             |
| Government National Mortgage Assoc. | 11/15/2031 | 4,103             |
| Government National Mortgage Assoc. | 12/15/2031 | 28,526            |
| Government National Mortgage Assoc. | 1/15/2032  | 9,314             |
| Government National Mortgage Assoc. | 2/15/2032  | 2,973             |
| Government National Mortgage Assoc. | 5/15/2032  | 3,540             |
| Government National Mortgage Assoc. | 7/15/2032  | 2,572             |
| Government National Mortgage Assoc. | 8/15/2032  | 4,160             |
| Government National Mortgage Assoc. | 8/20/2032  | 2,236             |
| Government National Mortgage Assoc. | 11/15/2032 | 8,361             |
| Government National Mortgage Assoc. | 11/15/2032 | 22,858            |
| Government National Mortgage Assoc. | 12/15/2032 | 49,206            |
| Government National Mortgage Assoc. | 3/15/2033  | 34,510            |
| Government National Mortgage Assoc. | 6/15/2033  | 35,718            |
| Government National Mortgage Assoc. | 7/15/2033  | 64,354            |
| Government National Mortgage Assoc. | 11/15/2033 | 11,021            |
| Government National Mortgage Assoc. | 12/15/2033 | 3,052             |
| Government National Mortgage Assoc. | 12/15/2033 | 57,137            |
| Government National Mortgage Assoc. | 12/15/2033 | 25,514            |
| Government National Mortgage Assoc. | 1/15/2034  | 34,559            |
| Government National Mortgage Assoc. | 2/15/2035  | 11,505            |
| Government National Mortgage Assoc. | 8/15/2035  | 9,418             |
| Government National Mortgage Assoc. | 3/15/2036  | 21,757            |
| Total U.S. Agencies                 |            | <u>\$ 518,782</u> |



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

| <u>Corporate Obligations</u> | <u>Due</u> | <u>Fair Value</u> |
|------------------------------|------------|-------------------|
| Citigroup Inc.               | 4/1/2016   | \$ 50,071         |
| General Elec Cap Corp        | 7/12/2016  | 50,241            |
| Air Products and Chemicals   | 8/2/2016   | 50,256            |
| John Deere Capital Corp.     | 10/11/2016 | 50,058            |
| Citigroup Inc.               | 8/14/2017  | 74,626            |
| American Express             | 5/22/2018  | 74,536            |
| Boston Scientific Corp.      | 10/1/2018  | 50,263            |
| Texas Instruments Inc.       | 8/3/2019   | 49,495            |
| Lexmark Intl. Inc.           | 3/15/2020  | 52,005            |
| Verizon Communications       | 3/15/2021  | 51,154            |
| Directv Holding              | 3/15/2022  | 75,474            |
| AT&T Inc.                    | 3/11/2024  | 76,582            |
| Verizon Communications       | 11/1/2024  | 98,770            |
| CME Group Inc                | 3/15/2025  | 98,105            |
| Total Corporate Obligations  |            | <u>\$ 901,636</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

| <u>Pooled Equity Funds</u>  | <u>Fair Value</u> |
|-----------------------------|-------------------|
| FM EB Gems Fund             | \$ 112,402        |
| FM EB Midcap Equity Fund    | 179,374           |
| FM EB Small Cap Equity Fund | 202,023           |
| Total Pooled Equity Funds   | <u>\$ 493,799</u> |

| <u>Common Stocks</u>       | <u>Fair Value</u> |
|----------------------------|-------------------|
| PepsiCo                    | \$ 3,097          |
| Computer Sciences Corp     | 3,268             |
| CSRA Inc W/I               | 3,300             |
| Kimberly Clark Corp        | 3,692             |
| Intel Corp                 | 3,721             |
| Avery Dennison Corp        | 3,760             |
| CBRE Group Inc. Class A    | 4,149             |
| Target Corp                | 4,356             |
| Texas Instruments Inc      | 4,385             |
| Public Storage             | 4,954             |
| Goldman Sachs Group Inc    | 5,046             |
| Clorox Co                  | 5,073             |
| Zimmer Holdings Inc        | 5,129             |
| Express Scripts Holding Co | 5,244             |
| Starbuck Corp              | 5,403             |
| Cisco Systems              | 5,431             |
| Avalonbay Cmnty REIT       | 5,524             |
| Microsoft Corp             | 5,548             |
| Boring Co                  | 5,639             |
| Noble                      | 6,119             |
| Cigna Corp                 | 6,146             |
| United Holdings            | 6,303             |
| JP Morgan Chase            | 6,339             |
| Coca Cola Enterprises Inc  | 6,401             |
| Aetna Inc New              | 6,487             |
| Dr. Pepper                 | 6,524             |
| Hospitality Properties     | 6,537             |
| Wells Fargo & Co           | 6,578             |
| St Jude Med Inc            | 6,795             |
| Verizon Communications     | 7,072             |
| Cardinal Health Inc.       | 7,141             |
| General Mtrs Co Com        | 7,142             |
| Nextera Energy Inc         | 7,272             |
| Technology Select Sector   | 7,281             |
| Cintas Corp                | 7,284             |
| Everest Re Group LTD       | 7,324             |
| D R Horton Inc             | 7,367             |
| Lear Corp                  | 7,370             |
| Anthem Inc                 | 7,390             |
| C H Robinson Worldwide     | 7,442             |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

| <u>Common Stocks (Continued)</u> | <u>Fair Value</u> |
|----------------------------------|-------------------|
| PPL Corp                         | 7,509             |
| Mylan NV                         | 7,570             |
| American Electric Power          | 7,575             |
| AT&T Inc                         | 7,777             |
| Interpublic Group Cos Inc.       | 8,148             |
| First Solar Inc                  | 8,579             |
| Nike Inc                         | 8,875             |
| Darden Restaurants Inc           | 8,910             |
| Nasdaq Inc                       | 9,307             |
| Facebook Inc                     | 9,419             |
| Johnson and Johnson Co           | 9,553             |
| General Dynamics Corp            | 9,615             |
| Amgen Inc                        | 9,740             |
| Prudential Financial Inc         | 9,769             |
| Exxon Mobile Corp                | 9,822             |
| Juniper Networks Inc             | 9,936             |
| AmerisourceBergen Corp           | 10,164            |
| Walgreens Boots Alliance Inc     | 10,219            |
| Tesoro Pete Corp                 | 10,537            |
| Home Depot Inc                   | 10,580            |
| Southwest Airlines               | 10,765            |
| Snap On Inc                      | 10,800            |
| LAM Research Corp                | 11,119            |
| Kroger Co                        | 11,294            |
| Verisign Inc                     | 12,230            |
| Valero Energy Group Corp         | 13,011            |
| Sysco Corporation                | 13,120            |
| Lyondellbasell Industries CL     | 13,209            |
| Amazon Com Inc                   | 13,518            |
| Travelers Companies Inc          | 13,543            |
| Electronic Arts Inc              | 13,744            |
| Bank of America Corp             | 14,810            |
| General Electric Corp            | 15,045            |
| Suntrust Banks Inc               | 15,422            |
| Disney                           | 15,762            |
| Gilead Sciences                  | 15,887            |
| SPDR S&P 500 ETF Trust           | 20,387            |
| Ishares Russel 2000              | 21,736            |
| Apple Computer                   | 26,526            |
| Ishares core S&P midcap ETF      | 44,861            |
|                                  | <u>\$ 741,426</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

| <u>Mutual Funds</u>              | <u>Fair Value</u>   |
|----------------------------------|---------------------|
| Fidelity Growth Company Fund #25 | \$ 403,731          |
| Jpmorgan TR I Sml Cap Eq Sel     | 111,808             |
| MFS Intl Value-I                 | 158,473             |
| MFS Ser TR I Value FD CL I       | 111,793             |
| Oppenheimer Developing Mkts CL Y | 67,117              |
| Vanguard Strategic Equity FD-Inv | 111,964             |
| Vanguard Equity Income           | 45,193              |
| Total Mutual Funds               | <u>\$ 1,010,079</u> |

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

|  |                      |
|--|----------------------|
| <u>Per statements of net position:</u>                           |                      |
| Cash, cash equivalents and investments - primary government      | \$ 4,540,986         |
| Restricted cash - primary government                             | 1,260,947            |
| Cash, cash equivalents and investments - component unit          | 754,926              |
| Cash and cash equivalents - statement of fiduciary net position  | 8,490                |
| Investments, at fair value - statement of fiduciary net position | 14,895,818           |
| Total  | <u>\$ 21,461,167</u> |
| <u>Per note above:</u>   |                      |
| Cash and cash equivalents - primary government                   | \$ 5,801,933         |
| Investments - primary government                                 | -                    |
| Cash and cash equivalents - discretely presented component unit  | 754,926              |
| Investments - discretely presented component unit                | -                    |
| Cash and cash equivalents - Police Pension Trust Fund            | 8,490                |
| Investments - Police Pension Trust Fund                          | 9,987,983            |
| Cash and cash equivalents - Firefighters' Pension Trust Fund     | -                    |
| Investments - Firefighters' Pension Trust Fund                   | 4,907,835            |
| Total  | <u>\$ 21,461,167</u> |

**NOTE 4. 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 of 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.

Based upon collection histories, the City has provided an allowance for uncollectible property taxes of 4% of the current year's levy.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 4. RECEIVABLES (CONTINUED)**

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, 2015.

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 is as follows:

|   | Balances<br>December 31, 2014 | Additions           | Deletions   | Balances<br>December 31, 2015 |
|---|-------------------------------|---------------------|-------------|-------------------------------|
| Governmental Activities                     |                               |                     |             |                               |
| Land  | \$ 20,289,512                 | \$ -                | \$ -        | \$ 20,289,512                 |
| Construction in progress                    | -                             | 128,554             | -           | 128,554                       |
| Total capital assets not being depreciated  | <u>20,289,512</u>             | <u>128,554</u>      | <u>-</u>    | <u>20,418,066</u>             |
| Capital assets being depreciated:           |                               |                     |             |                               |
| Buildings and land improvements             | 12,184,512                    | 161,924             | -           | 12,346,436                    |
| Infrastructure                              | 16,082,234                    | -                   | -           | 16,082,234                    |
| Equipment                                   | 8,106,322                     | 250,740             | -           | 8,357,062                     |
| Total capital assets being depreciated      | <u>36,373,068</u>             | <u>412,664</u>      | <u>-</u>    | <u>36,785,732</u>             |
| Less accumulated depreciation for:          |                               |                     |             |                               |
| Building and land improvements              | 7,256,654                     | 319,535             | -           | 7,576,189                     |
| Infrastructure                              | 11,195,180                    | 260,037             | -           | 11,455,217                    |
| Equipment                                   | 7,066,253                     | 274,078             | -           | 7,340,331                     |
| Total accumulated depreciation              | <u>25,518,087</u>             | <u>853,650</u>      | <u>-</u>    | <u>26,371,737</u>             |
| Total capital assets being depreciated, net | <u>10,854,981</u>             | <u>(440,986)</u>    | <u>-</u>    | <u>10,413,995</u>             |
| Governmental activities, capital assets net | <u>\$ 31,144,493</u>          | <u>\$ (312,432)</u> | <u>\$ -</u> | <u>\$ 30,832,061</u>          |

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

|   |                   |
|---|-------------------|
| General government                              | \$ 597,668        |
| Public safety                                   | 215,654           |
| Highways and streets                            | <u>40,328</u>     |
| Total depreciation -<br>Governmental activities | <u>\$ 853,650</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 5. CAPITAL ASSETS (CONTINUED)**

|                                       | <u>Balances</u><br><u>December 31, 2014</u> | <u>Additions</u>    | <u>Disposals</u>   | <u>Balances</u><br><u>December 31, 2015</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                             | 1,437,075                                   | 125,590             | (55,313)           | 1,507,352                                   |
| Capital assets being depreciated      | <u>26,946,796</u>                           | <u>125,590</u>      | <u>(55,313)</u>    | <u>27,017,073</u>                           |
| Less accumulated depreciation for:    |   |                     |                    |   |
| Building and land improvements        | 2,042,061                                   | 98,901              | -                  | 2,140,962                                   |
| Infrastructure                        | 10,236,325                                  | 509,666             | -                  | 10,745,991                                  |
| Equipment                             | 1,232,093                                   | 60,469              | (55,313)           | 1,237,249                                   |
| Total accumulated depreciation        | <u>13,510,479</u>                           | <u>669,036</u>      | <u>(55,313)</u>    | <u>14,124,202</u>                           |
| Capital assets being depreciated, net | <u>13,436,317</u>                           | <u>(543,446)</u>    | <u>-</u>           | <u>12,892,871</u>                           |
| Capital assets, net                   | <u>\$ 14,115,275</u>                        | <u>\$ (543,446)</u> | <u>\$ -</u>        | <u>\$ 13,571,829</u>                        |
|                                       |   |                     |                    |   |
|                                       | <u>Balances</u><br><u>December 31, 2014</u> | <u>Additions</u>    | <u>Retirements</u> | <u>Balances</u><br><u>December 31, 2015</u> |
| <b>Component Unit</b>                 |   |                     |                    |   |
| Capital assets being depreciated:     |   |                     |                    |   |
| Buildings and land improvements       | \$ 37,490                                   | \$ -                | \$ -               | \$ 37,490                                   |
| Equipment                             | 132,865                                     | 73,084              | -                  | 205,949                                     |
| Capital assets being depreciated      | <u>170,355</u>                              | <u>73,084</u>       | <u>-</u>           | <u>243,439</u>                              |
| Less accumulated depreciation for:    |   |                     |                    |   |
| Building and land improvements        | 8,484                                       | 1,249               | -                  | 9,733                                       |
| Equipment                             | 82,552                                      | 10,977              | -                  | 93,529                                      |
| Total accumulated depreciation        | <u>91,036</u>                               | <u>12,226</u>       | <u>-</u>           | <u>103,262</u>                              |
| Capital assets being depreciated, net | <u>\$ 79,319</u>                            | <u>\$ 60,858</u>    | <u>\$ -</u>        | <u>\$ 140,177</u>                           |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Due To/From other funds results from the time lag between the dates interfund good or services are provided or reimbursable expenditures occur and when the payment between funds is made. The composition of interfund balances as of December 31, 2015 is as follows:

| <u>Receivable Fund</u>          | <u>Payable Fund</u>   | <u>Amount</u>        |
|---------------------------------|-----------------------|----------------------|
| <b>Due to/from other funds:</b> |                       |                      |
| General                         | Golf Course           | \$ 3,359,440         |
| General                         | Special Tax Increment |                      |
|                                 | Allocation Fund IV    | 27,891               |
| General                         | Special Tax Increment |                      |
|                                 | Allocation Fund VI    | 37,155               |
| Motor Fuel Tax                  | General               | 168,473              |
| Special Tax Increment           |                       |                      |
| Allocation Fund II              | General               | 4,967,013            |
| Special Tax Increment           |                       |                      |
| Allocation Fund III             | General               | 3,652,794            |
| Special Tax Increment           |                       |                      |
| Allocation Fund V               | General               | 273,583              |
| General Obligation              |                       |                      |
| Bond Fund-Series 2011           | General               | 80,091               |
| Library                         | General               | 56,953               |
| Water                           | Golf Course           | 53,140               |
| Water                           | General               | 229,000              |
| Special Tax Increment           | Special Tax Increment |                      |
| Allocation Fund II              | Allocation Fund III   | 174,738              |
|                                 |                       | <u>\$ 13,080,271</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)**

Transfers between funds for the year ended December 31, 2015 are as follows:

| <u>Transfer In Fund</u>                    | <u>Transfer Out Fund</u>                    | <u>Amount</u>     |
|--|---|-------------------|
| General Fund                               | Golf Refinance<br>Debt Service              | \$ 195,137        |
| Motor Fuel Fund                            | General                                     | 37,372            |
| CDBG                                       | General                                     | 24,707            |
| Special Tax Increment<br>Allocation Fund V | Special Tax Increment<br>Allocation Fund II | 86,731            |
|  |   | <u>\$ 343,947</u> |

The transfers from the Special Tax Increment Allocation Fund II to 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 expenditures as they became due.

**NOTE 7. 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 year ended December 31, 2015 and future scheduled lease payments are not considered material to the financial statements.

**NOTE 8. LONG-TERM DEBT**

**General Obligation Bonds** – The government issues general obligation bonds to provide funds for the acquisition and construction of major capital expenditures.

