

CITY OF BLUE ISLAND, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018



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INDEPENDENT AUDITORS' REPORT

Mayor and Members of the City Council
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, 2018, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Blue Island, Illinois as of December 31, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The combining and individual 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, based on our audit and the procedures performed as described above, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information listed in the table of contents 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.



Calumet City, Illinois
February 5, 2020

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

The City of Blue Island offers readers of the its financial statements this narrative overview and analysis of the financial activity of the City for the year ended December 31, 2018.

Financial Highlights

The liabilities plus deferred inflows of resource of the City exceeded its assets plus deferred outflows of resources at the close of the most recent fiscal year by \$6,082,129 (net position). Of this amount, \$43,777,051 represents the net investment in capital assets, and \$13,804,456 is restricted for specific 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 \$63,663,646. Included within this deficit are amounts that will be needed to make future principal and interest payments on 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 deficit also includes amounts needed to fund the net pension liabilities and net other postemployment benefits obligation which total \$64,826,955.

- The City's total net position decreased by \$940,111. The large decrease is primarily due to the increase of expenditures of \$3,119,310.
- At December 31, 2018, the City's governmental funds reported a combined ending fund balance of \$9,008,690.
- At December 31, 2018, the unassigned fund balance for the governmental funds was at a deficit of \$5,181,721, of which the General Fund was a deficit of \$5,138,025.
- The City of Blue Island's total long-term general obligations and alternate revenue bonds decreased by \$292,478 at December 31, 2018. The decrease was primarily due to regular principal payments on outstanding debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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 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, 2018

Government-wide Financial Statements (continued)

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, public works, and interest on debt. The business-type activities of the City include water and sewer operations and golf course operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate component unit, the Blue Island Public Library, for which the City 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 immediately following the Management's Discussion and Analysis.

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, 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 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 maintains sixteen individual governmental funds at December 31, 2018. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, and three Special Revenue Funds (Special Tax Increment Allocation II Fund, Special Tax Increment Allocation III Fund and Special Tax Increment Allocation V Fund) which are considered to be major funds. Data from the other twelve governmental funds (Business District, Motor Fuel Tax Fund, Special Tax Increment Allocation Fund IV, Special Tax Increment Allocation Fund VI, Special Tax Increment Allocation Fund VII, State Asset Seizure Fund, Federal Asset Seizure Fund, Foreign Fire Tax Fund, Police Pension Contribution Fund, Firefighters' Pension Contribution Fund, Debt Service Fund, 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 adopts an annual appropriated budget for its General Fund and certain other funds. A budgetary comparison statement has been provided for the General Fund and all governmental funds with legally adopted appropriations to demonstrate compliance within this budget.

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Governmental Funds (continued)

Proprietary Funds – The City 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 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.

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.

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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and health retirement benefits to its employees.

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 expenditures – 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.

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, liabilities plus deferred inflows exceeded assets plus deferred outflows by \$6,082,129 at the close of December 31, 2018.

By far the largest portion of the City'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 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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, 2018

Government-wide Financial Analysis (continued)

Statement of Net Position
As of December 31, 2018
(in millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 17.6	\$ (1.4)	\$ 16.2
Capital assets	33.4	14.2	47.6
Total assets	<u>51.0</u>	<u>12.8</u>	<u>63.8</u>
Deferred outflows related to pensions	4.9	0.8	5.7
Total deferred outflows of resources	<u>4.9</u>	<u>0.8</u>	<u>5.7</u>
Long-term liabilities	65.6	4.3	69.9
Other liabilities	2.0	0.5	2.5
Total liabilities	<u>67.6</u>	<u>4.8</u>	<u>72.4</u>
Deferred inflows related to pensions	2.1	0.3	2.4
Deferred inflows related to OPEB	0.8	-	0.8
Total deferred inflows of resources	<u>2.9</u>	<u>0.3</u>	<u>3.2</u>
Net position			
Net investment in capital assets	32.7	11.1	43.8
Restricted	13.7	-	13.7
Unrestricted (deficit)	<u>(61.0)</u>	<u>(2.6)</u>	<u>(63.6)</u>
Total net position	<u>\$ (14.6)</u>	<u>\$ 8.5</u>	<u>\$ (6.1)</u>

An additional portion of the City'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, 2018

Government-wide Financial Analysis (continued)

A summary of the statement of net position at December 31, 2017 is below:

Statement of Net Position
As of December 31, 2017
(in millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 20.0	\$ (1.2)	\$ 18.8
Capital assets	33.9	13.1	47.0
Total assets	<u>53.9</u>	<u>11.9</u>	<u>65.8</u>
Deferred outflows related to pensions	1.1	0.2	1.3
Total deferred outflows of resources	<u>1.1</u>	<u>0.2</u>	<u>1.3</u>
Long-term liabilities	46.9	3.3	50.2
Other liabilities	3.0	0.5	3.5
Total liabilities	<u>49.9</u>	<u>3.8</u>	<u>53.7</u>
Deferred inflows related to pensions	3.7	0.9	4.6
Total deferred inflows of resources	<u>3.7</u>	<u>0.9</u>	<u>4.6</u>
Net position			
Net investment in capital assets	33.2	10.1	43.3
Restricted	15.4	-	15.4
Unrestricted (deficit)	(47.2)	(2.7)	(49.9)
Total net position	<u>\$ 1.4</u>	<u>\$ 7.4</u>	<u>\$ 8.8</u>

Governmental Activities. Governmental activities decreased the City's net position by \$2,066,925. Expenses increased from December 31, 2017 to December 31, 2018 by \$3,179,025, due to increases in the cost of general government, offset by an increase in revenue.

Business-type Activities. Business-type activities increased the City's net position by \$1,126,814.

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Government-wide Financial Analysis (continued)

Changes in Net Position
For the Year Ended December 31, 2018
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$ 4.6	20.2%	\$ 6.8	88.3%	\$ 11.4	37.4%
Operating grants	0.7	3.1%	-	0.0%	0.7	2.3%
Capital grants	0.6	2.6%	0.9	11.7%	1.5	4.9%
General revenue:						
Property taxes	9.6	42.1%	-	0.0%	9.6	31.5%
Other taxes	4.6	20.2%	-	0.0%	4.6	15.1%
Other revenues	<u>2.7</u>	11.8%	<u>-</u>	0.0%	<u>2.7</u>	8.9%
Total revenues	<u>22.8</u>		<u>7.7</u>		<u>30.5</u>	
Expenses:						
Governmental activities:						
General government	11.3	45.4%	-	0.0%	11.3	35.9%
Public safety	11.3	45.4%	-	0.0%	11.3	35.9%
Public works	2.3	9.2%	-	0.0%	2.3	7.3%
Interest	-	0.0%	-	0.0%	-	0.0%
Business-type:						
Water and sewer	-	0.0%	5.5	83.3%	5.5	17.4%
Golf course	<u>-</u>	0.0%	<u>1.1</u>	16.7%	<u>1.1</u>	3.5%
Total expenses	<u>24.9</u>		<u>6.6</u>		<u>31.5</u>	
Change in net position	(2.1)		1.1		(1.0)	
Net position - beginning	1.4		7.4		8.8	
Restatement	<u>(13.9)</u>		<u>-</u>		<u>(13.9)</u>	
Net position-restated	<u>(12.5)</u>		<u>7.4</u>		<u>(5.1)</u>	
Net position - ending	<u>\$ (14.6)</u>		<u>\$ 8.5</u>		<u>\$ (6.1)</u>	

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Government-wide Financial Analysis (continued)