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 YEAR ENDED DECEMBER 31, 2015**

**NOTE 8. LONG-TERM DEBT (CONTINUED)**

| <u>Issues</u>   | <u>Balances<br/>December 31, 2014</u> | <u>Issuances</u> | <u>Retirements</u> | <u>Balances<br/>December 31, 2015</u> |
|---|---------------------------------------|------------------|--------------------|---------------------------------------|
| 2011 General Obligation<br>(Judgment Funding) Bonds,<br>original principal \$1,100,000,<br>semiannual principal of \$55,000<br>due July 1 and January 1<br>commencing July 1, 2012<br>through January 1, 2022;<br>interest payable monthly at a<br>rate equal to the bank rate<br>(variable monthly interest rate). | \$ 825,000                            | \$ -             | \$ 55,000          | \$ 770,000                            |
| 2006 Waterworks and Sewerage<br>Bonds (Alternate Revenue<br>Source), original principal<br>\$4,635,000, annual principal due<br>December 1 at amounts ranging<br>from \$225,000 to \$380,000<br>through December 1, 2024,<br>interest at 4.25% to 4.75%.  | 3,125,000                             | -                | 255,000            | 2,870,000                             |
| Illinois Environmental Protection<br>Agency Public Water Supply<br>Loan Program:<br>Original principal \$897,560,<br>semiannual payments of<br>\$26,005 including interest of<br>1.25% due on October 7 and<br>April 7, commencing<br>October 7, 2013.  | 834,110                               | -                | 41,713             | 792,397                               |
| South Suburban Joint Action*<br>Water Agency bond (JAWA)<br>agreement dated June 26, 2012<br>Original principal \$570,000,<br>payments due annually, commencing<br>December 2014.   | 544,324                               | -                | 544,324            | -                                     |
| * Retirements consist of \$334,884<br>repayment and \$209,440 of<br>forgiveness.  |                                       |                  |                    |                                       |
|   | <u>\$ 5,328,434</u>                   | <u>\$ -</u>      | <u>\$ 896,037</u>  | <u>\$ 4,432,397</u>                   |

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

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 8. LONG-TERM DEBT (CONTINUED)**

The annual debt service requirements to maturity are as follows:

| Year Ending<br>December 31 | General Obligation Bonds |                   |                  |
|----------------------------|--------------------------|-------------------|------------------|
|                            | Total                    | Principal         | Interest         |
| Governmental activities    |                          |                   |                  |
| 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                       | 113,993                  | 110,000           | 3,993            |
| 2021-2023                  | 223,630                  | 220,000           | 3,630            |
| Totals                     | <u>\$ 808,115</u>        | <u>\$ 770,000</u> | <u>\$ 38,115</u> |

| Year Ending<br>December 31  | General Obligation Bonds |                     |                   |
|---|--------------------------|---------------------|-------------------|
|   | Total                    | Principal           | Interest          |
| Business-type activities<br>(Waterworks and<br>Sewerage Series 2006): |                          |                     |                   |
| 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  | 396,626                  | 315,000             | 81,626            |
| 2021-2024   | 1,592,251                | 1,420,000           | 172,251           |
| Totals  | <u>\$ 3,582,554</u>      | <u>\$ 2,870,000</u> | <u>\$ 712,554</u> |

| Year Ending<br>December 31 | 2013 Illinois Environmental Protection Agency<br>Public Water Supply Loan Program |                   |                  |
|----------------------------|---|-------------------|------------------|
|                            | Total   | Principal         | Interest         |
| Business-type activities:  |   |                   |                  |
| 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                       | 52,009  | 44,394            | 7,615            |
| 2021-2025                  | 260,045   | 230,462           | 29,583           |
| 2026-2030                  | 260,046   | 245,278           | 14,768           |
| 2031-2032                  | 101,663   | 100,115           | 1,548            |
| Totals                     | <u>\$ 881,799</u>   | <u>\$ 792,397</u> | <u>\$ 89,402</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

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 8. LONG-TERM DEBT (CONTINUED)**

**Noncurrent Liability Summary:**

|                                     | December 31, 2014   | Additions            | Retirements         | December 31, 2015    | Due within one year |
|-------------------------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| <b>Governmental Activities</b>      |                     |                      |                     |                      |                     |
| General obligation bonds            | \$ 825,000          | \$ -                 | \$ 55,000           | \$ 770,000           | \$ 110,000          |
| Tax anticipation warrants           | 1,000,000           | 500,000              | 1,000,000           | 500,000              | 500,000             |
| Compensated absences                | 252,987             | 234,721              | 252,987             | 234,721              | -                   |
| Net pension obligation              | 2,970,023           | -                    | 2,970,023           | -                    | -                   |
| Net pension liability               | -                   | 46,793,565           | -                   | 46,793,565           | -                   |
| Post-employment retirement benefits | -                   | 602,677              | -                   | 602,677              | -                   |
| <b>Subtotal</b>                     | <b>5,048,010</b>    | <b>48,130,963</b>    | <b>4,278,010</b>    | <b>48,900,963</b>    | <b>610,000</b>      |
| <b>Water Fund</b>                   |                     |                      |                     |                      |                     |
| General obligation bonds            | 3,669,324           | -                    | 799,324             | 2,870,000            | 265,000             |
| IEPA Loan                           | 834,110             | -                    | 41,713              | 792,397              | 42,236              |
| Compensated absences                | 31,370              | -                    | 6,568               | 24,802               | -                   |
| Reoffering premium                  | 51,848              | -                    | 5,403               | 46,445               | 4,288               |
| <b>Subtotal</b>                     | <b>4,586,652</b>    | <b>-</b>             | <b>853,008</b>      | <b>3,733,644</b>     | <b>311,524</b>      |
| <b>Total</b>                        | <b>\$ 9,634,662</b> | <b>\$ 48,130,963</b> | <b>\$ 5,131,018</b> | <b>\$ 52,634,607</b> | <b>\$ 921,524</b>   |

**NOTE 9. 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. Workers' compensation claims continue to be self-funded.

**NOTE 10. 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.

**NOTE 11. 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:

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 11. TAX INCREMENT REDEVELOPMENT PROJECT (CONTINUED)**

|              | <u>Base EA V</u> | <u>2015 EA V</u> |
|--------------|------------------|------------------|
| District II  | \$ 9,578,727     | \$ 15,014,577    |
| District III | 1,473,597        | 6,631,489        |
| District IV  | 4,090,525        | 4,109,445        |
| District V   | 11,405,303       | 15,712,915       |
| District VI  | 933,560          | 587,587          |

**NOTE 12. 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 13. 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 14. ILLINOIS MUNICIPAL RETIREMENT FUND ("IMRF")**

**IMRF Plan Description**

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 14. ILLINOIS MUNICIPAL RETIREMENT FUND ("IMRF")(CONTINUED)**

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pensions benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

|  | <u>IMRF</u> | <u>SLEP</u> |
|--|-------------|-------------|
| Retirees and Beneficiaries currently receiving benefits          | 111         | 0           |
| Inactive Plan Members entitled to but not yet receiving benefits | 58          | 1           |
| Active Plan Members  | 94          | 0           |
| <b>Total</b>   | <u>263</u>  | <u>1</u>    |

Contributions

As set by statute, the City's Regular (SLEP) Plan Members are required to contribute 4.5% (7.50%) 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 City's annual contribution rate for calendar year 2015 was 14.31% (13.69%). For calendar year 2015, the City contributed \$597,843 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%
- **Salary Increases** were expected to be 3.75% to 14.50%.
- The **Investment Rate of Return** was assumed to be 7.49% (7.50%).

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 14. ILLINOIS MUNICIPAL RETIREMENT FUND ("IMRF")(CONTINUED)**

- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study from years 2011-2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized by the following table:

| Asset Class             | Portfolio Target<br>Percentage | Return<br>12/31/15 | Projected Returns/Risk |                       |
|-------------------------|--------------------------------|--------------------|------------------------|-----------------------|
|                         |                                |                    | One Year<br>Arithmetic | Ten Year<br>Geometric |
| Domestic Equity         | 38%                            | 0.02%              | 8.85%                  | 7.39%                 |
| International Equity    | 17%                            | -1.90%             | 9.55%                  | 7.59%                 |
| Fixed Income            | 27%                            | -0.09%             | 3.05%                  | 3.00%                 |
| Real Estate             | 8%                             | 11.99%             | 7.20%                  | 6.00%                 |
| Alternative Investments | 9%                             |                    |                        |                       |
| Private Equity          |                                | N/A                | 13.15%                 | 8.15%                 |
| Hedge Funds             |                                | N/A                | 5.55%                  | 5.25%                 |
| Commodities             |                                | N/A                | 4.40%                  | 2.75%                 |
| Cash Equivalents        | 1%                             | N/A                | 2.25%                  | 2.25%                 |
| Total                   | 100%                           |                    |                        |                       |

**Single Discount Rate**

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.5%, the municipal bond rate is 3.56% (3.57%), and the resulting single discount rate is 7.49% (7.50%).

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 14. ILLINOIS MUNICIPAL RETIREMENT FUND ("IMRF")(CONTINUED)**

Changes in the Net Pension Liability

| <b>IMRF</b>  | <b>Total<br/>Pension<br/>Liability<br/>(A)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(B)</b> | <b>Net Pension<br/>Liability<br/>(A) - (B)</b> |
|--|--|--|--|
| <b>Balances at December 31, 2014</b>   | \$ 26,450,174                                  | \$ 24,486,767                                  | \$ 1,963,407                                   |
| <b>Changes for the year:</b>   |  |  |  |
| Service Cost   | 444,650  | -  | 444,650  |
| Interest on the Total Pension Liability  | 1,939,318                                      | -  | 1,939,318                                      |
| Differences Between Expected and Actual<br>Experience of the Total Pension Liability | (290,772)                                      | -  | (290,772)                                      |
| Changes of Assumptions   | 31,044   | -  | 31,044   |
| Contributions - Employer   | -  | 597,843  | (597,843)                                      |
| Contributions - Employee   | -  | 232,918  | (232,918)                                      |
| Net Investment Income  | -  | 120,436  | (120,436)                                      |
| Benefit Payments, including Refunds<br>of Employee Contribution                      | (1,629,851)                                    | (1,629,851)                                    | -  |
| Other (Net Transfer)   | -  | (185,890)                                      | 185,890  |
| Net Changes  | 494,389  | (864,544)                                      | 1,358,933                                      |
| <b>Balances at December 31, 2015</b>   | <b>\$ 26,944,563</b>                           | <b>\$ 23,622,223</b>                           | <b>\$ 3,322,340</b>                            |

**IMRF- SLEP**

|  | <b>Total<br/>Pension<br/>Liability<br/>(A)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(B)</b> | <b>Net Pension<br/>Liability<br/>(A) - (B)</b> |
|--|--|--|--|
| <b>Balances at December 31, 2014</b>   | \$ 53,326                                      | \$ 115,759                                     | \$ (62,433)                                    |
| <b>Changes for the year:</b>   |  |  |  |
| Interest on the Total Pension Liability  | 3,999  | -  | 3,999  |
| Differences Between Expected and Actual<br>Experience of the Total Pension Liability | 1  | -  | 1  |
| Net Investment Income  | -  | 579  | (579)  |
| Other (Net Transfer)   | -  | (4,115)  | 4,115  |
| Net Changes  | 4,000  | (3,536)  | 7,536  |
| <b>Balances at December 31, 2015</b>   | <b>\$ 57,326</b>                               | <b>\$ 112,223</b>                              | <b>\$ (54,897)</b>                             |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49% (7.50%), as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

| <b>IMRF</b>                  | <b>1% Lower<br/>6.49%</b> | <b>Current Discount<br/>7.49%</b> | <b>1% Higher<br/>8.49%</b> |
|------------------------------|---------------------------|-----------------------------------|----------------------------|
| Total Pension Liability      | \$ 30,312,646             | \$ 26,944,563                     | \$ 24,188,162              |
| Plan Fiduciary Net Position  | 23,622,223                | 23,622,223                        | 23,622,223                 |
| <b>Net Pension Liability</b> | <b>\$ 6,690,423</b>       | <b>\$ 3,322,340</b>               | <b>\$ 565,939</b>          |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 14. ILLINOIS MUNICIPAL RETIREMENT FUND ("IMRF")(CONTINUED)**

| <b>IMRF- SLEP</b>            | <b>1% Lower<br/>6.49%</b> | <b>Current Discount<br/>7.49%</b> | <b>1% Higher<br/>8.49%</b> |
|------------------------------|---------------------------|-----------------------------------|----------------------------|
| Total Pension Liability      | \$ 57,326                 | \$ 57,326                         | \$ 57,326                  |
| Plan Fiduciary Net Position  | 112,223                   | 112,223                           | 112,223                    |
| <b>Net Pension Liability</b> | <b>\$ (54,897)</b>        | <b>\$ (54,897)</b>                | <b>\$ (54,897)</b>         |

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

For the year ended December 31, 2015, the City recognized pension expense of \$808,930.

**IMRF**

**Expense/(Income)**

|  |                   |
|--|-------------------|
| Service Cost   | \$ 444,650        |
| Interest on the Total Pension Liability                                  | 1,939,318         |
| Employee Contribution (made negative for addition here)                  | (232,918)         |
| Projected Earnings on Plan Investments (made negative for addition here) | (1,799,571)       |
| Other Changes in Plan Fiduciary Net Position                             | 185,890           |
| Recognition of Outflow (Inflow) of Resources due to Liabilities          | (64,266)          |
| Recognition of Outflow (Inflow) of Resources due to Assets               | 335,827           |
| <b>Total Expense/(Income)</b>  | <b>\$ 808,930</b> |

For the year ended December 31, 2015, the City recognized SLEP pension expense of \$1,177.

**IMRF-SLEP**

**Expense/(Income)**

|  |                 |
|--|-----------------|
| Interest on the Total Pension Liability                                  | \$ 3,999        |
| Projected Earnings on Plan Investments (made negative for addition here) | (8,528)         |
| Other Changes in Plan Fiduciary Net Position                             | 4,115           |
| Recognition of Outflow (Inflow) of Resources due to Liabilities          | 1               |
| Recognition of Outflow (Inflow) of Resources due to Assets               | 1,590           |
| <b>Total Expense/(Income)</b>  | <b>\$ 1,177</b> |

At December 31, 2015, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| <b>IMRF</b>  | <b>Deferred Amounts Related to Pensions</b>                                     | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> | <b>Net Deferred Outflows (Inflows) of Resources</b> |
|--|---|---------------------------------------|--------------------------------------|---|
| <b><i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i></b> |   |                                       |                                      |   |
|  | Differences between expected and actual experience                              | \$ -                                  | \$ 218,825                           | \$ (218,825)  |
|  | Changes of assumptions  | 23,363                                | -                                    | 23,363  |
|  | Net difference between projected and actual earnings on pension plan investment | 1,343,308                             | -                                    | 1,343,308   |
|  | <b>Total Deferred Amounts Related to Pensions</b>                               | <b>\$ 1,366,671</b>                   | <b>\$ 218,825</b>                    | <b>\$ 1,147,846</b>                                 |



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 14. ILLINOIS MUNICIPAL RETIREMENT FUND ("IMRF")(CONTINUED)**

| <b>IMRF-SLEP</b>  |                                       |                                      |   |
|---|---------------------------------------|--------------------------------------|---|
| <b>Deferred Amounts Related to Pensions</b>                                     | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> | <b>Net Deferred Outflows of Resources</b> |
| <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>   |                                       |                                      |   |
| Net difference between projected and actual earnings on pension plan investment | \$ 6,359                              | \$ -                                 | \$ 6,359                                  |
| <b>Total Deferred Amounts Related to Pensions</b>                               | <b>\$ 6,359</b>                       | <b>\$ -</b>                          | <b>\$ 6,359</b>                           |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

| <b>IMRF</b>                     |  |
|---------------------------------|--|
| <b>Year Ending Decemeber 31</b> | <b>Net Deferred Outflow of Resources</b> |
| 2016                            | \$ 271,561                               |
| 2017                            | 271,561                                  |
| 2018                            | 271,561                                  |
| 2019                            | 333,163                                  |
| 2020                            | -  |
| Thereafter                      | -  |
| <b>Total</b>                    | <b>\$ 1,147,846</b>                      |

| <b>IMRF- SLEP</b>               |  |
|---------------------------------|--|
| <b>Year Ending Decemeber 31</b> | <b>Net Deferred Outflow of Resources</b> |
| 2016                            | \$ 1,590                                 |
| 2017                            | 1,590                                    |
| 2018                            | 1,590                                    |
| 2019                            | 1,589                                    |
| 2020                            | -  |
| Thereafter                      | -  |
| <b>Total</b>                    | <b>\$ 6,359</b>                          |

**NOTE 15. POLICE PENSION TRUST FUND**

*Plan Description*

The plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees consists of: Two Members appointed by the City, two active Members of the Police Department elected by the Membership and one retired Member of the Police Department elected by the Membership.

The plan is established and administered as prescribed by "Article 3. Police Pension Fund-Municipalities 500,000 and Under" of the Illinois Pension Code.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 15. POLICE PENSION TRUST FUND (CONTINUED)**

Plan Membership as of January 1, 2015:

|   |                  |
|---|------------------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 33               |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits    | 4                |
| Active Plan Members   | <u>34</u>        |
| Total   | <u><u>71</u></u> |

*Benefits Provided*

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Tier 1: Age 50 and 20 years of Credited Service. Tier 2: Age 55 with 10 years of service.

Benefit: Tier 1: 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,000 per month.

Tier 2: 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

Cost-of-Living Adjustment:

Tier 1 Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

Tier 1 Disabled Retirees: An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60.

Tier 2: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Disability Benefit:

Eligibility: Total and permanent as determined by the Board of Trustees.

Benefit Amount: A maximum of: a.) 65% of salary attached to the rank held by Member on last day of service, and: b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.

Pre-Retirement Death Benefit:

Service Incurred: 100% of salary attached to rank held by Member on last day of service.

Non-Service Incurred: A maximum of:

- a.) 50% of salary attached to the rank held by Member on last day of service, and:
- b.) The monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50.

For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 15. POLICE PENSION TRUST FUND (CONTINUED)**

Vesting (Termination):

Less than 10 years: Refund of Member Contributions.

10 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination times creditable service.

*Contributions*

Employee: 9.91% of Salary.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over a period ending in 2040.

*Investments*

Investment Policy:

The following was the Board's adopted asset allocation policy as of December 31, 2015:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------|--------------------------|
| N/A                | N/A                      |

*Concentrations:*

N/A

Rate of Return:

For the year ended December 31, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was N/A percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

*Net Pension Liability*

The measurement date is December 31, 2015.

The measurement period for the pension expense was January 1, 2015 to December 31, 2015.

The reporting period is January 1, 2015 through December 31, 2015.

The Sponsor's Net Pension Liability was measured as of December 31, 2015.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of January 1, 2015 updated to December 31, 2015 using the following actuarial assumptions:

|                           |                                  |
|---------------------------|----------------------------------|
| Inflation                 | 2.50%                            |
| Salary Increases          | Graded schedule based on service |
| Discount Rate             | 7.00%                            |
| Investment Rate of Return | 7.00%                            |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 15. POLICE PENSION TRUST FUND (CONTINUED)**

Mortality Rate: RP-2000 Combined Healthy Mortality, projected to 2015 using Scale BB.  
 Disabled Mortality Rate: RP-2000 Disabled Retiree, projected to 2015 using Scale BB.

The demographic assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study performed by the State of Illinois Department of Insurance in 2012.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of December 31, 2015 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long Term Expected<br/>Real Rate of Return</u> |
|--------------------|--------------------------|---|
| N/A                | N/A                      | N/A   |

**Discount Rate:**

The Discount Rate used to measure the Total Pension Liability was 7.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

For purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.57 percent (based on the weekly rate closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve); and the resulting single discount rate is 7.00 percent.

|                                 | <u>1% Decrease<br/>6.00%</u> | <u>Current Discount<br/>Rate 7.00%</u> | <u>1% Increase 8.00%</u> |
|---------------------------------|------------------------------|--|--------------------------|
| Sponsor's Net Pension Liability | \$ 31,513,223                | \$ 26,495,961                          | \$ 22,361,911            |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 15. POLICE PENSION TRUST FUND (CONTINUED)**

Changes in Net Pension Liability

|   | Increase (Decrease)     |                             |                       |
|---|-------------------------|-----------------------------|-----------------------|
|   | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|   | (a)                     | (b)                         | (a)-(b)               |
| Balance of December 31, 2014                                  | \$ 35,030,812           | \$ 9,999,226                | \$ 25,031,586         |
| Changes for a Year:   |                         |                             |                       |
| Service Cost  | 680,338                 | -                           | 680,338               |
| Interest  | 2,442,326               | -                           | 2,442,326             |
| Contributions - Employer                                      | -                       | 1,393,531                   | (1,393,531)           |
| Contributions - Employee                                      | -                       | 272,545                     | (272,545)             |
| Net Investment Income   | -                       | 22,529                      | (22,529)              |
| Benefit Payments, including Refunds of Employee Contributions | (1,641,553)             | (1,641,553)                 | -                     |
| Administrative Expenses                                       | -                       | (30,316)                    | 30,316                |
| Net Changes   | 1,481,111               | 16,736                      | 1,464,375             |
| Balance as of December 31, 2015                               | \$ 36,511,923           | \$ 10,015,962               | \$ 26,495,961         |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Sponsor will recognize a Pension Expense of \$2,316,134. On December 31, 2015, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

|  | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Net difference between Projected and Actual Earnings on Pension Plan investments | \$ 541,772                     | \$ -                          |
| Total  | \$ 541,772                     | \$ -                          |

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

| Year Ended December 31: |            |
|-------------------------|------------|
| 2016                    | \$ 135,443 |
| 2017                    | 135,443    |
| 2018                    | 135,443    |
| 2019                    | 135,443    |
| 2020                    | -          |
| Thereafter              | -          |
| Total                   | \$ 541,772 |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 15. POLICE PENSION TRUST FUND (CONTINUED)**

Components of Pensions Expense

|   | Net Pension<br>Liability | Deferred<br>Inflows | Deferred<br>Outflows | Pension<br>Expense |
|---|--------------------------|---------------------|----------------------|--------------------|
| Beginning Balance   | \$ 25,031,586            | \$ -                | \$ -                 | \$ -               |
| Total Pension Liability Factors:  |                          |                     |                      |                    |
| Service Cost  | 680,338                  | -                   | -                    | 680,338            |
| Interest  | 2,442,326                | -                   | -                    | 2,442,326          |
| Benefit Payments  | (1,641,553)              | -                   | -                    | (1,641,553)        |
| Net Change  | 1,481,111                | -                   | -                    | 1,481,111          |
| Plan Fiduciary Net Position:  |                          |                     |                      |                    |
| Contributions - Employer  | 1,393,531                | -                   | -                    | -                  |
| Contributions - Employee  | 272,545                  | -                   | -                    | (272,545)          |
| Net Investment Income   | 699,743                  | -                   | -                    | (699,743)          |
| Difference between projected and actual earnings on<br>Pension Plan investments | (677,214)                | -                   | 677,214              | -                  |
| Current year amortization   | -                        | -                   | (135,442)            | 135,442            |
| Benefit Payments  | (1,641,553)              | -                   | -                    | 1,641,553          |
| Administrative Expenses   | (30,316)                 | -                   | -                    | 30,316             |
| Net Change  | 16,736                   | -                   | 541,772              | 835,023            |
| Ending Balance  | \$ 26,495,961            | \$ -                | \$ 541,772           | \$ 2,316,134       |

**NOTE 16. FIRE PENSION TRUST FUND**

*Plan Description:*

The plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two Members appointed by the City, two active Members of the Fire Department elected by the Membership and one retired Member of the Fire Department elected by the Membership.

The plan is established and administered as prescribed by "Article 4. Firefighters Pension Fund-Municipalities 500,000 or Under" of the Illinois Pension Code.

*Plan Membership as of May 1, 2015:*

|   |    |
|---|----|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 26 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits    | 8  |
| Active Plan Members   | 20 |
| Total   | 54 |

*Benefits Provided*

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Tier 1: Age 50 and 20 years of Credited Service. Tier 2: Age 55 with 10 years of service.

Benefit: Tier 1: 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,159.27 per month. Tier 2: 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

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

Cost-of-Living Adjustment:

Tier 1 Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

Tier 1 Disabled Retirees: An annual increase equal to 3.00% per year of the original benefit beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60.

Tier 2: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Disability Benefit:

Eligibility: Total and permanent as determined by the Board of Trustees. Seven years of service required for non-service connected disability.

Benefit Amount: A maximum of: a.) 65% of salary attached to the rank held by Member on last day of service, and: b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.

Pre-Retirement Death Benefit:

Service Incurred: 100% of salary attached to rank held by Member on last day of service.

Non-Service Incurred: A maximum of:

- a.) 54% of salary attached to the rank held by Member on last day of service, and;
- b.) The monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50.

Vesting (Termination):

Less than 10 years: Refund of Member Contributions.

10 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is based on the monthly salary attached to the Member's rank at separation from service. The following schedule applies:

| <u>Service</u> | <u>% of Salary</u> |
|----------------|--------------------|
| 10             | 15.0%              |
| 11             | 17.6%              |
| 12             | 20.4%              |
| 13             | 23.4%              |
| 14             | 26.6%              |
| 15             | 30.0%              |
| 16             | 33.6%              |
| 17             | 37.4%              |
| 18             | 41.4%              |
| 19             | 45.6%              |

Contributions

Employee: 9.455% of Salary.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability by December, 31 2040.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

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

Investments

*Investment Policy:*

The following was the Board's adopted asset allocation policy as of December 31, 2015

Asset Class: N/A

Target Allocation: N/A

*Concentrations:*

N/A

*Rate of Return:*

For the year ended December 31, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was N/A percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The measurement date is December 31, 2015.

The measurement period for the pension expense was May 1, 2015 to December 31, 2015.

The reporting period is January 1, 2015 through December 31, 2015.

The Sponsor's Net Pension Liability was measured as of December 31, 2015.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of May 1, 2015 updated to December 31, 2015 using the following actuarial assumptions:

|                           |               |
|---------------------------|---------------|
| Inflation                 | 2.50%         |
| Salary Increases          | Service based |
| Discount Rate             | 7.00%         |
| Investment Rate of Return | 7.00%         |

Mortality Rate: RP-2000 Combined Healthy Mortality, projected to 2015 using Scale BB.

Disabled Mortality Rate: RP-2000 Disabled Retiree, projected to 2015 using Scale BB.

The demographic assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study performed by the State of Illinois Department of Insurance performed in 2012.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of December 31, 2015 are summarized in the following table:



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 16. FIRE PENSION TRUST FUND (CONTINUED)**

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long Term Expected<br/>Real Rate of Return</u> |
|--------------------|--------------------------|---|
| N/A                | N/A                      | N/A   |

**Discount Rate:**

The Discount Rate used to measure the Total Pension Liability was 7.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

For purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.57 percent (based on the weekly rate closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve); and the resulting single discount rate is 7.00 percent.

**Changes in Net Pension Liability**

|  | <u>Total Pension<br/>Liability</u> | <u>Plan Fiduciary<br/>Net Position</u> | <u>Net Pension<br/>Liability</u> |
|--|------------------------------------|--|----------------------------------|
|  | <u>(a)</u>                         | <u>(b)</u>                             | <u>(a)-(b)</u>                   |
| Reporting Period Ending December 31, 2014          | \$ 20,290,875                      | \$ 5,806,684                           | \$ 14,484,191                    |
| Changes for a Year:                                |                                    |  |                                  |
| Service Cost                                       | 222,555                            | -                                      | 222,555                          |
| Interest   | 938,174                            | -                                      | 938,174                          |
| Differences between Expected and Actual Experience | 1,284,305                          | -                                      | 1,284,305                        |
| Contributions - Employer                           | -                                  | 414,265                                | (414,265)                        |
| Contributions - Employee                           | -                                  | 102,431                                | (102,431)                        |
| Net Investment Income                              | -                                  | (47,070)                               | 47,070                           |
| Benefit Payments, including Refunds of Employee    |                                    |  |                                  |
| Contributions                                      | (819,391)                          | (819,391)                              | -                                |
| Administrative Expenses                            | -                                  | (35,437)                               | 35,437                           |
| Receivable Adjustment                              | -                                  | (480,228)                              | 480,228                          |
| Net Changes  | 1,625,643                          | (865,430)                              | 2,491,073                        |
| Reporting Period Ending December 31, 2015          | \$ 21,916,518                      | \$ 4,941,254                           | \$ 16,975,264                    |

**Sensitivity of the Net Pension Liability to changes in the Discount rate**

|                                 | <u>1% Decrease</u> | <u>Current</u>       | <u>1% Increase</u> |
|---------------------------------|--------------------|----------------------|--------------------|
|                                 | <u>6.00%</u>       | <u>Discount Rate</u> | <u>8.00%</u>       |
|                                 |                    | <u>7.00%</u>         |                    |
| Sponsor's Net Pension Liability | \$ 19,686,845      | \$ 16,975,264        | \$ 14,724,823      |

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2015, the Sponsor will recognize a Pension Expense of \$1,124,656. On December 31, 2015, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

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

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between Expected and Actual Experience                                  | \$ 1,070,255                         | \$ -                                |
| Net difference between Projected and Actual Earnings on<br>Pension Plan investments | 230,199                              | -                                   |
| Total   | <u>\$ 1,300,454</u>                  | <u>\$ -</u>                         |

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year Ended December 31:

|            |            |
|------------|------------|
| 2016       | \$ 271,600 |
| 2017       | 271,601    |
| 2018       | 271,601    |
| 2019       | 271,601    |
| 2020       | 214,051    |
| Thereafter | -          |

**Preliminary Components of Pensions Expense**

|  | Net Pension<br>Liability | Deferred<br>Inflows | Deferred<br>Outflows | Pension<br>Expense  |
|--|--------------------------|---------------------|----------------------|---------------------|
| Beginning balance  | \$ 14,484,191            | \$ -                | \$ -                 | \$ -                |
| Total Pension Liability Factors:   |                          |                     |                      |                     |
| Service Cost   | 222,555                  | -                   | -                    | 222,555             |
| Interest   | 938,174                  | -                   | -                    | 938,174             |
| Differences between Expected and Actual Experience<br>with regard to economic or demographic assumptions | 1,284,305                | -                   | 1,284,305            | -                   |
| Current year amortization of experience difference   | -                        | -                   | (214,050)            | 214,050             |
| Benefit Payments   | (819,391)                | -                   | -                    | (819,391)           |
| Net change   | <u>1,625,643</u>         | -                   | 1,070,255            | 555,388             |
| Plan Fiduciary Net Position:   |                          |                     |                      |                     |
| Contributions - Employer   | 414,265                  | -                   | (414,265)            | -                   |
| Contributions - Employee   | 102,431                  | -                   | -                    | (102,431)           |
| Net Investment Income  | 240,678                  | -                   | -                    | (240,678)           |
| Difference between projected and actual earnings on<br>Pension Plan investments                          | (287,748)                | -                   | 287,748              | -                   |
| Current year amortization  | -                        | -                   | (57,549)             | 57,549              |
| Benefit Payments   | (819,391)                | -                   | -                    | 819,391             |
| Administrative Expenses  | (35,437)                 | -                   | -                    | 35,437              |
| Receivable Adjustment  | (480,228)                | -                   | -                    | -                   |
| Net change   | <u>(865,430)</u>         | -                   | (184,066)            | 569,268             |
| Ending Balance   | <u>\$ 16,975,264</u>     | <u>\$ -</u>         | <u>\$ 886,189</u>    | <u>\$ 1,124,656</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 17. POST-EMPLOYMENT RETIREMENT BENEFITS**

The City's health insurance plan for retired employees is summarized as follows:

*Plan Description.* The City's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical coverage as a participant in the City's Plan. The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City are eligible to receive postemployment health care benefits. Coverage for retirees and their spouses and dependents is provided for life.

Under the terms of the Plan, pursuant to City policy and certain contractual agreements, the Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums. Current retirees retiring prior to December 31, 2015, with the exception of two retirees with special arrangements, either contribute \$0 or have a contribution of \$75/ month for any level of coverage (single, employee plus spouse, or family). The City contributes the remainder of the cost. Per City ordinance, future retirees (those retiring on or after December 31, 2015) pay 15% of the active premium for single coverage. All future retirees who cover a spouse pay 100% of the spouse premium.

In future years, contributions are assumed to increase at the same rate as premiums.

*Funding Policy.* Funding for the retiree health care coverage is provided entirely by the City. The City's contributions are financed on a pay-as-you-go basis.

*Annual OPEB Cost and NET OPEB Obligation.* The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in its net OPEB obligation to the Retiree Health Plan:

**ANNUAL OPEB COST AND NET OPEB OBLIGATIONS**

|  | <u>December 31, 2015</u> |
|--|--------------------------|
| Annual required contribution                           | <u>\$ 1,227,459</u>      |
| Annual OPEB cost                                       | 1,227,459                |
| Estimated net contributions made                       | <u>(624,782)</u>         |
| Anticipated increase (decrease) in net OPEB obligation | 602,677                  |
| Net OPEB obligation at beginning of year               | <u>-</u>                 |
| Net OPEB obligation at end of year                     | <u><u>\$ 602,677</u></u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 17. POST-EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for calendar year 2015 is as follows:

**THREE-YEAR TREND INFORMATION**

| Fiscal<br>Year<br>Ending | Annual<br>OPEB<br>Cost | Estimated<br>Contributions | Percentage<br>of OPEB<br>Cost<br>Contributed | Net<br>OPEB<br>Obligation |
|--------------------------|------------------------|----------------------------|--|---------------------------|
| 12/31/2015               | \$ 1,227,459           | \$ 624,782                 | 50.9%  | \$ 602,677                |

*Additional OPEB information:*

**Unfunded Actuarial Accrued Liability**

|                                      |                      |
|--------------------------------------|----------------------|
| Actuarial Accrued Liability          | \$ 15,984,027        |
| Actuarial Value of Assets            | -                    |
| Unfunded Actuarial Accrued Liability | <u>\$ 15,984,027</u> |

**Amortization Amount**

|                           |            |
|---------------------------|------------|
| Amortization Period       | 30         |
| Amortization Method       | Closed     |
| Discount Rate             | 4.00%      |
| Payroll Growth Rate       | 0.00%      |
| Total Amortization Amount | \$ 888,806 |

**Development of Annual Required Contribution (ARC)**

|                                  |              |
|----------------------------------|--------------|
| Normal Cost Component            | \$ 338,653   |
| Amortization Component           | \$ 888,806   |
| Annual Required Contribution     | \$ 1,227,459 |
| As of Percent of Covered Payroll | 20.5%        |

**Development of Annual OPEB Cost**

|  |              |
|--|--------------|
| Annual Required Contribution               | \$ 1,227,459 |
| Net OPEB Obligation, Beginning of Year     | -            |
| Discount Rate                              | 4.00%        |
| Interest on Net OPEB Obligation            | -            |
| Adjustment to Annual Required Contribution | -            |
| Annual OPEB Cost                           | \$ 1,227,459 |

*Funding Status and Funding Progress.* As of December 31, 2015, the accrued actuarial liability for benefits was \$15,984,027, all of which was unfunded.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 17. POST-EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

The actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to constant revision as actual experience is compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

*Methods and Assumptions.* Calculations are based upon the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the employer and the plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 17. POST-EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

The following methods and assumptions were made:

|                             |   |
|-----------------------------|---|
| Valuation/Measurement Dates | 12/31/2015  |
| Fiscal Year End             | 31-Dec  |
| Actuarial Value of Assets   | Market Value  |
| Mortality Rate              |   |
| IMRF                        | RP-2000 Combined Healthy Mortality Table, projected to the valuation date with Scale AA   |
| Police & Fire               | RP-2000 Mortality Table, no projection  |
| Disabled                    | RP-2000 Disabled Mortality Table, no projection   |
| Interest Rate               | 4.00% per year, compounded annually, net of investment related expenses   |
| Retirement Rates            | See Table 1 below   |
| Payroll Growth              | 0.00% per year  |
| Inflation                   | 3.00% per year  |
| Salary Increase             |   |
| IMRF                        | 5.50% per year  |
| Police & Fire               | Varies by service. See Table 2 below  |
| Administrative Expenses     | No additional expenses added to Normal Cost   |
| Marital Status              | 80% assumed married, with male spouses 3 years older than female spouses  |
| Health Care Participation   | 60% participation assumed, with 50% electing spouse coverage  |
| Health Care Inflation       |   |
| Pre-Medicare                | 8.0% in Fiscal 2016, decreasing 0.75% each year to Fiscal 2020, then decreasing 0.5% to the ultimate rate of 4.5% in Fiscal 2021      |
| Post-Medicare               | 8.0% in Fiscal 2016, decreasing 0.75% each year to Fiscal 2020, then decreasing 0.5% to the ultimate rate of 4.5% in Fiscal 2021      |
| Termination Rates           | See Table 3 below   |
| Disability Rates            | IMRF- None<br>Police & Fire- See Table 4 below.   |
| Medical Aging Factors       | 4% per year prior to age 65;<br>3% per year between ages 65 and 75;<br>2% per year between ages 75 and 85;<br>0% per year thereafter. |
| Health Claims               | Developed using a 50/50 blend of Manual rates and age-adjusted premium rates  |
| Administrative Expenses     | \$6,500 annually, added to Normal Cost  |
| Funding Method              | Entry Age Cost Method (Level Percentage of Pay)   |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 17. POST-EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

**Table 1- Retirement Rates**

| Age | IMRF |                             |        |                               | Police <sup>1</sup> | Fire <sup>2</sup> |
|-----|------|-----------------------------|--------|-------------------------------|---------------------|-------------------|
|     | Male | Male w/ 35+<br>yrs under 60 | Female | Female w/ 35+<br>yrs under 60 |                     |                   |
| 50  | 0%   |                             | 0%     |                               | 20%                 | 14%               |
| 51  | 0%   |                             | 0%     |                               | 20%                 | 14%               |
| 52  | 0%   |                             | 0%     |                               | 20%                 | 14%               |
| 53  | 0%   |                             | 0%     |                               | 20%                 | 14%               |
| 54  | 0%   |                             | 0%     |                               | 20%                 | 20%               |
| 55  | 7%   | 33%                         | 6%     | 27%                           | 25%                 | 20%               |
| 56  | 8%   | 10%                         | 6%     | 7%                            | 25%                 | 20%               |
| 57  | 9%   | 10%                         | 7%     | 8%                            | 25%                 | 20%               |
| 58  | 10%  | 11%                         | 8%     | 8%                            | 25%                 | 20%               |
| 59  | 10%  | 11%                         | 8%     | 9%                            | 25%                 | 20%               |
| 60  | 12%  |                             | 10%    |                               | 33%                 | 25%               |
| 61  | 10%  |                             | 9%     |                               | 33%                 | 25%               |
| 62  | 12%  |                             | 10%    |                               | 33%                 | 25%               |
| 63  | 15%  |                             | 14%    |                               | 50%                 | 33%               |
| 64  | 20%  |                             | 18%    |                               | 50%                 | 33%               |
| 65  | 25%  |                             | 23%    |                               | 50%                 | 50%               |
| 66  | 20%  |                             | 18%    |                               | 50%                 | 50%               |
| 67  | 20%  |                             | 18%    |                               | 50%                 | 50%               |
| 68  | 20%  |                             | 18%    |                               | 50%                 | 50%               |
| 69  | 20%  |                             | 18%    |                               | 50%                 | 50%               |
| 70  | 20%  |                             | 18%    |                               | 100%                | 100%              |
| 71  | 20%  |                             | 18%    |                               | 100%                | 100%              |
| 72  | 20%  |                             | 18%    |                               | 100%                | 100%              |
| 73  | 20%  |                             | 18%    |                               | 100%                | 100%              |
| 74  | 20%  |                             | 18%    |                               | 100%                | 100%              |
| 75  | 100% |                             | 100%   |                               | 100%                | 100%              |

<sup>1</sup> The retirement rates for Tier 2 Members are the same as for Tier 1 Members shown above except there is a 0% probability of retirement until age 55.