Changes in Net Position
For the Year Ended December 31, 2017
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$ 4.6	22.2%	\$ 6.4	98.5%	\$ 11.0	40.4%
Operating grants	0.9	4.3%	-	0.0%	0.9	3.3%
Capital grants	-	0.0%	-	0.0%	-	0.0%
General revenue:						
Property taxes	8.5	41.1%	-	0.0%	8.5	31.3%
Other taxes	4.2	20.3%	-	0.0%	4.2	15.4%
Other revenues	<u>2.5</u>	12.1%	<u>0.1</u>	1.5%	<u>2.6</u>	9.6%
Total revenues	<u>20.7</u>		<u>6.5</u>		<u>27.2</u>	
Expenses:						
Governmental activities:						
General government	7.9	36.4%	-	0.0%	7.9	27.9%
Public safety	11.1	51.2%	-	0.0%	11.1	39.2%
Public works	2.7	12.4%	-	0.0%	2.7	9.5%
Interest	-	0.0%	-	0.0%	-	0.0%
Business-type:						
Water and sewer	-	0.0%	5.7	86.4%	5.7	20.1%
Golf course	<u>-</u>	0.0%	<u>0.9</u>	13.6%	<u>0.9</u>	3.2%
Total expenses	<u>21.7</u>		<u>6.6</u>		<u>28.3</u>	
Change in net position	(1.0)		(0.1)		(1.1)	
Net position - beginning	<u>2.4</u>		<u>7.5</u>		<u>9.9</u>	
Net position - ending	<u>\$ 1.4</u>		<u>\$ 7.4</u>		<u>\$ 8.8</u>	

Changes in revenue and expenses from December 31, 2017 to December 31, 2018 are reflected above.

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Government-wide Financial Analysis (continued)

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

Governmental Funds. The focus of the City'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'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, 2018.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer and Golf Course funds at the end of the year amounted to a deficit of \$2,585,885. The total increase in net position for the funds was \$1,126,814. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

General Fund Budgetary Highlights

The budgetary statement for the General Fund shows the original and final budget, and actual revenues, expenditures, and transfers in and out for the year ended December 31, 2018. Revenues and expenditures were under budget for the year ended December 31, 2018.

	General Fund (in millions)	
	Original & Final Budget	Actual
Revenues		
Taxes	\$ 7.0	\$ 6.9
Licenses	0.8	0.8
Permits	0.3	0.4
Fines	0.6	0.6
Intergovernmental	4.5	2.3
Other	3.0	3.6
Total revenues	<u>16.2</u>	<u>14.6</u>
Expenditures		
Current		
Administration	2.3	2.3
Building	0.4	0.3
Planning	0.1	-
Police	4.6	4.1
911 Center	0.7	0.5
Fire	2.3	2.2
Public works	3.4	2.3
Insurance loss	2.7	1.9
Civil service commission	0.1	-
Marketing	0.1	0.1
Rec center	0.1	0.1
Capital outlay	1.3	0.9
Debt service	0.6	0.1
Total expenditures	<u>18.7</u>	<u>14.8</u>
Excess (deficiency) of revenues over expenditures	<u>(2.5)</u>	<u>(0.2)</u>
Other financing sources (uses)		
Tax anticipation warrants proceeds	0.5	-
Bond and loan proceeds	0.8	0.2
Transfers in	<u>0.6</u>	<u>0.5</u>
Net change in fund balance	<u>\$ (0.6)</u>	<u>\$ 0.5</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, 2018

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to \$47,621,549 (\$47,000,094 at December 31, 2017), 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 performed major infrastructure improvements to City streets and bridges. The City also purchased a 2018 Ford Edge vehicle.

Capital Assets
Net of Depreciation
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017
Land	\$ 20.3	\$ 20.3	\$ 0.7	\$ 0.7	\$ 21.0	\$ 21.0
Construction in Progress	-	0.1	-	0.1	-	0.2
Buildings and land improvement	6.9	7.0	2.4	2.6	9.3	9.6
Infrastructure	5.4	5.6	10.4	9.3	15.8	14.9
Equipment	0.8	0.9	0.8	0.4	1.6	1.3
Total	<u>\$ 33.4</u>	<u>\$ 33.9</u>	<u>\$ 14.3</u>	<u>\$ 13.1</u>	<u>\$ 47.7</u>	<u>\$ 47.0</u>

Additional information on the City's capital assets can be found in Note 5 of this report.

Long-term Debt. At December 31, 2018, the City had two general obligation bonds outstanding, totaling \$2,425,000 (\$2,825,000 at 2017). 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, 2018 was \$664,094 (\$707,396 at 2017).

The City is participating in the Illinois Financing Authority Project Bond, which provides reimbursement for eligible expenses. The bond can be up to \$1,300,000 and as of December 31, 2018 the City has received \$761,768 leaving \$538,232 yet to be submitted for reimbursement. The outstanding balance as of December 31, 2018 and 2017 was \$531,999 and \$424,477, respectively.

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Capital Asset and Debt Administration (continued)

	Outstanding General Obligation Debt (in millions)					
	Governmental		Business-type		Total	
	Activities		Activities			
	Dec	Dec	Dec	Dec	Dec	Dec
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 0.4	\$ 0.5	\$ -	\$ -	\$ 0.4	\$ 0.5
Alternate revenue source bonds	-	-	2.0	2.3	2.0	2.3
Illinois EPA Water Supply Loan	-	-	0.7	0.7	0.7	0.7
Illinois Finance Authority General obligation bond	0.5	0.4	-	-	0.5	0.4
Installment loans	0.2	0.2	0.3	-	0.5	0.2
	<u>\$ 1.1</u>	<u>\$ 1.1</u>	<u>\$ 3.0</u>	<u>\$ 3.0</u>	<u>\$ 4.1</u>	<u>\$ 4.1</u>

The City's total long-term debt, including notes payable, has decreased by \$77,657 during the current fiscal year.

The City 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, 2018 was \$19,220,769.

Additional information on the City's long-term debt can be found in Note 9 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'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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
ASSETS				
Cash and cash equivalents	\$ 4,996,157	\$ 397,845	\$ 5,394,002	\$ 415,494
Restricted cash	1,051,144	33,230	1,084,374	-
Receivables	8,800,773	880,894	9,681,667	176,790
Internal balances	2,712,073	(2,712,073)	-	-
Due from other government agencies	80,444	-	80,444	-
Prepaid items	10,716	1,220	11,936	9,868
Inventory	-	6,639	6,639	-
Capital assets not being depreciated	20,289,512	678,958	20,968,470	-
Capital assets (net of accumulated depreciation)	13,071,850	13,581,229	26,653,079	109,142
Net pension asset	26,064	-	26,064	-
Total Assets	51,038,733	12,867,942	63,906,675	711,294
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow of resources related to pensions	4,944,846	755,650	5,700,496	439,331
Total Deferred Outflows of Resources	4,944,846	755,650	5,700,496	439,331
LIABILITIES				
Accounts payable and other accrued expenses	1,183,122	597,767	1,780,889	30,916
Other payables	-	-	-	21,641
Accrued interest payable	-	12,075	12,075	-
Due to other government units	23,259	-	23,259	-
Due to component unit	48,761	-	48,761	-
Other liabilities	107,116	-	107,116	-
Non current liabilities				
Due within one year	610,677	502,066	1,112,743	36,869
Due in more than one year	65,617,723	3,745,674	69,363,397	594,831
Total Liabilities	67,590,658	4,857,582	72,448,240	684,257
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	2,149,759	245,889	2,395,648	142,959
Deferred inflows of resources related to OPEB	845,412	-	845,412	-
Total Deferred Inflows of Resources	2,995,171	245,889	3,241,060	142,959
NET POSITION				
Net investment in capital assets	32,704,275	11,072,776	43,777,051	109,142
Restricted for				
Grants	1,258,313	-	1,258,313	-
Economic development	11,913,944	-	11,913,944	-
Street maintenance	408,022	-	408,022	-
Public safety	190,957	-	190,957	-
Debt service	-	33,230	33,230	-
Unrestricted	(61,077,761)	(2,585,885)	(63,663,646)	214,267
Total Net Position	\$ (14,602,250)	\$ 8,520,121	\$ (6,082,129)	\$ 323,409