<sup>2</sup> 100% at 30 years of service.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 17. POST-EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

**Table 2- Salary Increase Rates (Police & Fire)**

| Years of<br>Service | Police | Fire  |
|---------------------|--------|-------|
| 0                   | 11.0%  | 12.0% |
| 1                   | 10.0%  | 11.0% |
| 2                   | 9.0%   | 10.0% |
| 3                   | 8.0%   | 8.5%  |
| 4                   | 8.0%   | 7.5%  |
| 5                   | 7.0%   | 6.5%  |
| 6                   | 6.0%   | 5.0%  |
| 7                   | 5.5%   | 5.0%  |
| 8                   | 5.0%   | 5.0%  |
| 9                   | 5.0%   | 5.0%  |
| 10                  | 5.0%   | 5.0%  |
| 11                  | 5.0%   | 5.0%  |
| 12                  | 5.0%   | 5.0%  |
| 13                  | 5.0%   | 5.0%  |
| 14                  | 5.0%   | 5.0%  |
| 15                  | 4.5%   | 5.0%  |
| 16                  | 4.5%   | 5.0%  |
| 17                  | 4.5%   | 5.0%  |
| 18                  | 4.5%   | 5.0%  |
| 19                  | 4.5%   | 5.0%  |
| 20                  | 4.5%   | 5.0%  |
| 21                  | 4.5%   | 5.0%  |
| 22                  | 4.5%   | 5.0%  |
| 23                  | 4.5%   | 5.0%  |
| 24                  | 4.5%   | 5.0%  |
| 25                  | 4.5%   | 5.0%  |
| 26                  | 4.5%   | 4.5%  |
| 27                  | 4.5%   | 4.5%  |
| 28                  | 4.5%   | 4.5%  |
| 29                  | 4.5%   | 4.5%  |
| 30                  | 4.0%   | 4.0%  |



**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 17. POST-EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

**Table 3- Termination Rates**

| IMRF |                    |                  |                  |     |                      |                  |                    |        |        |
|------|--------------------|------------------|------------------|-----|----------------------|------------------|--------------------|--------|--------|
| Age  | Male Ultimate rate | Years of Service | Male Select Rate | Age | Female Ultimate Rate | Years of Service | Female Select Rate | Police | Fire   |
| 16   | 5.3%               |                  |                  | 16  | 7.2%                 |                  |                    | 10.00% | 10.00% |
| 17   | 5.3%               | 0                | 17.90%           | 17  | 7.2%                 | 0                | 24.61%             | 10.00% | 10.00% |
| 18   | 5.3%               | 1                | 16.32%           | 18  | 7.2%                 | 1                | 22.44%             | 10.00% | 10.00% |
| 19   | 5.3%               | 2                | 14.74%           | 19  | 7.2%                 | 2                | 20.27%             | 10.00% | 9.00%  |
| 20   | 5.3%               | 3                | 13.16%           | 20  | 7.2%                 | 3                | 18.10%             | 10.00% | 9.00%  |
| 21   | 5.3%               | 4                | 11.58%           | 21  | 7.2%                 | 4                | 15.92%             | 10.00% | 9.00%  |
| 22   | 5.3%               | 5                | 10.00%           | 22  | 7.2%                 | 5                | 13.50%             | 10.00% | 9.00%  |
| 23   | 5.3%               | 6                | 8.42%            | 23  | 7.2%                 | 6                | 11.58%             | 10.00% | 9.00%  |
| 24   | 5.3%               | 7                | 6.8%             | 24  | 7.2%                 | 7                | 9.41%              | 10.00% | 9.00%  |
| 25   | 5.3%               |                  |                  | 25  | 7.2%                 |                  | 8.5%               | 7.50%  | 5.00%  |
| 26   | 5.1%               |                  |                  | 26  | 7.0%                 |                  |                    | 6.25%  | 5.00%  |
| 27   | 4.8%               |                  |                  | 27  | 6.8%                 |                  |                    | 6.25%  | 5.00%  |
| 28   | 4.6%               |                  |                  | 28  | 6.5%                 |                  |                    | 5.00%  | 5.00%  |
| 29   | 4.3%               |                  |                  | 29  | 6.3%                 |                  |                    | 5.00%  | 5.00%  |
| 30   | 4.1%               |                  |                  | 30  | 6.1%                 |                  |                    | 5.00%  | 2.50%  |
| 31   | 3.9%               |                  |                  | 31  | 5.9%                 |                  |                    | 5.00%  | 2.50%  |
| 32   | 3.8%               |                  |                  | 32  | 5.6%                 |                  |                    | 4.00%  | 2.50%  |
| 33   | 3.6%               |                  |                  | 33  | 5.4%                 |                  |                    | 4.00%  | 2.50%  |
| 34   | 3.5%               |                  |                  | 34  | 5.1%                 |                  |                    | 4.00%  | 2.50%  |
| 35   | 3.3%               |                  |                  | 35  | 4.9%                 |                  |                    | 3.00%  | 2.00%  |
| 36   | 3.2%               |                  |                  | 36  | 4.7%                 |                  |                    | 3.00%  | 2.00%  |
| 37   | 3.1%               |                  |                  | 37  | 4.5%                 |                  |                    | 3.00%  | 2.00%  |
| 38   | 2.9%               |                  |                  | 38  | 4.3%                 |                  |                    | 2.00%  | 1.00%  |
| 39   | 2.8%               |                  |                  | 39  | 4.1%                 |                  |                    | 2.00%  | 1.00%  |
| 40   | 2.7%               |                  |                  | 40  | 3.9%                 |                  |                    | 2.00%  | 1.00%  |
| 41   | 2.6%               |                  |                  | 41  | 3.8%                 |                  |                    | 2.00%  | 1.00%  |
| 42   | 2.5%               |                  |                  | 42  | 3.6%                 |                  |                    | 2.00%  | 1.00%  |
| 43   | 2.5%               |                  |                  | 43  | 3.5%                 |                  |                    | 2.00%  | 1.00%  |
| 44   | 2.4%               |                  |                  | 44  | 3.3%                 |                  |                    | 2.00%  | 1.00%  |
| 45   | 2.3%               |                  |                  | 45  | 3.2%                 |                  |                    | 2.00%  | 1.00%  |
| 46   | 2.2%               |                  |                  | 46  | 3.1%                 |                  |                    | 2.00%  | 1.00%  |
| 47   | 2.2%               |                  |                  | 47  | 3.0%                 |                  |                    | 2.00%  | 1.00%  |
| 48   | 2.1%               |                  |                  | 48  | 2.9%                 |                  |                    | 2.00%  | 1.00%  |
| 49   | 2.1%               |                  |                  | 49  | 2.8%                 |                  |                    | 2.00%  | 1.00%  |
| 50   | 2.0%               |                  |                  | 50  | 2.7%                 |                  |                    | 3.50%  | 1.00%  |
| 51   | 1.6%               |                  |                  | 51  | 2.2%                 |                  |                    | 3.50%  | 1.00%  |
| 52   | 1.2%               |                  |                  | 52  | 1.6%                 |                  |                    | 3.50%  | 1.00%  |
| 53   | 0.8%               |                  |                  | 53  | 1.1%                 |                  |                    | 3.50%  | 1.00%  |
| 54   | 0.8%               |                  |                  | 54  | 0.5%                 |                  |                    | 3.50%  | 1.00%  |
| 55   | 0.4%               |                  |                  | 55  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |
| 56   | 0.0%               |                  |                  | 56  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |
| 57   | 0.0%               |                  |                  | 57  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |
| 58   | 0.0%               |                  |                  | 58  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |
| 59   | 0.0%               |                  |                  | 59  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |
| 60   | 0.0%               |                  |                  | 60  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |
| 61   | 0.0%               |                  |                  | 61  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |
| 62   | 0.0%               |                  |                  | 62  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |
| 63   | 0.0%               |                  |                  | 63  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |
| 64   | 0.0%               |                  |                  | 64  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |
| 65   | 0.0%               |                  |                  | 65  | 0.0%                 |                  |                    | 3.50%  | 1.00%  |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 17. POST-EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

**Table 4- Disability Rates**

| Age | Police | Fire  | Age | Police | Fire  |
|-----|--------|-------|-----|--------|-------|
| 20  | 0.05%  | 0.10% | 45  | 0.65%  | 0.65% |
| 21  | 0.05%  | 0.10% | 46  | 0.70%  | 0.68% |
| 22  | 0.05%  | 0.10% | 47  | 0.75%  | 0.71% |
| 23  | 0.05%  | 0.10% | 48  | 0.80%  | 0.74% |
| 24  | 0.05%  | 0.10% | 49  | 0.85%  | 0.77% |
| 25  | 0.05%  | 0.10% | 50  | 0.95%  | 1.00% |
| 26  | 0.05%  | 0.10% | 51  | 1.02%  | 1.10% |
| 27  | 0.20%  | 0.14% | 52  | 1.09%  | 1.20% |
| 28  | 0.20%  | 0.14% | 53  | 1.16%  | 1.30% |
| 29  | 0.20%  | 0.14% | 54  | 1.23%  | 1.40% |
| 30  | 0.22%  | 0.14% | 55  | 1.30%  | 1.50% |
| 31  | 0.22%  | 0.20% | 56  | 1.37%  | 2.00% |
| 32  | 0.24%  | 0.23% | 57  | 1.44%  | 2.25% |
| 33  | 0.24%  | 0.26% | 58  | 1.51%  | 2.50% |
| 34  | 0.26%  | 0.29% | 59  | 1.58%  | 2.75% |
| 35  | 0.26%  | 0.35% | 60  | 1.65%  | 3.00% |
| 36  | 0.28%  | 0.38% | 61  | 1.72%  | 3.25% |
| 37  | 0.28%  | 0.41% | 62  | 1.79%  | 3.50% |
| 38  | 0.30%  | 0.44% | 63  | 1.86%  | 3.75% |
| 39  | 0.35%  | 0.47% | 64  | 1.93%  | 4.00% |
| 40  | 0.40%  | 0.50% | 65  | 2.00%  | 4.25% |
| 41  | 0.45%  | 0.53% | 66  | 2.00%  | 4.25% |
| 42  | 0.50%  | 0.56% | 67  | 2.00%  | 4.25% |
| 43  | 0.55%  | 0.59% | 68  | 2.00%  | 4.25% |
| 44  | 0.60%  | 0.62% | 69  | 2.00%  | 4.25% |

**NOTE 18. REDEVELOPMENT AGREEMENT**

The City entered into a redevelopment agreement concerning redevelopment of certain property, MetroSouth Medical Center (MSMC), 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 was 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 had reimbursed the Developer \$3,418,925. No additional amounts were reimbursed by the City for the fiscal years ended April 30, 2013 and 2014 and the eight months ended December 31, 2014. After further litigation, the court approved on October 1, 2015 that the City pay a final settlement to MSMC of \$857,191.56 in two installments. The City paid the first installment totaling \$600,000 in October 2015. The final payment of \$257,191.16 was paid in May 2016 along with the interest payment of \$5,536.60.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 19. TAX ANTICIPATION WARRANT**

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 was paid on September 22, 2015. Interest rate was 3.25% and was due at maturity of the note. The City of Blue Island issued a General Corporate Purposes Tax Anticipation Warrant, Series 2015 dated December 09, 2015 for \$500,000 with Beverly Bank and Trust Company, NA. The warrant is due on or before October 31, 2016. Interest rate is 3.25% and is due at maturity of the note.

**NOTE 20. NET POSITION – RESTATED**

During the year ended December 31, 2015, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

The implementation of GASB 68 resulted in the restatement of beginning net position in the government-wide financial statements. Under GASB 68, the liability of employers for defined benefit pensions (net pension liability) is required to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. Prior to the issuance of GASB 68, employers reported a pension liability equal to the cumulative difference between the actuarial required contribution, as adjusted, and the actual employer contributions made.

|   |                     |
|---|---------------------|
| Net position at December 31, 2014, as previously reported | \$ 39,485,142       |
| Change in reporting of:                                   |                     |
| Changes related to IMRF                                   | (1,039,112)         |
| Changes related to IMRF-SLEP                              | 62,433              |
| Changes related to Police Pension                         | (22,077,380)        |
| Changes related to Fire Pension                           | (13,881,525)        |
| Changes related to Post-employment retirement benefits    | (602,677)           |
| Net Position December 31, 2014 (restated)                 | <u>\$ 1,946,881</u> |

**NOTE 21. RECENT PRONOUNCEMENTS**

***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 YEAR ENDED DECEMBER 31, 2015**

**NOTE 21. 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. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

**CITY OF BLUE ISLAND, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

**NOTE 21. RECENT PRONOUNCEMENTS (CONTINUED)**

GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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 Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

**NOTE 22. SUBSEQUENT EVENTS**

In June, 2016, the City issued a \$1,300,000 Series 2016, General Obligation Bond (Alternative Revenue Source) for the purpose of providing funds to finance certain capital improvement projects within the City, prescribing all the details of said bond, providing for the imposition of taxes to pay principal of and interest on such bond, and authorizing the sale of such bond to the Illinois Finance Authority.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BLUE ISLAND, ILLINOIS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| Calendar Year<br>Ended December<br>31, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Valuation Payroll | Actual Contribution as<br>a Percentage of<br>Covered Valuation<br>Payroll |
|--|---|------------------------|--|------------------------------|---|
| 2015                                   | \$ 597,844                                | \$ 597,843             | \$ 1                                   | \$ 4,177,805                 | 14.31%  |

**Valuation Date:**

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

|                                |  |
|--------------------------------|--|
| Actuarial Cost Method:         | Aggregate entry age normal   |
| Amortization Method:           | Level percentage of payroll, closed  |
| Remaining Amortization Period: | Non-Taxing bodies: 10 year rolling period<br>Taxing bodies (Regular, SLEP, and ECO groups): 28 year closed period until remaining period reaches 15 years (then 15 year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI<br>SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years.) |
| Asset Valuation Method:        | 5-year smoothed market; 20% corridor   |
| Wage Growth:                   | 4.00%  |
| Price Inflation:               | 3.0%, approximate; No explicit price inflation assumption is used in this valuation  |
| Salary Increases:              | 4.40% to 16.00%, including inflation   |
| Investment Rate of Return:     | 7.50%  |
| Retirement Age:                | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010   |
| Mortality:                     | RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years  |
| Other Information:             | There were no benefit changes during the year  |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

For more information, see Note 14.

**CITY OF BLUE ISLAND, ILLINOIS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND- SLEP**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| Calendar Year<br>Ended December<br>31, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Valuation Payroll | Actual Contribution as<br>a Percentage of<br>Covered Valuation<br>Payroll |
|--|---|------------------------|--|------------------------------|---|
| 2015                                   | \$ -                                      | \$ -                   | \$ -                                   | \$ -                         | 0.00%   |

**Valuation Date:**

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

|                                |  |
|--------------------------------|--|
| Actuarial Cost Method:         | Aggregate entry age normal   |
| Amortization Method:           | Level percentage of payroll, closed  |
| Remaining Amortization Period: | Non-Taxing bodies: 10 year rolling period<br>Taxing bodies (Regular, SLEP, and ECO groups): 28 year closed period until remaining period reaches 15 years (then 15 year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI<br>SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years.) |
| Asset Valuation Method:        | 5-year smoothed market; 20% corridor   |
| Wage Growth:                   | 4.00%  |
| Price Inflation:               | 3.0%, approximate; No explicit price inflation assumption is used in this  |
| Salary Increases:              | 4.40% to 16.00%, including inflation   |
| Investment Rate of Return:     | 7.50%  |
| Retirement Age:                | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010   |
| Mortality:                     | RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years  |
| Other Information:             | There were no benefit changes during the year  |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

For more information, see Note 14.



**CITY OF BLUE ISLAND, ILLINOIS**  
**POLICE PENSION FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| Calendar Year<br>Ended December<br>31, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Valuation Payroll | Actual Contribution as<br>a Percentage of<br>Covered Valuation<br>Payroll |
|--|---|------------------------|--|------------------------------|---|
| 2015                                   | \$ 1,828,354                              | \$ 1,393,531           | \$ 434,823                             | \$ 2,728,224                 | 51.08%  |

**Valuation Date:**

Notes

Actuarially Determined Contribution rates are calculated as of January 1, one year prior to the end of the year in which contributions are reported

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

| Funding Method              | Entry Age Normal Actuarial Cost Method   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
|-----------------------------|--|---------|----------|---|--------|---|--------|---|-------|---|-------|---|-------|---|-------|---|-------|---|-------|------|-------|-------|-------|----|-------|
| Amortization Method:        | Level Percentage of Payroll over a period ending in 2040   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Mortality Rate              | RP-2000 Combined Healthy Mortality with no projection  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Disabled Mortality Rate     | RP-2000 Disabled Retiree Mortality with no projection  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Interest Rate               | 7.00% per year compounded annually, net of investment related expenses   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Retirement Age:             | See table on the following page.   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Disability Rate:            | See table on the following page. 70% of the disabilities are assumed to be in the line of duty   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Termination Rate:           | See table on the following page.   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Salary Increases:           | <u>Graded schedule based on service</u>  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
|                             | <table> <tr> <th>Service</th><th>Increase</th></tr> <tr><td>0</td><td>11.00%</td></tr> <tr><td>1</td><td>10.00%</td></tr> <tr><td>2</td><td>9.00%</td></tr> <tr><td>3</td><td>8.00%</td></tr> <tr><td>4</td><td>8.00%</td></tr> <tr><td>5</td><td>7.00%</td></tr> <tr><td>6</td><td>6.00%</td></tr> <tr><td>7</td><td>5.50%</td></tr> <tr><td>8-14</td><td>5.00%</td></tr> <tr><td>15-29</td><td>4.50%</td></tr> <tr><td>30</td><td>4.00%</td></tr> </table> | Service | Increase | 0 | 11.00% | 1 | 10.00% | 2 | 9.00% | 3 | 8.00% | 4 | 8.00% | 5 | 7.00% | 6 | 6.00% | 7 | 5.50% | 8-14 | 5.00% | 15-29 | 4.50% | 30 | 4.00% |
| Service                     | Increase   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 0                           | 11.00%   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 1                           | 10.00%   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 2                           | 9.00%  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 3                           | 8.00%  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 4                           | 8.00%  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 5                           | 7.00%  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 6                           | 6.00%  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 7                           | 5.50%  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 8-14                        | 5.00%  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 15-29                       | 4.50%  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| 30                          | 4.00%  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Payroll Growth:             | 4.50% per year.  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
|                             | Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/2 of 3.00% for each full month since benefit commencement upon reaching age 55.  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Cost-of-Living Adjustments: | Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Marital Status:             | 80% of Members are assumed to be married.  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Spouse's Age:               | Males are assumed to be three years older than females.  |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |
| Actuarial Asset Method:     | Investment gains and losses are smoothed over a 5-year period.   |         |          |   |        |   |        |   |       |   |       |   |       |   |       |   |       |   |       |      |       |       |       |    |       |

**CITY OF BLUE ISLAND, ILLINOIS**  
**POLICE PENSION FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

|         |  |        |  |         |
|---------|--|--------|--|---------|
| Tables: | % Terminating<br>During the Year           |        | % Becoming Disabled<br>During the Year     |         |
|         | Age  | Rate   | Age  | Rate    |
|         | 20   | 10.00% | 20   | 0.05%   |
|         | 30   | 5.00%  | 30   | 0.22%   |
|         | 40   | 2.00%  | 40   | 0.40%   |
|         | 50   | 3.50%  | 50   | 0.95%   |
|         |  |        |  |         |
|         | % Retiring<br>During the Year <sup>1</sup> |        | % Retiring<br>During the Year <sup>1</sup> |         |
|         | Age  | Rate   | Age  | Rate    |
|         | 50   | 20.00% | 61   | 33.00%  |
|         | 51   | 20.00% | 62   | 33.00%  |
|         | 52   | 20.00% | 63   | 50.00%  |
|         | 53   | 20.00% | 64   | 50.00%  |
|         | 54   | 20.00% | 65   | 50.00%  |
|         | 55   | 25.00% | 66   | 50.00%  |
|         | 56   | 25.00% | 67   | 50.00%  |
|         | 57   | 25.00% | 68   | 50.00%  |
|         | 58   | 25.00% | 69   | 50.00%  |
|         | 59   | 25.00% | 70   | 100.00% |
|         | 60   | 33.00% |  |         |

For more information, see Note 15.

1. The retirement rates for Tier 2 members are the same as for Tier 1 members shown above except there is a 0% probability of retirement until age 55.

**CITY OF BLUE ISLAND, ILLINOIS**  
**FIREFIGHTER PENSION FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| Calendar Year Ended<br>December 31, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency (Excess) | Covered Valuation<br>Payroll | Actual Contribution as a<br>Percentage of Covered<br>Valuation Payroll |
|-------------------------------------|---|------------------------|-------------------------------------|------------------------------|--|
| 2015                                | \$ 730,545                                | \$ 414,265             | \$ 316,280                          | \$ 1,592,913                 | 26.01%   |
| 4/30/2015                           | \$ 946,532                                | \$ 620,292             | \$ 326,240                          | \$ 1,497,091                 | 41.43%   |

**Valuation Date:**

5/1/2015

**Notes**

Actuarially Determined Contribution rates are calculated as of May 1, 8 months prior to the end of the year in which contributions are reported due

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

| Funding Method              | Entry Age Normal Actuarial Cost Method  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
|-----------------------------|---|---------|----------|---|--------|---|--------|---|--------|---|-------|---|-------|---|-------|------|-------|-------|-------|----|-------|
| Amortization Method:        | Level Percentage of Payroll over a period ending in 2040  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Mortality Rate              | RP-2000 Combined Healthy Mortality with no projection   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Disabled Mortality Rate     | RP-2000 Disabled Retiree Mortality with no projection   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Interest Rate               | 7.00% per year compounded annually, net of investment related expenses  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Retirement Age:             | See table on the following page.  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Disability Rate:            | See table on the following page. 90% of the disabilities are assumed to be in the line of duty  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Termination Rate:           | See table on the following page.  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Salary Increases:           | Graded schedule based on service  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
|                             | <table> <tr> <th>Service</th><th>Increase</th></tr> <tr><td>0</td><td>12.00%</td></tr> <tr><td>1</td><td>11.00%</td></tr> <tr><td>2</td><td>10.00%</td></tr> <tr><td>3</td><td>8.50%</td></tr> <tr><td>4</td><td>7.50%</td></tr> <tr><td>5</td><td>6.50%</td></tr> <tr><td>6-25</td><td>5.00%</td></tr> <tr><td>26-29</td><td>4.50%</td></tr> <tr><td>30</td><td>4.00%</td></tr> </table> | Service | Increase | 0 | 12.00% | 1 | 11.00% | 2 | 10.00% | 3 | 8.50% | 4 | 7.50% | 5 | 6.50% | 6-25 | 5.00% | 26-29 | 4.50% | 30 | 4.00% |
| Service                     | Increase  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| 0                           | 12.00%  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| 1                           | 11.00%  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| 2                           | 10.00%  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| 3                           | 8.50%   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| 4                           | 7.50%   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| 5                           | 6.50%   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| 6-25                        | 5.00%   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| 26-29                       | 4.50%   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| 30                          | 4.00%   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Payroll Growth:             | 4.50% per year.   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Inflation:                  | 2.50% per year.   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Cost-of-Living Adjustments: | <p>Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/2 of 3.00% for each full month since benefit commencement upon reaching age 55.</p> <p>Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.</p>  |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Marital Status:             | 80% of Members are assumed to be married.   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |
| Spouse's Age:               | Males are assumed to be three years older than females.   |         |          |   |        |   |        |   |        |   |       |   |       |   |       |      |       |       |       |    |       |

**CITY OF BLUE ISLAND, ILLINOIS**  
**FIREFIGHTER PENSION FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

|         |                                  |       |  |       |
|---------|----------------------------------|-------|--|-------|
| Tables: | % Terminating<br>During the Year |       | % Becoming Disabled<br>During the Year |       |
|         | Age                              | Rate  | Age                                    | Rate  |
|         | 20                               | 9.00% | 20                                     | 0.10% |
|         | 25                               | 5.00% | 25                                     | 0.10% |
|         | 30                               | 2.50% | 30                                     | 0.20% |
|         | 35                               | 2.00% | 35                                     | 0.35% |
|         | 40                               | 1.00% | 40                                     | 0.50% |
|         | 45                               | 1.00% | 45                                     | 0.65% |
|         | 50                               | 1.00% | 50                                     | 1.00% |
|         | 55                               | 1.00% | 55                                     | 1.50% |
|         | 60                               | 1.00% | 60                                     | 3.00% |
|         | 65                               | 1.00% | 65                                     | 4.25% |

  

|  |      |
|--|------|
| % Retiring<br>During the Year <sup>1</sup> |      |
| Age  | Rate |
| 50-53                                      | 14%  |
| 54-59                                      | 20%  |
| 60-62                                      | 25%  |
| 63-64                                      | 33%  |
| 65-69                                      | 50%  |
| >=70                                       | 100% |

For more information, see Note 16.

1. 100% at 30 years of service

**CITY OF BLUE ISLAND, ILLINOIS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

| <b>Calendar Year Ended December 31,</b>   | <b>2015</b>          |
|---|----------------------|
| <b>Total Pension Liability</b>  |                      |
| Service Cost  | \$ 444,650           |
| Interest on the Total Pension Liability   | 1,939,318            |
| Differences Between Expected and Actual Experience of the                         |                      |
| Total Pension Liability   | (290,772)            |
| Changes of Assumptions  | 31,044               |
| Benefit Payments, including Refunds of Employee Contributions                     | (1,629,851)          |
| Net Change in Total Pension Liability   | 494,389              |
| Total Pension Liability - Beginning   | 26,450,174           |
| Total Pension Liability - Ending (A)  | <u>\$ 26,944,563</u> |
| <b>Plan Fiduciary Net Position</b>  |                      |
| Contributions- Employer   | \$ 597,843           |
| Contributions- Employees  | 232,918              |
| Net Investment Income   | 120,436              |
| Benefit Payments, including Refunds of Employee Contributions                     | (1,629,851)          |
| Other (Net Transfers)   | (185,890)            |
| Net Change in Plan Fiduciary Net Position   | (864,544)            |
| Plan Fiduciary Net Position - Beginning   | 24,486,767           |
| Plan Fiduciary Net Position - Ending (B)  | <u>\$ 23,622,223</u> |
| <b>Net Pension Liability - Ending (A) - (B)</b>                                   | <u>\$ 3,322,340</u>  |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | 87.67%               |
| <b>Covered Employee Payroll</b>   | \$ 4,177,805         |
| <b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>          | 79.52%               |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

For more information, see Note 14.

**CITY OF BLUE ISLAND, ILLINOIS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND-SLEP**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

| <b>Calendar Year Ended December 31,</b>   | <b>2015</b>        |
|---|--------------------|
| <b>Total Pension Liability</b>  |                    |
| Interest on the Total Pension Liability   | \$ 3,999           |
| Differences Between Expected and Actual Experience of the                         |                    |
| Total Pension Liability   | 1                  |
| Net Change in Total Pension Liability   | 4,000              |
| Total Pension Liability - Beginning   | 53,326             |
| Total Pension Liability - Ending (A)  | <u>\$ 57,326</u>   |
| <b>Plan Fiduciary Net Position</b>  |                    |
| Net Investment Income   | \$ 579             |
| Other (Net Transfers)   | (4,115)            |
| Net Change in Plan Fiduciary Net Position   | (3,536)            |
| Plan Fiduciary Net Position - Beginning   | 115,759            |
| Plan Fiduciary Net Position - Ending (B)  | <u>\$ 112,223</u>  |
| <b>Net Pension Liability - Ending (A) - (B)</b>                                   | <u>\$ (54,897)</u> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | 195.76%            |
| <b>Covered Employee Payroll</b>   | \$ -               |
| <b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>          | 0.00%              |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

For more information, see Note 14.

**CITY OF BLUE ISLAND, ILLINOIS**  
**POLICE PENSION FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

| <b>Calendar Year Ended December 31,</b>   | <b>2015</b>              |
|---|--------------------------|
| <b>Total Pension Liability</b>  |                          |
| Service Cost  | \$ 680,338               |
| Interest  | 2,442,326                |
| Benefit Payments, including Refunds of Employee Contributions                         | (1,641,553)              |
| Net Change in Total Pension Liability   | 1,481,111                |
| Total Pension Liability - Beginning   | 35,030,812               |
| Total Pension Liability - Ending (A)  | <u>\$ 36,511,923</u>     |
| <br><b>Plan Fiduciary Net Position</b>  |                          |
| Contributions- Employer   | \$ 1,393,531             |
| Contributions- Employees  | 272,545                  |
| Net Investment Income   | 22,529                   |
| Benefit Payments, including Refunds of Employee Contributions                         | (1,641,553)              |
| Administrative Expenses   | (30,316)                 |
| Net Change in Plan Fiduciary Net Position   | 16,736                   |
| Plan Fiduciary Net Position - Beginning   | 9,999,226                |
| Plan Fiduciary Net Position - Ending (B)  | <u>\$ 10,015,962</u>     |
| <br><b>Net Pension Liability - Ending (A) - (B)</b>                                   | <br><u>\$ 26,495,961</u> |
| <br><b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | <br>27.43%               |
| <br><b>Covered Employee Payroll</b>   | <br>\$ 2,728,224         |
| <br><b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>          | <br>971.18%              |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

For more information, see Note 15.

**CITY OF BLUE ISLAND, ILLINOIS**  
**FIRE PENSION FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

| <b>Calendar Year Ended December 31,</b>   | <b>2015</b>                 |
|---|-----------------------------|
| <b>Total Pension Liability</b>  |                             |
| Service Cost  | \$ 222,555                  |
| Interest  | 938,174                     |
| Differences Between Expected and Actual Experience                                    | 1,284,305                   |
| Benefit Payments, including Refunds of Employee Contributions                         | <u>(819,391)</u>            |
| Net Change in Total Pension Liability   | 1,625,643                   |
| Total Pension Liability - Beginning   | <u>20,290,875</u>           |
| Total Pension Liability - Ending (A)  | <u><u>\$ 21,916,518</u></u> |
| <br><b>Plan Fiduciary Net Position</b>  |                             |
| Contributions- Employer   | \$ 414,265                  |
| Contributions- Employees  | 102,431                     |
| Net Investment Income   | (47,070)                    |
| Benefit Payments, including Refunds of Employee Contributions                         | (819,391)                   |
| Administrative Expenses   | <u>(35,437)</u>             |
| Net Change in Plan Fiduciary Net Position   | (385,202)                   |
| Plan Fiduciary Net Position - Beginning   | 5,806,684                   |
| Receivable Adjustment   | <u>(480,228)</u>            |
| Plan Fiduciary Net Position - Ending (B)  | <u><u>\$ 4,941,254</u></u>  |
| <br><b>Net Pension Liability - Ending (A) - (B)</b>                                   | <u><u>\$ 16,975,264</u></u> |
| <br><b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | 22.55%                      |
| <br><b>Covered Employee Payroll</b>   | \$ 1,592,913                |
| <br><b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>          | 1065.67%                    |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

For more information, see Note 16.



**CITY OF BLUE ISLAND, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

**POST-EMPLOYMENT RETIREMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Accrued<br>Liability (AAL)<br>-Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 12/31/15                       | \$ -                                   | \$ 15,984,027                                   | \$ 15,984,027                      | 0.00%                    | \$ 5,985,522              | 267.0%   |

For information regarding pension contribution percentages, rates, assumptions, and amortization method, see Note 17.