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Public Library
Primary Government								
Governmental activities								
General government	\$ 11,294,724	\$ 1,729,722	\$ 1,935	\$ -	\$ (9,563,067)	\$ -	\$ (9,563,067)	\$ -
Public safety	11,240,371	821,029	11,940	-	(10,407,402)	-	(10,407,402)	-
Public works	2,304,473	2,004,466	728,178	582,737	1,010,908	-	1,010,908	-
Interest on debt	45,567	-	-	-	(45,567)	-	(45,567)	-
Total governmental activities	24,885,135	4,555,217	742,053	582,737	(19,005,128)	-	(19,005,128)	-
Business-type activities								
Water and sewer	5,450,937	5,829,726	-	918,001	-	1,296,790	1,296,790	-
Golf course	1,120,905	950,873	-	-	-	(170,032)	(170,032)	-
Total business-type activities	6,571,842	6,780,599	-	918,001	-	1,126,758	1,126,758	-
Total Primary Government	<u>\$ 31,456,977</u>	<u>\$ 11,335,816</u>	<u>\$ 742,053</u>	<u>\$ 1,500,738</u>	<u>(19,005,128)</u>	<u>1,126,758</u>	<u>(17,878,370)</u>	<u>-</u>
Component unit - Public Library	<u>\$ 1,354,513</u>	<u>\$ 44,771</u>	<u>\$ 48,039</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,261,703)</u>
General Revenues								
Taxes								
Property taxes					9,637,963	-	9,637,963	1,103,835
Replacement taxes					227,161	-	227,161	48,761
Other taxes					4,371,494	-	4,371,494	-
Intergovernmental								
Income tax					2,286,771	-	2,286,771	-
Miscellaneous					414,814	56	414,870	43,076
Total					16,938,203	56	16,938,259	1,195,672
Change in net position					(2,066,925)	1,126,814	(940,111)	(66,031)
Net position - beginning					1,393,765	7,393,307	8,787,072	389,440
Restatement					(13,929,090)	-	(13,929,090)	-
Net position - restated					(12,535,325)	7,393,307	(5,142,018)	389,440
Net position, end of year					<u>\$ (14,602,250)</u>	<u>\$ 8,520,121</u>	<u>\$ (6,082,129)</u>	<u>\$ 323,409</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Special Tax Increment Allocation Fund II	Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund V	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,296,283	\$ 596,783	\$ 6,218	\$ 739,082	\$ 2,357,791	\$ 4,996,157
Restricted cash - grants	1,051,144	-	-	-	-	1,051,144
Receivables						
Property taxes-net	3,375,305	-	-	-	3,609,853	6,985,158
Customers	416,160	-	-	-	-	416,160
Other	1,196,071	-	-	-	203,384	1,399,455
Due from other funds	3,347,140	5,227,921	3,655,538	156,867	172,376	12,559,842
Due from other governmental agencies	3,120	-	-	25,835	51,489	80,444
Prepaid items	10,716	-	-	-	-	10,716
Total assets	<u>\$ 10,695,939</u>	<u>\$ 5,824,704</u>	<u>\$ 3,661,756</u>	<u>\$ 921,784</u>	<u>\$ 6,394,893</u>	<u>\$ 27,499,076</u>
LIABILITIES						
Accounts payable	\$ 698,825	\$ 18,248	\$ -	\$ 220,004	\$ 64,147	\$ 1,001,224
Accrued salaries and related expenditures	181,898	-	-	-	-	181,898
Due to other funds	9,686,479	-	-	11,281	150,009	9,847,769
Due to component unit	48,761	-	-	-	-	48,761
Due to other government units	-	-	-	-	23,259	23,259
Other liabilities	107,116	-	-	-	-	107,116
Total liabilities	<u>10,723,079</u>	<u>18,248</u>	<u>-</u>	<u>231,285</u>	<u>237,415</u>	<u>11,210,027</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for subsequent year	3,375,305	-	-	-	3,584,452	6,959,757
Unavailable revenue	265,261	-	-	-	55,341	320,602
Total deferred inflows of resources	<u>3,640,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,639,793</u>	<u>7,280,359</u>
FUND BALANCES						
Nonspendable						
Prepaid items	10,716	-	-	-	-	10,716
Restricted						
Grants	1,051,144	-	-	-	207,169	1,258,313
Economic development	-	5,806,456	3,661,756	690,499	1,755,233	11,913,944
Street maintenance	-	-	-	-	408,022	408,022
Public safety	-	-	-	-	190,957	190,957
Assigned						
Public safety	70,520	-	-	-	-	70,520
Parking and special events	337,939	-	-	-	-	337,939
Unassigned (deficit)	<u>(5,138,025)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,696)</u>	<u>(5,181,721)</u>
Total fund balances (deficit)	<u>(3,667,706)</u>	<u>5,806,456</u>	<u>3,661,756</u>	<u>690,499</u>	<u>2,517,685</u>	<u>9,008,690</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,695,939</u>	<u>\$ 5,824,704</u>	<u>\$ 3,661,756</u>	<u>\$ 921,784</u>	<u>\$ 6,394,893</u>	<u>\$ 27,499,076</u>

The accompanying notes are an integral part of the financial statements.

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, 2018

Total fund balance of governmental funds		\$ 9,008,690
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		33,361,362
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net position		7,280,359
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources on the statement of net position		
Deferred outflows of resources related to pensions		4,944,846
Deferred inflows of resources related to pensions		(2,149,759)
Deferred inflows of resources related to OPEB		(845,412)
Non-current liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds		
IFA bond	\$ (531,999)	
Installment loans	(155,237)	
General obligations bonds	(385,000)	
Compensated absences	<u>(303,145)</u>	(1,375,381)
Net pension assets and liabilities and other postemployment benefits obligation are not due and payable in the current period and are therefore not reported in the funds:		
Net pension asset	26,064	
Net pension liability	(49,728,849)	
Net other postemployment benefits obligation	<u>(15,124,170)</u>	<u>(64,826,955)</u>
Net position of governmental activities		<u><u>\$ (14,602,250)</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Special Tax Increment Allocation Fund II	Special Tax Increment Allocation Fund III	Special Tax Increment Allocation Fund V	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes-net	\$ 3,076,193	\$ 933,203	\$ 595,882	\$ 1,350,947	\$ 3,267,967	\$ 9,224,192
Personal property replacement taxes	183,507	-	-	-	43,654	227,161
Other taxes	3,582,534	-	-	-	762,115	4,344,649
Licenses	819,040	-	-	-	-	819,040
Permits	370,608	-	-	-	-	370,608
Motor fuel tax allotments	-	-	-	-	606,771	606,771
Fines and forfeitures	572,661	-	-	-	11,940	584,601
Intergovernmental	2,294,596	-	-	-	221,737	2,516,333
Interest	21,644	1,340	5,341	5,168	5,349	38,842
Other	3,645,397	-	-	-	-	3,645,397
Total Revenues	14,566,180	934,543	601,223	1,356,115	4,919,533	22,377,594
EXPENDITURES						
Current						
General government	4,714,445	454,190	2,021,001	2,409,859	215,317	9,814,812
Public safety	6,789,560	-	-	-	2,945,890	9,735,450
Public works	2,287,717	-	-	-	102,378	2,390,095
Capital outlay	885,810	-	-	-	134,567	1,020,377
Debt service						
Principal	77,373	-	-	-	226,608	303,981
Interest and fiscal charges	18,559	-	-	-	27,008	45,567
Total Expenditures	14,773,464	454,190	2,021,001	2,409,859	3,651,768	23,310,282
Excess (deficiency) of revenues over expenditures	(207,284)	480,353	(1,419,778)	(1,053,744)	1,267,765	(932,688)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	224,130	-	-	-	-	224,130
Transfers in	472,057	-	-	-	35,500	507,557
Transfers out	(35,500)	-	-	-	(472,057)	(507,557)
Total other financing sources (uses)	660,687	-	-	-	(436,557)	224,130
Net change in fund balances	453,403	480,353	(1,419,778)	(1,053,744)	831,208	(708,558)
Fund balances (deficits) at beginning of year	(4,121,109)	5,326,103	5,081,534	1,744,243	1,686,477	9,717,248
Fund balances (deficits) at end of year	\$ (3,667,706)	\$ 5,806,456	\$ 3,661,756	\$ 690,499	\$ 2,517,685	\$ 9,008,690