**CITY OF BLUE ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Page 1 of 15

|                                   | Original<br>Budget | Final<br>Budget  | Actual           |
|-----------------------------------|--------------------|------------------|------------------|
| <b>REVENUES</b>                   |                    |                  |                  |
| Property taxes                    | \$ 3,760,000       | \$ 3,760,000     | \$ 3,493,008     |
| Personal property replacement tax | 285,000            | 285,000          | 318,908          |
| Other taxes:                      |                    |                  |                  |
| State income and use              | 2,733,000          | 2,733,000        | 3,054,781        |
| Utility taxes                     | 1,405,000          | 1,405,000        | 1,208,030        |
| State sales tax                   | 1,345,000          | 1,345,000        | 1,354,153        |
| Video gaming tax                  | 140,000            | 140,000          | 191,653          |
| <b>Total taxes</b>                | <b>9,668,000</b>   | <b>9,668,000</b> | <b>9,620,533</b> |
| <br>Licenses:                     |                    |                  |                  |
| Vehicle                           | 600,000            | 600,000          | 699,100          |
| Liquor                            | 27,000             | 27,000           | 11,239           |
| Business                          | 70,000             | 70,000           | 69,654           |
| Contractors                       | 34,000             | 34,000           | 30,800           |
| Animal                            | 500                | 500              | 50               |
| Building & housing inspections    | 40,000             | 40,000           | 75,745           |
| Elevator inspections              | 6,000              | 6,000            | 6,102            |
| <b>Total licenses</b>             | <b>777,500</b>     | <b>777,500</b>   | <b>892,690</b>   |
| <br>Permits:                      |                    |                  |                  |
| Building                          | 150,000            | 150,000          | 237,075          |
| Electrical                        | 21,000             | 21,000           | 16,342           |
| Other                             | 108,750            | 108,750          | 85,962           |
| <b>Total permits</b>              | <b>279,750</b>     | <b>279,750</b>   | <b>339,379</b>   |
| <br>Fines:                        |                    |                  |                  |
| Police                            | 514,000            | 514,000          | 608,749          |
| Building violations               | 12,000             | 12,000           | 45,830           |
| Compliance court                  | 3,500              | 3,500            | 16,746           |
| <b>Total fines</b>                | <b>529,500</b>     | <b>529,500</b>   | <b>671,325</b>   |
| <br>Grants                        | 1,065,000          | 1,065,000        | 726,449          |
| <br>Interest                      | 1,000              | 1,000            | 1,554            |
| <b>Total interest</b>             | <b>\$ 1,000</b>    | <b>\$ 1,000</b>  | <b>\$ 1,554</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 YEAR ENDED DECEMBER 31, 2015**

Page 2 of 15

|  | Original<br>Budget       | Final<br>Budget          | Actual                   |
|--|--------------------------|--------------------------|--------------------------|
| <b>REVENUES (Continued)</b>                    |                          |                          |                          |
| Other:   |                          |                          |                          |
| Ambulance user fees                            | \$ 415,000               | \$ 415,000               | \$ 485,300               |
| City parking lots                              | 100,000                  | 100,000                  | 89,744                   |
| Insurance reimbursements                       | 285,000                  | 285,000                  | 787                      |
| Maintenance of state roads and traffic signals | 100,000                  | 100,000                  | 106,057                  |
| Towing fees                                    | 135,000                  | 135,000                  | 128,000                  |
| Engineering                                    | 12,500                   | 12,500                   | 8,178                    |
| Alarm security fees                            | 8,000                    | 8,000                    | 8,861                    |
| Miscellaneous                                  | 96,000                   | 96,000                   | 141,196                  |
| Reimbursements                                 | 70,200                   | 70,200                   | 42,469                   |
| Rent/lease/sale property                       | 95,000                   | 95,000                   | 80,394                   |
| Motor fuel tax reimbursement                   | 570,000                  | 570,000                  | 596,607                  |
| Sanitation and recycling fees                  | 1,361,000                | 1,361,000                | 1,484,221                |
| Television franchise fees                      | 180,000                  | 180,000                  | 187,108                  |
| Telephone franchise fees                       | 94,500                   | 94,500                   | 115,591                  |
| Telephone surcharges-911 system                | 168,500                  | 168,500                  | 200,345                  |
| User fees-911 system                           | 504,276                  | 504,276                  | 614,026                  |
| Vital statistics                               | 40,000                   | 40,000                   | 35,207                   |
| <b>Total other</b>                             | <u>4,234,976</u>         | <u>4,234,976</u>         | <u>4,324,091</u>         |
| <br>Total revenues                             | <br><u>\$ 16,555,726</u> | <br><u>\$ 16,555,726</u> | <br><u>\$ 16,576,021</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 YEAR ENDED DECEMBER 31, 2015**

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|   | Original<br>Budget | Final<br>Budget  | Actual           |
|---|--------------------|------------------|------------------|
| <b>EXPENDITURES</b>                     |                    |                  |                  |
| General Government:                     |                    |                  |                  |
| Salaries and benefits:                  |                    |                  |                  |
| Mayor's office:                         |                    |                  |                  |
| Full-time salaries                      | \$ 51,125          | \$ 51,125        | \$ 50,134        |
| Part-time salaries                      | 30,000             | 30,000           | 30,081           |
| Finance:                                |                    |                  |                  |
| Full-time salaries                      | 244,000            | 184,000          | 185,549          |
| Part-time salaries                      | 7,000              | 7,000            | 7,019            |
| Clerk's office:                         |                    |                  |                  |
| Full-time salaries                      | 79,350             | 79,350           | 30,033           |
| Part-time salaries                      | -                  | -                | 47,578           |
| General Government:                     |                    |                  |                  |
| Full-time salaries                      | 227,250            | 227,250          | 113,349          |
| Part-time salaries                      | 40,000             | 40,000           | 25,731           |
| Aldermen salaries                       | 36,400             | 36,400           | 36,798           |
| Illinois Municipal Retirement Fund      | 97,450             | 97,450           | 66,320           |
| Payroll taxes-FICA and Medicare         | 54,980             | 54,980           | 39,250           |
| Unemployment insurance                  | 30,000             | 30,000           | 27,701           |
| <b>Total salaries and benefits</b>      | <b>897,555</b>     | <b>837,555</b>   | <b>659,543</b>   |
| Services:                               |                    |                  |                  |
| Professional fees                       | 30,000             | 73,000           | 108,000          |
| Computers and software                  | 111,810            | 111,810          | 109,540          |
| Expenses of City officials              | 61,200             | 61,200           | 61,800           |
| Legal                                   | 400,000            | 400,000          | 744,238          |
| Other                                   | 6,000              | 6,000            | 5,580            |
| Professional consulting and engineering | 110,000            | 119,000          | 96,471           |
| Telephone                               | 110,000            | 110,000          | 80,282           |
| Utilities-gas                           | 3,500              | 3,500            | -                |
| Training                                | 100                | 100              | -                |
| <b>Total services</b>                   | <b>832,610</b>     | <b>884,610</b>   | <b>1,205,911</b> |
| Supplies and materials:                 |                    |                  |                  |
| Board up expense                        | -                  | -                | 1,625            |
| Maintenance supplies                    | 4,500              | 4,500            | 3,671            |
| Operating supplies                      | 500                | 500              | 142              |
| Printing, postage, and office supplies  | 14,150             | 14,150           | 9,882            |
| Small equipment                         | 20,600             | 20,600           | -                |
| Vehicle sticker program                 | 12,500             | 12,500           | 17,178           |
| <b>Total supplies and materials</b>     | <b>\$ 52,250</b>   | <b>\$ 52,250</b> | <b>\$ 32,498</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 YEAR ENDED DECEMBER 31, 2015**

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|   | Original<br>Budget | Final<br>Budget   | Actual            |
|---|--------------------|-------------------|-------------------|
| <b>EXPENDITURES (Continued)</b>             |                    |                   |                   |
| General Government (Continued)              |                    |                   |                   |
| Repairs and maintenance:                    |                    |                   |                   |
| Building                                    | \$ 15,000          | \$ 15,000         | \$ 9,769          |
| Equipment                                   | 16,850             | 16,850            | 13,788            |
| Outside contractors                         | 1,000              | 1,000             | -                 |
| <b>Total repairs and maintenance</b>        | <b>32,850</b>      | <b>32,850</b>     | <b>23,557</b>     |
| Miscellaneous:                              |                    |                   |                   |
| Advertising and marketing                   | 1,500              | 1,500             | -                 |
| Bank service charges                        | 8,000              | 8,000             | 11,719            |
| Bond principal                              | 110,000            | 110,000           | -                 |
| Dues and subscriptions                      | 36,500             | 36,500            | 35,665            |
| Employee/office services                    | 1,750              | 1,750             | 1,156             |
| Interest expense-tax anticipation warrants  | 59,200             | 59,200            | 25,458            |
| Legal notices                               | 1,250              | 1,250             | 1,641             |
| Library personal property replacement taxes | 30,000             | 30,000            | 56,953            |
| Licenses/fees                               | 61,100             | 69,100            | 66,721            |
| Meetings and seminars                       | 3,250              | 3,250             | 1,000             |
| Rental and leasing                          | 1,450              | 1,450             | 1,170             |
| Other                                       | 2,000              | 2,000             | -                 |
| Travel/transportation                       | 2,350              | 2,350             | 1,898             |
| Grant pass through expenditures             | 25,000             | 25,000            | -                 |
| <b>Total miscellaneous</b>                  | <b>343,350</b>     | <b>351,350</b>    | <b>203,381</b>    |
| Capital expenditures                        | -                  | -                 | 37,398            |
| <b>Total general government</b>             | <b>2,158,615</b>   | <b>2,158,615</b>  | <b>2,162,288</b>  |
| Building Department                         |                    |                   |                   |
| Salaries and benefits:                      |                    |                   |                   |
| Full-time salaries                          | 85,000             | 85,000            | 52,789            |
| Part-time salaries                          | 125,000            | 125,000           | 125,937           |
| Illinois Municipal Retirement Fund          | 24,000             | 24,000            | 19,701            |
| Payroll taxes-FICA and Medicare             | 16,070             | 16,070            | 13,232            |
| <b>Total salaries and benefits</b>          | <b>\$ 250,070</b>  | <b>\$ 250,070</b> | <b>\$ 211,659</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 YEAR ENDED DECEMBER 31, 2015**

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|   | Original<br>Budget | Final<br>Budget   | Actual            |
|---|--------------------|-------------------|-------------------|
| <b>EXPENDITURES (Continued)</b>         |                    |                   |                   |
| Building Department (Continued)         |                    |                   |                   |
| Services:                               |                    |                   |                   |
| Computers and software                  | \$ 2,700           | \$ 2,700          | \$ 210            |
| Professional consulting and engineering | 25,000             | 25,000            | 990               |
| Training                                | 2,500              | 2,500             | -                 |
| <b>Total services</b>                   | <b>30,200</b>      | <b>30,200</b>     | <b>1,200</b>      |
| Supplies and materials:                 |                    |                   |                   |
| Gasoline and oil for vehicles           | 5,400              | 5,400             | 3,249             |
| Maintenance supplies                    | 150                | 150               | -                 |
| Operating supplies                      | 400                | 400               | 185               |
| Printing, postage, and office supplies  | 7,700              | 7,700             | 4,722             |
| Uniforms                                | 615                | 615               | 94                |
| <b>Total supplies and materials</b>     | <b>14,265</b>      | <b>14,265</b>     | <b>8,250</b>      |
| Repairs and maintenance:                |                    |                   |                   |
| Elevator inspections                    | 5,000              | 5,000             | 1,664             |
| Equipment                               | 13,550             | 13,550            | 8,175             |
| Vehicle                                 | 3,350              | 3,350             | 356               |
| <b>Total repairs and maintenance</b>    | <b>21,900</b>      | <b>21,900</b>     | <b>10,195</b>     |
| Miscellaneous:                          |                    |                   |                   |
| Dues and subscriptions                  | 1,430              | 1,430             | 631               |
| Meetings and seminars                   | 1,000              | 1,000             | -                 |
| Travel/transportation                   | 100                | 100               | 12                |
| Grant pass through exp                  | 55,000             | 55,000            | 51,915            |
| <b>Total miscellaneous</b>              | <b>57,530</b>      | <b>57,530</b>     | <b>52,558</b>     |
| <b>Total building department</b>        | <b>\$ 373,965</b>  | <b>\$ 373,965</b> | <b>\$ 283,862</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 YEAR ENDED DECEMBER 31, 2015**

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|   | Original<br>Budget | Final<br>Budget   | Actual            |
|---|--------------------|-------------------|-------------------|
| <b>EXPENDITURES (Continued)</b>         |                    |                   |                   |
| Planning Department                     |                    |                   |                   |
| Salaries and benefits:                  |                    |                   |                   |
| Full-time salaries                      | \$ 61,500          | \$ 61,500         | \$ 60,272         |
| Illinois Municipal Retirement Fund      | 8,800              | 8,800             | 8,586             |
| Payroll taxes-FICA and Medicare         | 4,750              | 4,750             | 4,590             |
| <b>Total salaries and benefits</b>      | <b>75,050</b>      | <b>75,050</b>     | <b>73,448</b>     |
| Services:                               |                    |                   |                   |
| Computers and software                  | 750                | 750               | 208               |
| Other contractual services              | 250                | 250               | 129               |
| Professional consulting and engineering | 53,500             | 53,500            | 4,500             |
| Training                                | 860                | 860               | 435               |
| <b>Total services</b>                   | <b>55,360</b>      | <b>55,360</b>     | <b>5,272</b>      |
| Supplies and materials:                 |                    |                   |                   |
| Printing, postage, and office supplies  | 2,300              | 2,300             | 576               |
| <b>Total supplies and materials</b>     | <b>2,300</b>       | <b>2,300</b>      | <b>576</b>        |
| Miscellaneous:                          |                    |                   |                   |
| Dues and subscriptions                  | 1,876              | 1,876             | 1,476             |
| Meetings and seminars                   | 4,350              | 4,350             | 4,135             |
| Legal notices                           | 2,500              | 2,500             | 6,868             |
| Pass through grant expenditures         | 345,847            | 345,847           | 113,326           |
| Travel/transportation                   | 1,250              | 1,250             | 750               |
| <b>Total miscellaneous</b>              | <b>355,823</b>     | <b>355,823</b>    | <b>126,555</b>    |
| Capital expenditures                    | -                  | -                 | -                 |
| <b>Total planning department</b>        | <b>\$ 488,533</b>  | <b>\$ 488,533</b> | <b>\$ 205,851</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 YEAR ENDED DECEMBER 31, 2015**

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|  | Original<br>Budget | Final<br>Budget   | Actual            |
|--|--------------------|-------------------|-------------------|
| <b>EXPENDITURES (Continued)</b>                  |                    |                   |                   |
| Police Department                                |                    |                   |                   |
| Salaries and benefits:                           |                    |                   |                   |
| Officers:  |                    |                   |                   |
| Full-time salaries                               | \$ 2,630,000       | \$ 2,630,000      | \$ 2,741,571      |
| Overtime salaries                                | 300,000            | 300,000           | 241,207           |
| Records and desk clerks                          |                    |                   |                   |
| Full-time salaries                               | 389,000            | 389,000           | 306,094           |
| Part-time salaries                               | 45,000             | 45,000            | 32,131            |
| Overtime salaries                                | 500                | 500               | 83                |
| Part-time police                                 | 190,000            | 190,000           | 150,608           |
| Illinois Municipal Retirement Fund-police clerks | 57,100             | 57,100            | 45,104            |
| Payroll taxes-FICA and Medicare                  | 92,000             | 92,000            | 84,208            |
| Illinois Municipal Retirement Fund               | 13,000             | 13,000            | 12,879            |
| <b>Total salaries and benefits</b>               | <b>3,716,600</b>   | <b>3,716,600</b>  | <b>3,613,885</b>  |
| Services:  |                    |                   |                   |
| Animal care                                      | 4,800              | 4,800             | 4,720             |
| Computers and software                           | 17,000             | 17,000            | 12,871            |
| Legal Fees                                       | 27,600             | 27,600            | 20,546            |
| Prisoner care                                    | 5,000              | 5,000             | 1,884             |
| Professional consulting                          | 12,000             | 12,000            | 4,205             |
| Telephone  | 12,000             | 12,000            | 11,041            |
| Training   | 22,350             | 22,350            | 10,982            |
| Utilities  | 1,200              | 1,200             | 131               |
| <b>Total services</b>                            | <b>101,950</b>     | <b>101,950</b>    | <b>66,380</b>     |
| Supplies and materials:                          |                    |                   |                   |
| Ammunition/guns                                  | 7,000              | 7,000             | -                 |
| Gasoline and oil for vehicles                    | 140,000            | 140,000           | 87,784            |
| Maintenance supplies                             | 3,000              | 3,000             | 3,316             |
| Operating supplies                               | 2,500              | 2,500             | 1,451             |
| Printing, postage, and office supplies           | 32,000             | 32,000            | 22,581            |
| Radios/radio equipment                           | 5,000              | 5,000             | 3,665             |
| Small equipment                                  | 1,300              | 1,300             | -                 |
| Tools Expense                                    | 500                | 500               | 422               |
| Uniforms   | 36,000             | 36,000            | 26,700            |
| <b>Total supplies and materials</b>              | <b>\$ 227,300</b>  | <b>\$ 227,300</b> | <b>\$ 145,919</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 YEAR ENDED DECEMBER 31, 2015**

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|                                      | Original<br>Budget | Final<br>Budget   | Actual            |
|--------------------------------------|--------------------|-------------------|-------------------|
| <b>EXPENDITURES (Continued)</b>      |                    |                   |                   |
| Police Department (Continued)        |                    |                   |                   |
| Repairs and maintenance:             |                    |                   |                   |
| Building                             | \$ 10,000          | \$ 10,000         | \$ 11,878         |
| Equipment                            | 77,000             | 77,000            | 65,917            |
| Vehicle                              | 22,500             | 22,500            | 24,945            |
| <b>Total repairs and maintenance</b> | <u>109,500</u>     | <u>109,500</u>    | <u>102,740</u>    |
| Miscellaneous:                       |                    |                   |                   |
| Community promotions                 | 500                | 500               | 802               |
| Dues and subscriptions               | 4,300              | 4,300             | 2,900             |
| Licenses/fees                        | 5,400              | 5,400             | 8,563             |
| Meetings and seminars                | 700                | 700               | 565               |
| Legal notices                        | 800                | 800               | -                 |
| Travel/transportation                | 500                | 500               | 419               |
| <b>Total miscellaneous</b>           | <u>12,200</u>      | <u>12,200</u>     | <u>13,249</u>     |
| Capital expenditures                 | <u>35,000</u>      | <u>35,000</u>     | <u>-</u>          |
| <b>Total police department</b>       | <u>4,202,550</u>   | <u>4,202,550</u>  | <u>3,942,173</u>  |
| 9-1-1 Department                     |                    |                   |                   |
| Salaries and benefits:               |                    |                   |                   |
| Full-time salaries                   | 715,000            | 715,000           | 603,427           |
| Part-time salaries                   | 50,000             | 50,000            | 38,420            |
| Overtime salaries                    | 15,000             | 15,000            | 80,660            |
| Illinois Municipal Retirement Fund   | 112,000            | 112,000           | 101,689           |
| Payroll taxes-FICA and Medicare      | 59,900             | 59,900            | 53,446            |
| Unemployment insurance               | 1,000              | 1,000             | -                 |
| <b>Total salaries and benefits</b>   | <u>952,900</u>     | <u>952,900</u>    | <u>877,642</u>    |
| Services:                            |                    |                   |                   |
| Computers and software               | 4,000              | 4,000             | 421               |
| Equipment maintenance contracts      | 56,600             | 56,600            | 53,337            |
| Telephone                            | 120,000            | 120,000           | 128,092           |
| Training                             | 2,300              | 2,300             | -                 |
| Utilities                            | 1,080              | 1,080             | 1,100             |
| <b>Total services</b>                | <u>\$ 183,980</u>  | <u>\$ 183,980</u> | <u>\$ 182,950</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 YEAR ENDED DECEMBER 31, 2015**