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balance - total governmental funds	\$	(708,558)
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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

Capital outlay reported in governmental fund statements	\$ 371,465		
Depreciation expense reported in the statement of activities	<u>(893,722)</u>		(522,257)

Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds until received		440,616
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The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities		
Repayment of principal on bonds		303,981

The issuance of long-term debt and related costs is shown on the fund financial statements as other financing sources but is recorded as a long-term liability on the government-wide statements		(224,130)
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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	(45,070)		
Pension expense	(1,112,848)		
Other postemployment benefits expense	<u>(198,659)</u>		<u>(1,356,577)</u>

Change in net position of governmental activities	\$	<u><u>(2,066,925)</u></u>
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The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Water	Golf Course	Total Proprietary Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 262,756	\$ 135,089	\$ 397,845
Restricted cash	33,230	-	33,230
Accounts receivable			
Customers	1,256,351	-	1,256,351
Less: allowance for doubtful accounts	(375,457)	-	(375,457)
Prepaid expenses	-	1,220	1,220
Due from other funds	583,964	-	583,964
Inventory	-	6,639	6,639
Total current assets	<u>1,760,844</u>	<u>142,948</u>	<u>1,903,792</u>
Noncurrent Assets			
Property and equipment			
Land	8,958	670,000	678,958
Buildings and land improvement	119,808	4,775,578	4,895,386
Equipment	1,799,375	374,259	2,173,634
Infrastructure	22,566,633	-	22,566,633
Less: accumulated depreciation	<u>(13,290,768)</u>	<u>(2,763,656)</u>	<u>(16,054,424)</u>
Total noncurrent assets	<u>11,204,006</u>	<u>3,056,181</u>	<u>14,260,187</u>
Total assets	<u>12,964,850</u>	<u>3,199,129</u>	<u>16,163,979</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>685,357</u>	<u>70,293</u>	<u>755,650</u>
LIABILITIES			
Current Liabilities			
Accounts payable	454,534	116,493	571,027
Accrued salaries	23,343	3,054	26,397
Due to other funds	-	3,296,037	3,296,037
EPA loan payable	43,845	-	43,845
Lease payable	116,002	-	116,002
Bonds payable	305,000	-	305,000
Other liabilities	-	343	343
Compensated absences payable	35,423	1,796	37,219
Accrued interest payable	<u>12,075</u>	<u>-</u>	<u>12,075</u>
Total current liabilities	<u>990,222</u>	<u>3,417,723</u>	<u>4,407,945</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Continued)
DECEMBER 31, 2018

	Water	Golf Course	Total Proprietary Funds
LIABILITIES (Continued)			
Noncurrent Liabilities			
EPA loan payable	\$ 620,249	\$ -	\$ 620,249
Lease payable	334,302	-	334,302
Bonds payable	1,768,013	-	1,768,013
Net pension liability	927,937	95,173	1,023,110
	<u>3,650,501</u>	<u>95,173</u>	<u>3,745,674</u>
Total noncurrent liabilities			
	<u>3,650,501</u>	<u>95,173</u>	<u>3,745,674</u>
Total liabilities	<u>4,640,723</u>	<u>3,512,896</u>	<u>8,153,619</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>223,016</u>	<u>22,873</u>	<u>245,889</u>
NET POSITION			
Net investment in capital assets	8,016,595	3,056,181	11,072,776
Restricted for debt service	33,230	-	33,230
Unrestricted	<u>736,643</u>	<u>(3,322,528)</u>	<u>(2,585,885)</u>
Total net position	<u>\$ 8,786,468</u>	<u>\$ (266,347)</u>	<u>\$ 8,520,121</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water	Golf Course	Total
OPERATING REVENUES			
Water sales	\$ 4,945,766	\$ -	\$ 4,945,766
Sewer maintenance fees	864,234	-	864,234
Sale of water meters	14,147	-	14,147
Golf course	-	651,674	651,674
Pro shop and concessions	-	251,138	251,138
Miscellaneous	5,579	48,061	53,640
	<u>5,829,726</u>	<u>950,873</u>	<u>6,780,599</u>
OPERATING EXPENSES			
Salaries and benefits			
Full-time salaries	912,486	86,152	998,638
Part-time salaries	786	111,049	111,835
Overtime wages	80,404	-	80,404
Illinois Municipal Retirement Fund	143,842	13,655	157,497
Payroll taxes-FICA and Medicare	69,449	14,757	84,206
Employee medical insurance	314,291	16,117	330,408
Pension items related to actuary adjustments	25,478	16,316	41,794
Life/unemployment insurance	995	199	1,194
	<u>1,547,731</u>	<u>258,245</u>	<u>1,805,976</u>
Services			
Computers and software	611	1,169	1,780
Landscaping and grounds maintenance	-	356,025	356,025
Professional consulting and engineering	330,017	942	330,959
Other contractual services	10,301	-	10,301
Telephone	-	3,750	3,750
Utilities- electricity	47,689	22,970	70,659
Utilities-water	-	136,960	136,960
Utilities- other	8,271	3,698	11,969
Water billing	30,542	-	30,542
	<u>427,431</u>	<u>525,514</u>	<u>952,945</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water	Golf Course	Total
OPERATING EXPENSES (Continued)			
Supplies and materials			
Concrete/asphalt/stone	\$ 20,921	\$ -	\$ 20,921
Uniforms	-	1,995	1,995
Gasoline and oil for vehicles	14,287	25,164	39,451
Maintenance supplies	25,867	2,169	28,036
Operating supplies	-	4,340	4,340
Printing, postage, and office supplies	33,549	439	33,988
Fire hydrants	12,641	-	12,641
Safety equipment and supplies	1,869	-	1,869
Total supplies and materials	109,134	34,107	143,241
Repairs and maintenance			
Building	29,001	5,269	34,270
Equipment	3,504	427	3,931
Outside contractors	165,603	-	165,603
Vehicle	4,950	617	5,567
Total repairs and maintenance	203,058	6,313	209,371
Water from Chicago	2,437,648	-	2,437,648
Merchandise for resale	-	110,722	110,722
Miscellaneous			
Bank charges	19,837	11,760	31,597
Community events	-	210	210
Agent/Trust fees- debt service	600	-	600
Dues and subscriptions	429	340	769
Office services	-	339	339
Licenses and fees	5,046	830	5,876
Rental & leasing fees	1,486	60,493	61,979
Total miscellaneous	27,398	73,972	101,370

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water	Golf Course	Total
OPERATING EXPENSES (Continued)			
Capital expenditures			
Water meter purchases	\$ 16,780	\$ -	\$ 16,780
Building and land improvements	228,604	-	228,604
Office equipment	1,272	-	1,272
	<u>246,656</u>	<u>-</u>	<u>246,656</u>
Total capital expenditures			
Less:			
Amounts capitalized as property and equipment	(228,604)	-	(228,604)
	<u>4,770,452</u>	<u>1,008,873</u>	<u>5,779,325</u>
Operating expenses before depreciation			
Depreciation	564,817	112,032	676,849
	<u>5,335,269</u>	<u>1,120,905</u>	<u>6,456,174</u>
Total operating expenses			
Operating income (loss)	494,457	(170,032)	324,425
	<u>494,457</u>	<u>(170,032)</u>	<u>324,425</u>
NONOPERATING REVENUES (EXPENSES)			
Grant income	918,001	-	918,001
Interest income	18	38	56
Interest expense	(120,361)	-	(120,361)
Bond premium amortization	4,693	-	4,693
	<u>802,351</u>	<u>38</u>	<u>802,389</u>
Total nonoperating revenues (expenses)			
Change in net position	1,296,808	(169,994)	1,126,814
Net position at beginning of year	7,489,660	(96,353)	7,393,307
	<u>7,489,660</u>	<u>(96,353)</u>	<u>7,393,307</u>
Net position at end of year	\$ 8,786,468	\$ (266,347)	\$ 8,520,121
	<u>\$ 8,786,468</u>	<u>\$ (266,347)</u>	<u>\$ 8,520,121</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 5,937,580	\$ 950,873	\$ 6,888,453
Payment to suppliers	(3,238,963)	(670,414)	(3,909,377)
Payment to employees	(1,512,464)	(241,287)	(1,753,751)
Net cash from operating activities	<u>1,186,153</u>	<u>39,172</u>	<u>1,225,325</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of interfund loans	(121,559)	(40,090)	(161,649)
Grant income	949,562	-	949,562
Net cash from noncapital financing activities	<u>828,003</u>	<u>(40,090)</u>	<u>787,913</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(1,820,561)	-	(1,820,561)
Bond principal payments	(290,243)	-	(290,243)
IEPA loan payments	(43,302)	-	(43,302)
Lease payments	(35,982)	-	(35,982)
Installment loan	335,496	-	335,496
Interest payments	(121,610)	-	(121,610)
Net cash from capital and related financing activities	<u>(1,976,202)</u>	<u>-</u>	<u>(1,976,202)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest income	18	38	56
Net cash from investing activities	<u>18</u>	<u>38</u>	<u>56</u>
Change in cash and cash equivalents	37,972	(880)	37,092
Cash and cash equivalents at Beginning of year	<u>258,014</u>	<u>135,969</u>	<u>393,983</u>
End of year	<u><u>\$ 295,986</u></u>	<u><u>\$ 135,089</u></u>	<u><u>\$ 431,075</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 494,457	\$ (170,032)	\$ 324,425
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	564,817	112,032	676,849
Net change in pension related items	25,478	16,316	41,794
Change to asset and liabilities			
Change in customer accounts receivables	214,836	-	214,836
Change in allowance for doubtful accounts	(106,982)	-	(106,982)
Change in accounts payable	(16,242)	80,214	63,972
Change in accrued salaries	(4,104)	681	(3,423)
Change in compensated absences	13,893	(39)	13,854
Net cash from operating activities	<u><u>\$ 1,186,153</u></u>	<u><u>\$ 39,172</u></u>	<u><u>\$ 1,225,325</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2018

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 114,234
Investments	
US treasury	2,109,151
US government securities	2,309,055
US government agencies	302,710
Mutual funds	9,486,733
Corporate obligations	1,783,779
Common stock	155,730
Money market mutual funds	280,530
Receivables	
Interest receivable	48,357
Personal property replacement taxes receivable	43,654
Due from members	14,129
	<hr/>
Total assets	16,648,062
	<hr/>
LIABILITIES	
Accounts payable	11,821
	<hr/>
Total liabilities	11,821
	<hr/>
NET POSITION	
Net position held in trust for pension benefits	\$ 16,636,241
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Pension Trust Funds
ADDITIONS	
Contributions	
Employee contributions	\$ 430,456
Employer contributions	<u>2,884,154</u>
Total contributions	<u>3,314,610</u>
Investment income	
Investment income	(683,894)
Investment fees	<u>(52,072)</u>
Net investment income	<u>(735,966)</u>
Other income	<u>1,733</u>
Total additions	<u>2,580,377</u>
DEDUCTIONS	
Benefits and refunds	3,110,012
Administrative costs	<u>93,237</u>
Total deductions	<u>3,203,249</u>
Net change in plan net position	(622,872)
Net position held in trust for pension benefits at beginning of year	<u>17,259,113</u>
Net position held in trust for pension benefits at end of year	<u><u>\$ 16,636,241</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Blue Island, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

The City 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.

A. REPORTING ENTITY

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.

Component Units that are Fiduciary in Nature – The Police Pension Fund and Firefighters' Pension Fund of the City of Blue Island are Illinois local governments, as such; they are separate legal entities with their own management authority. These funds exist solely to provide pension benefits for the City's police officers and Firefighters' and their beneficiaries. The financial statements of the Pension funds as of and for the year ended December 31, 2018, are reported as pension trust funds – fiduciary funds.

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

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

B. BASIS OF PRESENTATION/ MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements:

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

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Fund Financial Statements:

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.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 accounted for in another fund.

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

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

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

The City reports the following major proprietary funds:

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

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

C. 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.

D. 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.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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 accounted for on the consumption method.

F. 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.

G. 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 acquisition 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 year
Infrastructure	40 - 60 year
Equipment	5 - 10 year

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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 calendar year can be carried over into the next calendar 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.

I. 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.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. 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.

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.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. FUND BALANCE / NET POSITION

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

Assigned fund balance has limitations resulting from intended use, where the intended use is established by the City Council.

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. Net investment in capital assets 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 net investment in capital assets.

L. 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.

M. RESTATEMENT OF NET POSITION FOR GOVERNMENTAL ACTIVITIES

The City has implemented 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. As a result, net position for governmental activities has been restated by \$13,929,090 to reflect the liability as of the beginning of the year (January 1, 2018).

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2. DEFICIT FUND EQUITY

The following Funds have deficit balances; the General Fund has a deficit fund balance of \$3,667,706, the Special Tax Increment Allocation Fund VII has a deficit fund balance of \$24,831, the Debt Service Fund has a deficit fund balance of \$18,865, and the Golf Fund has a deficit fund balance of \$266,347. Funding of these deficits is expected to be repaid from future tax revenues, transfers from other funds, and a reduction of future operating expenditures.

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 270 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.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance with the collateral held by an agent of the City in the City's name

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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 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, 2018 are with the Illinois Funds. These cash equivalents are pooled along with other participants’ monies, and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury.

Police Pension Trust Fund

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 Funds Money Market Fund, 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; 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.

Per the Fund’s investment policy, domestic equity investments shall be defined as 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 or preferred stocks, bonds, or money market instruments and exchange traded funds (ETF’s).

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Trust Fund (Continued)

The Fund's investment policy also states that international and real estate securities shall be defined as diversified 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 bank collective trusts invested in a diversified portfolio of stocks, bonds, or money market instruments and exchange traded funds.