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|  | Original<br>Budget  | Final<br>Budget     | Actual              |
|--|---------------------|---------------------|---------------------|
| <b>EXPENDITURES (Continued)</b>        |                     |                     |                     |
| 9-1-1 Department (Continued)           |                     |                     |                     |
| Supplies and materials:                |                     |                     |                     |
| Maintenance supplies                   | \$ 6,800            | \$ 6,800            | \$ 1,029            |
| Office equipment                       | 800                 | 800                 | -                   |
| Printing, postage, and office supplies | 900                 | 900                 | 578                 |
| Radios and other equipment             | 500                 | 500                 | -                   |
| Uniforms                               | 9,000               | 9,000               | 7,800               |
| <b>Total supplies and materials</b>    | <b>18,000</b>       | <b>18,000</b>       | <b>9,407</b>        |
| Repairs and maintenance:               |                     |                     |                     |
| Building                               | 5,000               | 5,000               | 2,380               |
| Equipment                              | 2,000               | 2,000               | 1,984               |
| <b>Total repairs and maintenance</b>   | <b>7,000</b>        | <b>7,000</b>        | <b>4,364</b>        |
| Miscellaneous:                         |                     |                     |                     |
| Dues and subscriptions                 | 260                 | 260                 | -                   |
| Travel/transportation                  | 250                 | 250                 | -                   |
| <b>Total miscellaneous</b>             | <b>510</b>          | <b>510</b>          | <b>-</b>            |
| Capital expenditures                   | -                   | -                   | -                   |
| <b>Total 9-1-1 department</b>          | <b>1,162,390</b>    | <b>1,162,390</b>    | <b>1,074,363</b>    |
| Fire Department                        |                     |                     |                     |
| Salaries and benefits:                 |                     |                     |                     |
| Full-time salaries                     | 1,580,000           | 1,580,000           | 1,558,931           |
| Part-time salaries                     | 40,000              | 40,000              | 46,313              |
| Overtime salaries                      | 100,000             | 100,000             | 57,370              |
| Illinois Municipal Retirement Fund     | 5,500               | 5,500               | 5,839               |
| Payroll taxes-FICA and Medicare        | 33,600              | 33,600              | 28,438              |
| <b>Total salaries and benefits</b>     | <b>\$ 1,759,100</b> | <b>\$ 1,759,100</b> | <b>\$ 1,696,891</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 YEAR ENDED DECEMBER 31, 2015**

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|  | Original<br>Budget | Final<br>Budget   | Actual           |
|--|--------------------|-------------------|------------------|
| <b>EXPENDITURES (Continued)</b>        |                    |                   |                  |
| Fire Department (Continued)            |                    |                   |                  |
| Services:                              |                    |                   |                  |
| Ambulance processing fee               | \$ 44,000          | \$ 44,000         | \$ 50,804        |
| Computers and software                 | 5,000              | 5,000             | 3,219            |
| Other contractual services             | -                  | -                 | 1,750            |
| Professional consulting                | 5,500              | 5,500             | -                |
| Telephone                              | 850                | 850               | 926              |
| Training                               | 6,500              | 6,500             | 75               |
| <b>Total services</b>                  | <u>61,850</u>      | <u>61,850</u>     | <u>56,774</u>    |
| Supplies and materials:                |                    |                   |                  |
| Gasoline and oil for vehicles          | 6,500              | 6,500             | 3,658            |
| Maintenance supplies                   | 4,500              | 4,500             | 2,894            |
| Operating supplies                     | 3,500              | 3,500             | 1,486            |
| Printing, postage, and office supplies | 2,200              | 2,200             | 1,802            |
| Small equipment                        | 23,750             | 23,750            | 18,289           |
| Uniforms                               | 25,000             | 25,000            | 23,340           |
| Utilities                              | 1,100              | 1,100             | 1,232            |
| <b>Total supplies and materials</b>    | <u>66,550</u>      | <u>66,550</u>     | <u>52,701</u>    |
| Repairs and maintenance:               |                    |                   |                  |
| Building                               | 4,000              | 4,000             | 2,693            |
| Equipment                              | 9,000              | 9,000             | 6,399            |
| Vehicle                                | 40,250             | 40,250            | 27,056           |
| <b>Total repairs and maintenance</b>   | <u>53,250</u>      | <u>53,250</u>     | <u>36,148</u>    |
| Miscellaneous:                         |                    |                   |                  |
| Community promotions                   | 750                | 750               | 549              |
| Dues and subscriptions                 | 4,650              | 4,650             | 5,250            |
| Employee/office services               | 500                | 500               | -                |
| Licenses/fees                          | 400                | 400               | 28               |
| Meetings and seminars                  | 1,000              | 1,000             | -                |
| Physical exams                         | 6,750              | 6,750             | 900              |
| Rentals and leasing fees               | 600                | 600               | 587              |
| Travel/transportation                  | 250                | 250               | -                |
| State/federal grant match              | 36,106             | 36,106            | -                |
| Grant pass through expenditures        | 460,000            | 460,000           | 11,024           |
| <b>Total miscellaneous</b>             | <u>\$ 511,006</u>  | <u>\$ 511,006</u> | <u>\$ 18,338</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 YEAR ENDED DECEMBER 31, 2015**

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|  | Original<br>Budget | Final<br>Budget   | Actual            |
|--|--------------------|-------------------|-------------------|
| <b>EXPENDITURES (Continued)</b>        |                    |                   |                   |
| Fire Department (Continued)            |                    |                   |                   |
| Capital expenditures                   | \$ 175,000         | \$ 175,000        | \$ 132,284        |
| Total fire department                  | 2,626,756          | 2,626,756         | 1,993,136         |
| Public Works Department                |                    |                   |                   |
| Salaries and benefits:                 |                    |                   |                   |
| Full-time salaries                     | 607,500            | 607,500           | 624,112           |
| Part-time salaries                     | 54,450             | 54,450            | 39,797            |
| Overtime salaries                      | 41,250             | 41,250            | 37,856            |
| Illinois Municipal Retirement Fund     | 100,630            | 100,630           | 97,867            |
| Payroll taxes-FICA and Medicare        | 53,800             | 53,800            | 50,879            |
| <b>Total salaries and benefits</b>     | <b>857,630</b>     | <b>857,630</b>    | <b>850,511</b>    |
| Services:                              |                    |                   |                   |
| Computers and software                 | 500                | 500               | 210               |
| Engineering                            | 35,000             | 35,000            | 44,259            |
| Garbage and recycling                  | 1,267,000          | 1,267,000         | 1,459,435         |
| Snow removal                           | 22,000             | 22,000            | -                 |
| Telephone                              | 500                | 500               | -                 |
| Utilities                              | 217,825            | 217,825           | 262,510           |
| <b>Total services</b>                  | <b>1,542,825</b>   | <b>1,542,825</b>  | <b>1,766,414</b>  |
| Supplies and materials:                |                    |                   |                   |
| Building and street signs              | 6,800              | 6,800             | 5,075             |
| Concrete/asphalt/stone                 | 20,000             | 20,000            | 30,584            |
| Gasoline and oil for vehicles          | 60,000             | 60,000            | 42,066            |
| Maintenance supplies                   | 15,000             | 15,000            | 17,841            |
| Operating supplies                     | 5,000              | 5,000             | 3,944             |
| Printing, postage, and office supplies | 950                | 950               | 772               |
| Small equipment                        | 3,000              | 3,000             | 90                |
| Tool expense                           | 500                | 500               | 904               |
| <b>Total supplies and materials</b>    | <b>\$ 111,250</b>  | <b>\$ 111,250</b> | <b>\$ 101,276</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 YEAR ENDED DECEMBER 31, 2015**

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|                                      | Original<br>Budget      | Final<br>Budget         | Actual                  |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| <b>EXPENDITURES (Continued)</b>      |                         |                         |                         |
| Public Works Department (Continued)  |                         |                         |                         |
| Repairs and maintenance:             |                         |                         |                         |
| Building                             | \$ 10,000               | \$ 10,000               | \$ 1,303                |
| Equipment                            | 29,600                  | 29,600                  | 28,711                  |
| Equipment rental                     | 500                     | 500                     | -                       |
| Improvements-buildings/grounds       | 10,000                  | 10,000                  | -                       |
| Parking lot maintenance              | 7,000                   | 7,000                   | 6,387                   |
| Outside contractors                  | 1,000                   | 1,000                   | 280                     |
| Street lighting system               | 20,000                  | 20,000                  | 24,428                  |
| Traffic signals                      | 10,000                  | 10,000                  | 6,677                   |
| Tree program                         | 75,000                  | 75,000                  | 60,135                  |
| Vehicle                              | 37,500                  | 37,500                  | 38,022                  |
| <b>Total repairs and maintenance</b> | <u>200,600</u>          | <u>200,600</u>          | <u>165,943</u>          |
| Miscellaneous:                       |                         |                         |                         |
| Dues and subscriptions               | 50                      | 50                      | -                       |
| Employee/office services             | 600                     | 600                     | 537                     |
| Licenses/fees                        | 100                     | 100                     | -                       |
| Meetings and seminars                | 300                     | 300                     | 24                      |
| Travel/transportation                | 100                     | 100                     | 4                       |
| Pass through grant expenditures      | 250,000                 | 250,000                 | 193,734                 |
| <b>Total miscellaneous</b>           | <u>251,150</u>          | <u>251,150</u>          | <u>194,299</u>          |
| Capital expenditures:                |                         |                         |                         |
| Machinery and equipment              | 70,000                  | 70,000                  | 30,370                  |
| <b>Total capital expenditures</b>    | <u>70,000</u>           | <u>70,000</u>           | <u>30,370</u>           |
| <br>Total public works department    | <br><u>\$ 3,033,455</u> | <br><u>\$ 3,033,455</u> | <br><u>\$ 3,108,813</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 YEAR ENDED DECEMBER 31, 2015**

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|  | Original<br>Budget | Final<br>Budget  | Actual           |
|--|--------------------|------------------|------------------|
| <b>EXPENDITURES (Continued)</b>                |                    |                  |                  |
| Insurance Loss Department                      |                    |                  |                  |
| Salaries and benefits:                         |                    |                  |                  |
| Employee medical insurance                     | \$ 2,250,000       | \$ 2,250,000     | \$ 1,726,945     |
| Life/unemployment insurance                    | 12,000             | 12,000           | 8,008            |
| <b>Total salaries and benefits</b>             | <u>2,262,000</u>   | <u>2,262,000</u> | <u>1,734,953</u> |
| Services:                                      |                    |                  |                  |
| Auto/property damage claims                    | 10,000             | 10,000           | 1,470            |
| Insurance-buildings/vehicles                   | 70,000             | 70,000           | 57,629           |
| Insurance fees                                 | 70,000             | 70,000           | 51,646           |
| Liability claim expense                        | 100,000            | 100,000          | 155,302          |
| Personal injury claims                         | 400,000            | 400,000          | 589,590          |
| Workers compensation disability medical claims | 300,000            | 300,000          | 53,687           |
| <b>Total services</b>                          | <u>950,000</u>     | <u>950,000</u>   | <u>909,324</u>   |
| Total insurance loss department                | <u>3,212,000</u>   | <u>3,212,000</u> | <u>2,644,277</u> |
| Civil Service Commission                       |                    |                  |                  |
| Professional consulting                        | 500                | 500              | -                |
| Personnel hiring/exams                         | 25,000             | 25,000           | 11,181           |
| Legal fees                                     | 25,000             | 25,000           | 25,868           |
| Legal notices                                  | 1,000              | 1,000            | 1,171            |
| Total civil service commission                 | <u>\$ 51,500</u>   | <u>\$ 51,500</u> | <u>\$ 38,220</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 YEAR ENDED DECEMBER 31, 2015**

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|   | Original<br>Budget    | Final<br>Budget       | Actual            |
|---|-----------------------|-----------------------|-------------------|
| <b>EXPENDITURES (Continued)</b>                           |                       |                       |                   |
| Marketing Department                                      |                       |                       |                   |
| Salaries and benefits:                                    |                       |                       |                   |
| Full-time salaries  | \$ 100,000            | \$ 100,000            | \$ 49,717         |
| Part-time salaries  | 20,000                | 20,000                | 18,917            |
| Illinois Municipal Retirement Fund                        | 14,310                | 14,310                | 8,610             |
| Payroll taxes-FICA and Medicare                           | 7,650                 | 7,650                 | 5,109             |
| <b>Total salaries and benefits</b>                        | <u>141,960</u>        | <u>141,960</u>        | <u>82,353</u>     |
| Services:   |                       |                       |                   |
| Computers and software                                    | 1,065                 | 1,065                 | -                 |
| Insurance   | 10,000                | 10,000                | 3,803             |
| <b>Total services</b>                                     | <u>11,065</u>         | <u>11,065</u>         | <u>3,803</u>      |
| Supplies and materials:                                   |                       |                       |                   |
| Printing, postage, and office supplies                    | 14,200                | 14,200                | 9,892             |
| <b>Total supplies and materials</b>                       | <u>14,200</u>         | <u>14,200</u>         | <u>9,892</u>      |
| Miscellaneous:  |                       |                       |                   |
| Advertising and marketing                                 | 3,000                 | 3,000                 | 1,657             |
| Community promotions                                      | 37,500                | 37,500                | 31,161            |
| Meetings and seminars                                     | 250                   | 250                   | 176               |
| Pass through grant expenditures                           | 1,035,250             | 1,035,250             | 268,418           |
| Travel/transportation                                     | 600                   | 600                   | 200               |
| <b>Total miscellaneous</b>                                | <u>1,076,600</u>      | <u>1,076,600</u>      | <u>301,612</u>    |
| Capital expenditures                                      | <u>32,000</u>         | <u>32,000</u>         | <u>128,554</u>    |
| <b>Total marketing department</b>                         | <u>1,275,825</u>      | <u>1,275,825</u>      | <u>526,214</u>    |
| <b>Total expenditures</b>                                 | <u>18,585,589</u>     | <u>18,585,589</u>     | <u>15,979,197</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (2,029,863)</u> | <u>\$ (2,029,863)</u> | <u>\$ 596,824</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 YEAR ENDED DECEMBER 31, 2015**

Page 15 of 15

|   | Original<br>Budget        | Final<br>Budget           | Actual                    |
|---|---------------------------|---------------------------|---------------------------|
| <b>OTHER FINANCING SOURCES (USES)</b>           |                           |                           |                           |
| Tax anticipation warrant proceeds               | \$ -                      | \$ -                      | \$ 500,000                |
| Tax anticipation warrant payments               | -                         | -                         | (1,000,000)               |
| Transfers out                                   | -                         | -                         | (62,079)                  |
| Transfers in                                    | -                         | -                         | 195,137                   |
| Net other financing sources (uses)              | -                         | -                         | (366,942)                 |
| <br>Net change in fund balance                  | <br><u>\$ (2,029,863)</u> | <br><u>\$ (2,029,863)</u> | <br>229,882               |
| <br>Fund balance at beginning of year (deficit) |                           |                           | <br>(2,984,615)           |
| <br>Fund balance at end of year (deficit)       |                           |                           | <br><u>\$ (2,754,733)</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 YEAR ENDED DECEMBER 31, 2015**

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 April 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 January 27, 2015.
- 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 April 28, 2015 to reflect transfers within the General Fund.

For the year ended December 31, 2015, there were no supplemental appropriations.