The primary investment policies of the 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 which might be reasonably anticipated.
- c. Return on Investment – Assets will be invested to achieve attractive real rates of return. Following the Prudent Person 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 Fund's performance objective is to meet or exceed the return of the blended market indexes of 35% of the Barclays Capital Aggregate Bond Index and Custom Equity Index comprised 55% S&P 500 and 10% MSCI EAFE.

At December 31, 2018 the Police Pension Fund had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities		
		Less than One Year	One to Five Years	Six to Ten Years
U.S. Government Securities	\$ 1,961,767	\$ -	\$ 1,458,970	\$ 502,797
U.S. Treasury	1,102,959	-	1,102,959	-
Corporate Obligations	859,979	-	859,979	-
Money Market Accounts	280,530	280,530	-	-
Total	4,205,235	<u>\$ 280,530</u>	<u>\$ 3,421,908</u>	<u>\$ 502,797</u>
Investments not sensitive to interest rate risk:				
Mutual Funds	<u>7,531,927</u>			
Total Investments	<u>\$ 11,737,162</u>			

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Trust Fund (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market 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. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The 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 Fund's investment policy requires investments be rated as investment grade by one of the largest rating services. Investment grade is defined as BBB- or higher for Standard & Poor's and Baa3 or higher by Moody's Investors Service. The Fund's investments in the securities of the U.S. government agencies were rated Aaa and corporate bonds were rated A1, Aa1 or A2 by Moody's Investors Services. Standard & Poor's ratings for U.S. government agencies and corporate bonds were all A or higher ratings.

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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, 2018, the U.S. Government and Agency Securities are insured and held by the counterparty in the Fund's name. The Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the 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. The investment policy of the Fund contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Illinois Compiled Statutes Pension Code. At December 31, 2018 and 2017, the Fund has investments over 5% of total plan investments in Federal Home Loan Bank due 7/14/21. Agency investments represent a portion of the portfolio; however, the investments are diversified by maturity date and are backed by the issuing organization. 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 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 fair value measurements authoritative literature establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted market prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Fund uses the appropriate valuation techniques based on the available inputs because they generally provide the most reliable evidence of fair value. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 and Level 2 inputs were not available.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Trust Fund (Continued)

The following table presents the investments fair value measurements as of December 31, 2018:

Investment Type	Fair Value	Level 1	Level 2
		Inputs	Inputs
U.S. Government Securities	\$ 1,961,767	\$ 1,961,767	\$ -
U.S. Treasury	1,102,959	1,102,959	-
Corporate Obligations	859,979	-	859,979
Mutual Funds	7,531,927	7,531,927	-
Total	<u>\$ 11,456,632</u>	<u>\$ 10,596,653</u>	<u>\$ 859,979</u>

Firefighters' Pension Fund

Investments – Firefighters' Pension Trust Fund

The Firefighters' Pension Fund is authorized to 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. The fund may also invest in 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 Funds Money Market Fund, 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; 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 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.

Per the Fund's investment policy, domestic equity investments shall be defined as an account managed by a life insurance company authorized to do business in Illinois, comprised of real estate loans or upon real estate secured by first or second mortgages, 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 or preferred stocks, bonds, or money market instruments and exchange traded funds (ETFs), common or preferred 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, and separate accounts of a life insurance company authorized to do business in Illinois comprised of common or preferred stocks, bonds or money market instruments.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Firefighters' Pension Fund (Continued)

The primary investment objectives 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. To limit interest rate risk, the Fund's investment policy requires investments in securities that would give the fixed income portfolio a duration of within 0.25 of the Lehman Intermediate Government Bond index.

At December 31, 2018 the Firefighters' Pension Fund had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities			
		Less than One Year	One to Five Years	Six to Ten Years	Greater than Ten Years
U.S. Government Securities	\$ 347,288	\$ 99,204	\$ 148,353	\$ 99,731	\$ -
U.S. Treasury	1,006,192	99,099	485,924	421,169	-
U.S. Agencies	302,710	-	3,713	31,354	267,643
Corporate Obligations	923,800	49,597	515,485	358,718	-
Total	2,579,990	\$ 247,900	\$ 1,153,475	\$ 910,972	\$ 267,643
Investments not sensitive to interest rate risk:					
Common Stock	155,730				
Mutual Funds	1,954,806				
Total Investments	\$ 4,690,526				

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Firefighters' Pension Fund (Continued)

Credit Risk: Generally, credit risk is the risk that an issuer 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. To mitigate credit risk, the Fund's investment policy requires that no more than 20% of the portfolio may be invested in any debt issuer to the exclusion of U.S. Treasury securities and issues of FNMA, FHLMC, FHLB, and GNMA.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 Fund's investment policy requires all deposits in excess of FDIC insurance limits to be collateralized and all investments to be held by an independent third-party custodian.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Illinois Compiled Statutes Pension Code. The Fund's investment practice provides diversification by asset type, by characteristic, by number of investments, and in the case of "Investment Manager", by investment style.

The Fund's investments are reported at fair value in the accompanying statement of fiduciary net position. Gains and losses (realized and unrealized) included in changes in fiduciary net position for the year ended December 31, 2018, and 2017 are reported in net appreciation in fair value of investments.

The fair value measurements authoritative literature establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted market prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Fund uses the appropriate valuation techniques based on the available inputs because they generally provide the most reliable evidence of fair value. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 and Level 2 inputs were not available.

The following table presents the investments fair value measurements as of December 31, 2018:

Investment Type	Fair Value	Level 1	Level 2
		Inputs	Inputs
U.S. Government Securities	\$ 347,288	\$ 347,288	\$ -
U.S. Treasury	1,006,192	1,006,192	-
U.S. Agencies	302,710	-	302,710
Corporate Obligations	923,800	-	923,800
Common Stock	155,730	155,730	-
Mutual Funds	1,954,806	1,954,806	-
Total	<u>\$ 4,690,526</u>	<u>\$ 3,464,016</u>	<u>\$ 1,226,510</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

The City considers that the 2017 levy to be used to finance operations in fiscal year 2018. The 2018 levy will be used to finance operations in fiscal year 2019. The Board passed the current levy on November 27, 2018. The 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 6% of the current year's levy.

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 \$425,903 was recorded as of December 31, 2018.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 20,289,512	\$ -	\$ -	\$ 20,289,512
Construction in progress	76,741	-	76,741	-
Total capital assets not being depreciated	<u>20,366,253</u>	<u>-</u>	<u>76,741</u>	<u>20,289,512</u>
Capital assets being depreciated:				
Buildings and land improvements	15,251,351	310,954	1,435,566	14,126,739
Infrastructure	17,660,107	1,512,307	-	19,172,414
Equipment	8,454,678	60,511	-	8,515,189
Total capital assets being depreciated	<u>41,366,136</u>	<u>1,883,772</u>	<u>1,435,566</u>	<u>41,814,342</u>
Less accumulated depreciation for:				
Building and land improvements	8,272,943	369,645	-	8,642,588
Infrastructure	12,049,666	327,647	-	12,377,313
Equipment	7,526,161	196,430	-	7,722,591
Total accumulated depreciation	<u>27,848,770</u>	<u>893,722</u>	<u>-</u>	<u>28,742,492</u>
Total capital assets being depreciated, net	<u>13,517,366</u>	<u>990,050</u>	<u>1,435,566</u>	<u>13,071,850</u>
Governmental activities capital assets, net	<u>\$ 33,883,619</u>	<u>\$ 990,050</u>	<u>\$ 1,512,307</u>	<u>\$ 33,361,362</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