**SUPPLEMENTAL INFORMATION**

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2015**

|  | Governmental Fund Types  |                       |                                    |   |
|--|--------------------------|-----------------------|------------------------------------|---|
|  | Special Revenue<br>Funds | Debt Service<br>Funds | Capital<br>Projects -<br>CDBG Fund | Total<br>Nonmajor<br>Governmental Funds |
| <b>ASSETS</b>  |                          |                       |                                    |   |
| Cash and investments   | \$ 1,245,554             | \$ -                  | \$ 109                             | \$ 1,245,663                            |
| Receivables:   |                          |                       |                                    |   |
| Property taxes-net   | 2,819,227                | 134,267               | -                                  | 2,953,494                               |
| Grants   | 84,714                   | -                     | -                                  | 84,714                                  |
| Other  | 200,924                  | -                     | -                                  | 200,924                                 |
| Due from other funds   | 442,056                  | 80,091                | -                                  | 522,147                                 |
| Total assets   | <u>\$ 4,792,475</u>      | <u>\$ 214,358</u>     | <u>\$ 109</u>                      | <u>\$ 5,006,942</u>                     |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCE</b> |                          |                       |                                    |   |
| <b>Liabilities:</b>  |                          |                       |                                    |   |
| Accounts payable   | \$ 365,937               | \$ -                  | \$ -                               | \$ 365,937                              |
| Due to other funds   | 65,046                   | -                     | -                                  | 65,046                                  |
| Due to other government units  | 148,518                  | -                     | -                                  | 148,518                                 |
| Other liabilities  | 257,192                  | -                     | -                                  | 257,192                                 |
| Total liabilities  | <u>836,693</u>           | <u>-</u>              | <u>-</u>                           | <u>836,693</u>                          |
| <b>Deferred Inflows of Resources:</b>                                  |                          |                       |                                    |   |
| Property taxes   | <u>2,359,609</u>         | <u>129,392</u>        | <u>-</u>                           | <u>2,489,001</u>                        |
| <b>Fund Balance:</b>   |                          |                       |                                    |   |
| Restricted for public safety-grants                                    | 120,052                  | -                     | -                                  | 120,052                                 |
| Restricted under state statute   | 859,724                  | -                     | -                                  | 859,724                                 |
| Restricted for debt service  | -                        | 84,966                | -                                  | 84,966                                  |
| Unassigned   | 616,397                  | -                     | 109                                | 616,506                                 |
| Total fund balance   | <u>1,596,173</u>         | <u>84,966</u>         | <u>109</u>                         | <u>1,681,248</u>                        |
| Total liabilities, deferred inflows of<br>resources and fund balance   | <u>\$ 4,792,475</u>      | <u>\$ 214,358</u>     | <u>\$ 109</u>                      | <u>\$ 5,006,942</u>                     |

**CITY OF BLUE ISLAND, ILLINOIS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|   | Governmental Fund Types  |                       |                                    |   |
|---|--------------------------|-----------------------|------------------------------------|---|
|   | Special Revenue<br>Funds | Debt Service<br>Funds | Capital<br>Projects -<br>CDBG Fund | Total<br>Nonmajor<br>Governmental Funds |
| <b>REVENUES</b>   |                          |                       |                                    |   |
| Property taxes-net  | \$ 3,241,375             | \$ 129,660            | \$ -                               | \$ 3,371,035                            |
| Personal property and replacement taxes                                   | 54,129                   | -                     | -                                  | 54,129                                  |
| State allotments  | 579,550                  | -                     | -                                  | 579,550                                 |
| Interest  | 2,227                    | -                     | -                                  | 2,227                                   |
| Forfeiture income   | 22,196                   | -                     | -                                  | 22,196                                  |
| Other   | 467,913                  | -                     | -                                  | 467,913                                 |
| Total revenues  | <u>4,367,390</u>         | <u>129,660</u>        | <u>-</u>                           | <u>4,497,050</u>                        |
| <b>EXPENDITURES</b>   |                          |                       |                                    |   |
| Current:  |                          |                       |                                    |   |
| General government  | 458,183                  | -                     | -                                  | 458,183                                 |
| Pension contributions   | 1,745,820                | -                     | -                                  | 1,745,820                               |
| Street maintenance  | 997,390                  | -                     | 23,117                             | 1,020,507                               |
| Debt service:   |                          |                       |                                    |   |
| Principal   | -                        | 55,000                | -                                  | 55,000                                  |
| Interest  | -                        | 11,726                | -                                  | 11,726                                  |
| Bad debt expense  | -                        | 114,179               | -                                  | 114,179                                 |
| Capital outlay  | 50,688                   | -                     | -                                  | 50,688                                  |
| Total expenditures  | <u>3,252,081</u>         | <u>180,905</u>        | <u>23,117</u>                      | <u>3,456,103</u>                        |
| Excess (deficiency) of revenues<br>over expenditures before other sources | <u>1,115,309</u>         | <u>(51,245)</u>       | <u>(23,117)</u>                    | <u>1,040,947</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                                     |                          |                       |                                    |   |
| Transfers out   | -                        | (195,137)             | -                                  | (195,137)                               |
| Transfers in  | 124,103                  | -                     | 24,707                             | 148,810                                 |
| Total other financing sources (uses)                                      | <u>124,103</u>           | <u>(195,137)</u>      | <u>24,707</u>                      | <u>(46,327)</u>                         |
| Net changes in fund balance   | 1,239,412                | (246,382)             | 1,590                              | 994,620                                 |
| Fund balances at beginning of year (deficit)                              | 356,761                  | 331,348               | (1,481)                            | 686,628                                 |
| Fund balances at end of year  | <u>\$ 1,596,173</u>      | <u>\$ 84,966</u>      | <u>\$ 109</u>                      | <u>\$ 1,681,248</u>                     |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2015**

|  | Business<br>District | Motor Fuel<br>Tax Fund | Special<br>Revenue<br>Allocation<br>Fund IV | Special<br>Revenue<br>Allocation<br>Fund V | Special<br>Revenue<br>Allocation<br>Fund VI | State Asset<br>Seizure Funds | Federal Asset<br>Seizure Fund | Police<br>Pension<br>Fund | Firefighters'<br>Pension<br>Fund | Total               |
|--|----------------------|------------------------|---|--|---|------------------------------|-------------------------------|---------------------------|----------------------------------|---------------------|
| <b>ASSETS</b>  |                      |                        |   |  |   |                              |                               |                           |                                  |                     |
| Cash and investments   | \$ 126,165           | \$ 235,691             | \$ 2,667                                    | \$ 612,461                                 | \$ -  | \$ 208,614                   | \$ 59,956                     | \$ -                      | \$ -                             | \$ 1,245,554        |
| Receivables:   |                      |                        |   |  |   |                              |                               |                           |                                  |                     |
| Property taxes-net   | -                    | -                      | -   | -  | -   | -                            | -                             | 1,805,340                 | 1,013,887                        | 2,819,227           |
| Grants   | -                    | -                      | -   | 84,714                                     | -   | -                            | -                             | -                         | -                                | 84,714              |
| Other  | 93,293               | 53,502                 | -   | -  | -   | -                            | -                             | 32,045                    | 22,084                           | 200,924             |
| Due from other funds   | -                    | 168,473                | -   | 273,583                                    | -   | -                            | -                             | -                         | -                                | 442,056             |
| Total assets   | <u>\$ 219,458</u>    | <u>\$ 457,666</u>      | <u>\$ 2,667</u>                             | <u>\$ 970,758</u>                          | <u>\$ -</u>                                 | <u>\$ 208,614</u>            | <u>\$ 59,956</u>              | <u>\$ 1,837,385</u>       | <u>\$ 1,035,971</u>              | <u>\$ 4,792,475</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b> |                      |                        |   |  |   |                              |                               |                           |                                  |                     |
| <b>Liabilities:</b>  |                      |                        |   |  |   |                              |                               |                           |                                  |                     |
| Accounts payable   | \$ -                 | \$ 21,165              | \$ 300                                      | \$ 290,343                                 | \$ -  | \$ -                         | \$ -                          | \$ 32,045                 | \$ 22,084                        | \$ 365,937          |
| Due to other funds   | -                    | -                      | 27,891                                      | -  | 37,155                                      | -                            | -                             | -                         | -                                | 65,046              |
| Other liabilities  | -                    | -                      | -   | 257,192                                    | -   | -                            | -                             | -                         | -                                | 257,192             |
| Due to other government units                                      | -                    | -                      | -   | -  | -   | 148,518                      | -                             | -                         | -                                | 148,518             |
| Total liabilities  | <u>-</u>             | <u>21,165</u>          | <u>28,191</u>                               | <u>547,535</u>                             | <u>37,155</u>                               | <u>148,518</u>               | <u>-</u>                      | <u>32,045</u>             | <u>22,084</u>                    | <u>836,693</u>      |
| <b>Deferred Inflows of Resources</b>                               |                      |                        |   |  |   |                              |                               |                           |                                  |                     |
| Property taxes   | -                    | -                      | -   | -  | -   | -                            | -                             | 1,505,980                 | 853,629                          | \$ 2,359,609        |
| <b>Fund Balance</b>  |                      |                        |   |  |   |                              |                               |                           |                                  |                     |
| Restricted for public safety-grants                                | -                    | -                      | -   | -  | -   | 60,096                       | 59,956                        | -                         | -                                | 120,052             |
| Restricted under state statute                                     | -                    | 436,501                | -   | 423,223                                    | -   | -                            | -                             | -                         | -                                | 859,724             |
| Unassigned   | 219,458              | -                      | (25,524)                                    | -  | (37,155)                                    | -                            | -                             | 299,360                   | 160,258                          | 616,397             |
| Total fund balance   | <u>219,458</u>       | <u>436,501</u>         | <u>(25,524)</u>                             | <u>423,223</u>                             | <u>(37,155)</u>                             | <u>60,096</u>                | <u>59,956</u>                 | <u>299,360</u>            | <u>160,258</u>                   | <u>1,596,173</u>    |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 219,458</u>    | <u>\$ 457,666</u>      | <u>\$ 2,667</u>                             | <u>\$ 970,758</u>                          | <u>\$ -</u>                                 | <u>\$ 208,614</u>            | <u>\$ 59,956</u>              | <u>\$ 1,837,385</u>       | <u>\$ 1,035,971</u>              | <u>\$ 4,792,475</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|  | Business<br>District | Motor Fuel<br>Tax Fund | Special Tax<br>Increment<br>Allocation<br>Fund IV | Special Tax<br>Increment<br>Allocation<br>Fund V | Special Tax<br>Increment<br>Allocation<br>Fund VI | State Asset<br>Seizure Funds | Federal Asset<br>Seizure Fund | Police<br>Pension<br>Fund | Firefighters'<br>Pension<br>Fund | Total               |
|--|----------------------|------------------------|---|--|---|------------------------------|-------------------------------|---------------------------|----------------------------------|---------------------|
| <b>REVENUES</b>  |                      |                        |   |  |   |                              |                               |                           |                                  |                     |
| Property taxes-net   | \$ -                 | \$ -                   | \$ 32,011   | \$ 1,298,787                                     | \$ -  | \$ -                         | \$ -                          | \$ 1,237,549              | \$ 673,028                       | \$ 3,241,375        |
| Personal property and replacement taxes                              | -                    | -                      | -   | -  | -   | -                            | -                             | 32,045                    | 22,084                           | 54,129              |
| State allotments   | -                    | 579,550                | -   | -  | -   | -                            | -                             | -                         | -                                | 579,550             |
| Interest   | -                    | 93                     | 22  | 2,061  | -   | 17                           | 34                            | -                         | -                                | 2,227               |
| Forfeiture income  | -                    | -                      | -   | -  | -   | 10,854                       | 11,342                        | -                         | -                                | 22,196              |
| Other  | 241,458              | -                      | -   | 226,455  | -   | -                            | -                             | -                         | -                                | 467,913             |
| Total revenues   | <u>241,458</u>       | <u>579,643</u>         | <u>32,033</u>                                     | <u>1,527,303</u>                                 | <u>-</u>  | <u>10,871</u>                | <u>11,376</u>                 | <u>1,269,594</u>          | <u>695,112</u>                   | <u>4,367,390</u>    |
| <b>EXPENDITURES</b>  |                      |                        |   |  |   |                              |                               |                           |                                  |                     |
| Current:   |                      |                        |   |  |   |                              |                               |                           |                                  |                     |
| General government   | 22,000               | -                      | 45,633  | 346,069  | 10,596  | 300                          | 33,585                        | -                         | -                                | 458,183             |
| Pension contribution   | -                    | -                      | -   | -  | -   | -                            | -                             | 1,126,216                 | 619,604                          | 1,745,820           |
| Street maintenance   | -                    | 746,482                | -   | 250,908  | -   | -                            | -                             | -                         | -                                | 997,390             |
| Capital outlay   | -                    | -                      | -   | -  | -   | -                            | 50,688                        | -                         | -                                | 50,688              |
| Total expenditures   | <u>22,000</u>        | <u>746,482</u>         | <u>45,633</u>                                     | <u>596,977</u>                                   | <u>10,596</u>                                     | <u>300</u>                   | <u>84,273</u>                 | <u>1,126,216</u>          | <u>619,604</u>                   | <u>3,252,081</u>    |
| Revenues over (under) expenditures<br>before other financing sources | 219,458              | (166,839)              | (13,600)  | 930,326  | (10,596)  | 10,571                       | (72,897)                      | 143,378                   | 75,508                           | 1,115,309           |
| Other financing sources  |                      |                        |   |  |   |                              |                               |                           |                                  |                     |
| Transfer in  | -                    | 37,372                 | -   | 86,731   | -   | -                            | -                             | -                         | -                                | 124,103             |
| Net changes in fund balance (deficit)                                | 219,458              | (129,467)              | (13,600)  | 1,017,057  | (10,596)  | 10,571                       | (72,897)                      | 143,378                   | 75,508                           | 1,239,412           |
| Fund balances at beginning of year (deficit)                         | -                    | 565,968                | (11,924)  | (593,834)  | (26,559)  | 49,525                       | 132,853                       | 155,982                   | 84,750                           | 356,761             |
| Fund balances at end of year (deficit)                               | <u>\$ 219,458</u>    | <u>\$ 436,501</u>      | <u>\$ (25,524)</u>                                | <u>\$ 423,223</u>                                | <u>\$ (37,155)</u>                                | <u>\$ 60,096</u>             | <u>\$ 59,956</u>              | <u>\$ 299,360</u>         | <u>\$ 160,258</u>                | <u>\$ 1,596,173</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2015**

|  | Alternate<br>Bond<br>Fund<br>Series 1995 | General<br>Obligation<br>Bond Fund<br>Series 2011 | Total             |
|--|--|---|-------------------|
| <b>ASSETS</b>  |  |   |                   |
| Receivables:   |  |   |                   |
| Property taxes-net   | \$ -                                     | \$ 134,267  | \$ 134,267        |
| Due from other funds   | -  | 80,091  | 80,091            |
| Total assets   | <u>\$ -</u>                              | <u>\$ 214,358</u>                                 | <u>\$ 214,358</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCE</b> |  |   |                   |
| <b>Liabilities:</b>  |  |   |                   |
| Accounts payable   | \$ -                                     | \$ -  | \$ -              |
| Total liabilities  | <u>-</u>                                 | <u>-</u>  | <u>-</u>          |
| <b>Deferred inflows of resources</b>                                   |  |   |                   |
| Property taxes   | <u>-</u>                                 | <u>129,392</u>                                    | <u>129,392</u>    |
| <b>Fund balance:</b>   |  |   |                   |
| Restricted for debt service  | <u>-</u>                                 | <u>84,966</u>                                     | <u>84,966</u>     |
| Total fund balance   | <u>-</u>                                 | <u>84,966</u>                                     | <u>84,966</u>     |
| Total liabilities, deferred inflows of<br>resources and fund balance   | <u>\$ -</u>                              | <u>\$ 214,358</u>                                 | <u>\$ 214,358</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMEBER 31, 2015**

|   | Alternate<br>Bond<br>Fund<br>Series 1995 | General<br>Obligation<br>Bond Fund<br>Series 2011 | Total<br>Debt Service<br>Funds |
|---|--|---|--------------------------------|
| <b>REVENUES</b>   |  |   |                                |
| Property taxes-net  | \$ -                                     | \$ 129,660  | \$ 129,660                     |
| Total revenues  | <u>-</u>                                 | <u>129,660</u>                                    | <u>129,660</u>                 |
| <b>EXPENDITURES</b>   |  |   |                                |
| Debt service  |  |   |                                |
| Principal   | -  | 55,000  | 55,000                         |
| Interest  | -  | 11,726  | 11,726                         |
| Bad debt expense  | 114,179                                  |   | 114,179                        |
| Capital outlay  | -  | -   | -                              |
| Total expenditures  | <u>114,179</u>                           | <u>66,726</u>                                     | <u>180,905</u>                 |
| Revenues over (under) expenditures<br>before other financing sources (uses) | (114,179)                                | 62,934  | (51,245)                       |
| Other Financing Sources (Uses)  |  |   |                                |
| Transfer out  | <u>(195,137)</u>                         | <u>-</u>  | <u>(195,137)</u>               |
| Net change in fund balance  | (309,316)                                | 62,934  | (246,382)                      |
| Fund balances at beginning of year  | 309,316                                  | 22,032  | 331,348                        |
| Fund balances at end of year  | <u>\$ -</u>                              | <u>\$ 84,966</u>                                  | <u>\$ 84,966</u>               |



**CITY OF BLUE ISLAND, ILLINOIS**  
**SCHEDULE OF VALUATIONS, RATES AND EXTENSIONS**  
**FOR TAX LEVIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

| <u>Tax<br/>Levy<br/>Year</u> | <u>Assessed<br/>Valuation</u> | <u>Extended<br/>Tax Rate</u> |
|------------------------------|-------------------------------|------------------------------|
| 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%                      |
| 2015                         | 197,423,852                   | 3.2280%                      |

The 2015 gross tax levy is analyzed below:

|                                    | <u>Rate</u>       | <u>Percent</u>    | <u>Amount</u>           |
|------------------------------------|-------------------|-------------------|-------------------------|
| <b>General:</b>                    |                   |                   |                         |
| Corporate                          | 0.2969            | 9.21              | \$ 586,215              |
| Garbage                            | 0.1471            | 4.56              | 290,410                 |
| Illinois Municipal Retirement Fund | 0.1958            | 6.07              | 386,555                 |
| Liability insurance                | 0.0463            | 1.43              | 91,407                  |
| Street and bridge                  | 0.0795            | 2.46              | 156,951                 |
| Fire protection                    | 0.3622            | 11.22             | 715,069                 |
| Police protection                  | 0.5352            | 16.58             | 1,056,612               |
| Social Security                    | 0.1369            | 4.24              | 270,273                 |
| Auditing                           | 0.0120            | 0.37              | 23,690                  |
| Workers' compensation              | 0.1028            | 3.18              | 202,951                 |
| <b>Total general</b>               | <b>1.9147</b>     | <b>59.32</b>      | <b>3,780,133</b>        |
| <br>Bond and interest              | <br>0.0683        | <br>2.11          | <br>134,783             |
| Police pension                     | 0.7946            | 24.62             | 1,568,729               |
| Firefighters' pension              | 0.4504            | 13.95             | 889,197                 |
| <br><b>Total</b>                   | <br><b>3.2280</b> | <br><b>100.00</b> | <br><b>\$ 6,372,842</b> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**SCHEDULE OF GENERAL OBLIGATION DEBT TO MATURITY**  
**DECEMBER 31, 2015**

| Fiscal<br>Year<br>Ended<br>December 31, | General Obligation<br>Judgment Bonds<br>Series 2011<br>Dated December 16, 2011 |                  |
|---|--|------------------|
|   | Principal  | Interest         |
|   |  |                  |
| 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>\$ 770,000</u>  | <u>\$ 38,115</u> |

**CITY OF BLUE ISLAND, ILLINOIS**  
**LEGAL DEBT MARGIN**  
**DECEMBER 31, 2015**

|  | <u>2015 Tax<br/>Levy Year</u> |
|--|-------------------------------|
| Assessed valuation                                       | <u>\$ 197,423,852</u>         |
| Statutory debt limitation (8.625% of assessed valuation) | \$ 17,027,807                 |
| Total debt:  |                               |
| General Obligation Bonds:                                |                               |
| Series 2011, dated December 16, 2011                     | <u>770,000</u>                |
| Legal Debt Margin  | <u>\$ 16,257,807</u>          |