General government	\$ 711,476
Public safety	146,123
Public works	<u>36,123</u>
Total depreciation - governmental activities	<u><u>\$ 893,722</u></u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 678,958	\$ -	\$ -	\$ 678,958
Construction in progress	<u>135,545</u>	<u>-</u>	<u>135,545</u>	<u>-</u>
Total capital assets not being depreciated	<u>814,503</u>	<u>-</u>	<u>135,545</u>	<u>678,958</u>
Capital assets being depreciated:				
Buildings and land improvements	4,895,386	-	-	4,895,386
Infrastructure	21,038,645	1,527,988	-	22,566,633
Equipment	<u>1,745,516</u>	<u>428,118</u>	<u>-</u>	<u>2,173,634</u>
Total capital assets being depreciated	<u>27,679,547</u>	<u>1,956,106</u>	<u>-</u>	<u>29,635,653</u>
Less accumulated depreciation for:				
Building and land improvements	2,342,509	104,093	-	2,446,602
Infrastructure	11,731,702	455,345	-	12,187,047
Equipment	<u>1,303,364</u>	<u>117,411</u>	<u>-</u>	<u>1,420,775</u>
Total accumulated depreciation	<u>15,377,575</u>	<u>676,849</u>	<u>-</u>	<u>16,054,424</u>
Total capital assets being depreciated, net	<u>12,301,972</u>	<u>1,279,257</u>	<u>-</u>	<u>13,581,229</u>
Business-type activities capital assets, net	<u><u>\$ 13,116,475</u></u>	<u><u>\$ 1,279,257</u></u>	<u><u>\$ 135,545</u></u>	<u><u>\$ 14,260,187</u></u>
	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit				
Capital assets being depreciated:				
Buildings and improvements	\$ 37,490	\$ -	\$ -	\$ 37,490
Equipment	<u>225,371</u>	<u>-</u>	<u>-</u>	<u>225,371</u>
Total capital assets being depreciated	<u>262,861</u>	<u>-</u>	<u>-</u>	<u>262,861</u>
Less accumulated depreciation for:				
Buildings and improvements	12,233	1,249	-	13,482
Equipment	<u>124,936</u>	<u>15,301</u>	<u>-</u>	<u>140,237</u>
Total accumulated depreciation	<u>137,169</u>	<u>16,550</u>	<u>-</u>	<u>153,719</u>
Total capital assets being depreciated, net	<u>125,692</u>	<u>(16,550)</u>	<u>-</u>	<u>109,142</u>
Component unit capital assets, net	<u><u>\$ 125,692</u></u>	<u><u>\$ (16,550)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 109,142</u></u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018 is as follows:

Receivable Fund	Amount	Payable Fund	Amount
Governmental Activities:			
General	\$ 3,197,131	Golf Course	\$ -
General	26,752	Special Tax Increment Allocation Fund IV	26,752
General	24,422	Special Tax Increment Allocation Fund VI	24,422
General	64,970	Special Tax Increment Allocation Fund VII	64,970
General	18,865	Debt Service	18,865
General	15,000	Community Development	15,000
Motor Fuel Tax	56,817	General	56,817
Business District	60,624	General	60,624
Special Tax Increment Allocation Fund II	5,227,921	General	5,227,921
Special Tax Increment Allocation Fund III	3,655,538	General	3,655,538
Special Tax Increment Allocation Fund V	156,867	General	156,867
Police Pension Contribution	25,437	General	25,437
Fire Pension Contribution	18,217	General	18,217
Water	-	General	485,058
Special Tax Increment Allocation Fund VI	11,281	Special Tax Increment Allocation Fund V	11,281
Total Governmental Activities	<u>\$ 12,559,842</u>		<u>\$ 9,847,769</u>
Business-type Activities:			
General	\$ -	Golf Course	\$ 3,197,131
Water	485,058	General	-
Water	98,906	Golf Course	98,906
Total Business-type Activities	<u>\$ 583,964</u>		<u>\$ 3,296,037</u>

Transfers between funds for the year ended December 31, 2018 are as follows:

Transfer To	Amount	Transfer From	Amount
General	\$ 472,057	Motor Fuel Tax	\$ 472,057
Police Pension Contribution	17,750	General	17,750
Fire Pension Contribution	17,750	General	17,750
	<u>\$ 507,557</u>		<u>\$ 507,557</u>

The transfer from the Motor Fuel Tax Fund to the General Fund was made as a reimbursement for street maintenance costs. The transfers from the General Fund to the Police Pension Contribution Fund and Fire Pension Contribution Fund was made for audit and actuarial invoices paid by the City on the pension funds behalf.

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, 2018 and future scheduled lease payments are not considered material to the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8. SHORT-TERM DEBT

The City issues tax anticipation warrants to finance operations. Tax anticipation warrants activity for the year ended December 31, 2018 was as follows:

Issue	Fund Debt Retired by	Beginning Balance	Issuances	Retirements	Ending Balance
\$500,000 General Corporate Purposes Tax Anticipation Warrant, series 2017, due in one installment of \$500,000 plus interest 3.75% due September 30, 2018.					
	General	\$ 500,000	\$ -	\$ 500,000	\$ -
		<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>

NOTE 9. LONG-TERM DEBT

The following is a summary of changes in long-term liabilities during the year ended December 31, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance	Due within one year
Governmental Activities					
General obligation bonds	\$ 495,000	\$ -	\$ 110,000	\$ 385,000	\$ 110,000
IFA general obligation bond	424,477	224,130	116,608	531,999	120,159
Installment loans	232,610	-	77,373	155,237	77,373
Compensated absences	258,075	303,145	258,075	303,145	303,145
Net pension liability	43,687,114	6,041,735	-	49,728,849	-
Net other postemployment benefits obligation	<u>1,841,833</u>	<u>15,770,923</u>	<u>2,488,586</u>	<u>15,124,170</u>	<u>-</u>
Total governmental activities	<u>\$ 46,939,109</u>	<u>\$ 22,339,933</u>	<u>\$ 3,050,642</u>	<u>\$ 66,228,400</u>	<u>\$ 610,677</u>

The liabilities for compensated absences, net pension liability and net other postemployment benefits obligation for governmental activities are typically liquidated by the General Fund.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9. LONG-TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Retirements	Ending Balance	Due within one year
Business-type Activities					
General obligation bonds	\$ 2,330,000	\$ -	\$ 290,000	\$ 2,040,000	\$ 305,000
Unamortized premium	37,706	-	4,693	33,013	-
IEPA loan	707,396	-	43,302	664,094	43,845
Capital lease	150,790	-	35,982	114,808	37,102
Compensated absences	23,365	37,219	23,365	37,219	37,219
Installment loan	-	428,118	92,622	335,496	78,900
Net pension liabilities	(189,627)	1,212,737	-	1,023,110	-
Total business-type activities	<u>\$ 3,059,630</u>	<u>\$ 1,678,074</u>	<u>\$ 489,964</u>	<u>\$ 4,247,740</u>	<u>\$ 502,066</u>

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:

Issues	Beginning Balance	Increases	Decreases	Ending Balance
2011 General Obligation (Judgment Funding) Bonds, original principal \$1,100,000, semiannual principal of \$55,000 due July 1 and January 1 commencing July 1, 2012 through January 1, 2022; interest payable monthly at a rate equal to the bank rate (variable monthly interest rate).	\$ 495,000	\$ -	\$ 110,000	\$ 385,000
2006 Waterworks and Sewerage Bonds (Alternate Revenue Source), original principal \$4,635,000, annual principal due December 1 at amounts ranging from \$225,000 to \$380,000 through December 1, 2024, interest at 4.25% to 4.75%.	2,330,000	-	290,000	2,040,000
Illinois Finance Authority General Obligation bond (Alternate Revenue Source), maximum principal \$1,300,000. Semiannual interest payments, at a rate of 3.00% are due each June 1 and December 1, commencing June 1, 2017. Annual principal payments are due each December 1, commencing December 1, 2017. Amounts due are determined based on drawdowns.	424,477	224,130	116,608	531,999
	<u>\$ 3,249,477</u>	<u>\$ 224,130</u>	<u>\$ 516,608</u>	<u>\$ 2,956,999</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9. LONG-TERM DEBT (CONTINUED)

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	230,159	43,911	305,000	95,713
2020	233,819	37,182	315,000	81,606
2021	182,590	30,300	330,000	67,038
2022	241,476	22,546	345,000	51,775
2023	135,481	17,016	365,000	35,388
2024	139,607	12,951	380,000	18,050
2025	143,859	8,763	-	-
2026	148,240	4,447	-	-
	1,455,231	177,116	2,040,000	349,570
Less: amount not drawn down*	(538,232)	-	-	-
Total	<u>\$ 916,999</u>	<u>\$ 177,116</u>	<u>\$ 2,040,000</u>	<u>\$ 349,570</u>

*The schedule above includes amortization based on the IFA agreement, but the full amount of principal has not been fully drawn down.

The 2006 bonds are alternate revenue source bonds payable from the combined waterworks and sewerage system revenues. These pledges will remain until all bonds are retired or mature in fiscal year 2024. The total amount of the pledge as of December 31, 2018 is \$2,389,570, which constitutes the remaining principal and interest on the bonds. During the current fiscal year, the principal and interest on the bonds was approximately 7% of the pledged revenues.

Illinois EPA Loan

Illinois EPA loan currently outstanding is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Illinois Environmental Protection Agency Public Water Supply Loan Program: Original principal \$897,560, semiannual payments of \$26,005 including interest of 1.25% due on October 7 and April 7, commencing October 7, 2013.	<u>\$ 707,396</u>	<u>\$ -</u>	<u>\$ 43,302</u>	<u>\$ 664,094</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9. LONG-TERM DEBT (CONTINUED)

The annual debt service requirements to maturity for the Illinois EPA loan are as follows:

Year Ending December 31	Principal	Interest
2019	\$ 43,845	\$ 8,165
2020	44,394	7,615
2021	44,951	7,058
2022	45,515	6,495
2023	46,085	5,924
2024	46,663	5,346
2025	47,248	4,761
2026	47,841	4,168
2027	48,441	3,569
2028	49,048	2,961
2029	49,663	2,346
2030	50,286	1,723
2031	50,916	1,093
2032	49,198	454
Total	<u>\$ 664,094</u>	<u>\$ 61,678</u>

Installment Loans

Installment loans currently outstanding are as follows:

Issues	Beginning Balance	Increases	Decreases	Ending Balance
2017 installment loan for the purchase of police vehicles, original principal \$142,610, quarterly payments of \$17,785 through February 16, 2020, including interest payable at 4.000%	\$ 142,610	\$ -	\$ 67,373	\$ 75,237
2017 Illinois Finance Authority installment loan for the purchase of an ambulance, original principal \$100,000. Annual payments of \$10,000 due each November 1 through 2026 with interest at 0.000%.	90,000	-	10,000	80,000
2018 installment loan for the purchase of public works vehicles, original principal \$428,118, annual payments of \$92,622 through June 2022, including interest payable at 4.090%	-	428,118	92,622	335,496
	<u>\$ 232,610</u>	<u>\$ 428,118</u>	<u>\$ 169,995</u>	<u>\$ 490,733</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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NOTE 9. LONG-TERM DEBT (CONTINUED)

The annual debt service requirements to maturity for the installment loans are as follows:

Year Ending December 31	2017 Police Vehicle Loan		2017 Ambulance Loan		2018 Public Works Vehicle Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	69,135	2,006	10,000	-	78,900	13,722
2020	6,102	62	10,000	-	82,127	10,495
2021	-	-	10,000	-	85,487	7,135
2022	-	-	10,000	-	88,982	3,640
2023	-	-	10,000	-	-	-
2024	-	-	10,000	-	-	-
2025	-	-	10,000	-	-	-
2026	-	-	10,000	-	-	-
Total	<u>\$ 75,237</u>	<u>\$ 2,068</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 335,496</u>	<u>\$ 34,992</u>

Capital Lease

The City entered into a lease for the purchase of a streetsweeper during fiscal year 2016. The lease calls for semiannual payments plus interest at 3.09% payable from the Water Fund. The lease currently extends into the calendar year 2021. Total assets received under the lease amount to \$185,685.

Remaining principal and interest requirements for the capital lease are as follows:

Year Ending December 31	Amount
2019	40,365
2020	40,365
2021	<u>40,365</u>
Total minimum lease payments	121,095
Less: amount representing interest	<u>(6,287)</u>
Present value of minimum lease payments	<u>\$ 114,808</u>

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. Property damage losses, with a minor deductible for total replacement value, are insured with a commercial insurance company. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There has been no significant reduction in insurance coverage.

The City is self-insured for workers' compensation and general liability. Expenditures are recorded as incurred for payment of employee workers compensation and general liability claims and administration fees.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10. RISK MANAGEMENT (CONTINUED)

At December 31, 2018, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$45,878. The estimates are developed based on reports prepared by the administrative agent. The City does not allocate overhead costs or other non-incremental costs to the claims liability. For the two years ended December 31, 2017 and December 31, 2018, changes in the total liability for unpaid workers compensation and general liability claims are summarized as follows:

	Workers Compensation		General Liability	
	2017	2018	2017	2018
Claims payable, beginning of year	\$ 19,333	\$ 11,104	\$ 2,642	\$ 3,120
Claims incurred	22,258	111,035	3,120	10,391
Claims paid	(30,487)	(77,277)	(2,642)	(12,495)
Claims payable, end of year	<u>\$ 11,104</u>	<u>\$ 44,862</u>	<u>\$ 3,120</u>	<u>\$ 1,016</u>

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

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

NOTE 12. TAX INCREMENT REDEVELOPMENT PROJECT

The City has established Tax Increment Financing Districts II, III, IV, V, VI and VIII in December 1992, January 1994, September 2007, November 2008, September 2012 and April 2017, 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 (2018 EAV latest available), is as follows:

	Base EAV	2018 EAV
District II	\$ 9,578,727	\$17,080,954
District III	1,473,597	-
District IV	4,090,525	2,918,013
District V	11,405,303	18,714,522
District VI	933,560	1,822,342
District VII	1,466,720	1,664,925

NOTE 13. DEFERRED COMPENSATION PLAN

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

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 14. PENSION AND RETIREMENT PLAN COMMITMENTS

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

NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND

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.

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).

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.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

	<u>IMRF</u>	<u>SLEP</u>
Retirees and Beneficiaries currently receiving benefits	116	-
Inactive Plan Members entitled to but not yet receiving benefits	69	1
Active Plan Members	79	-
Total	<u>264</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 2018 was 13.57%. For calendar year 2018, the City, including component unit, contributed \$449,482 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, 2018. 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, 2017:

- 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 2.50%
- Salary Increases were expected to be 3.39% to 14.25%.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study from years 2014-2016.
- The IMRF-specific rates for Mortality Table (for non-disabled retirees) was used with a fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates 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-2017 (base year 2015). 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-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Long-term Expected Rate of Return

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 (most recent available):

Asset Class	Portfolio Target Percentage	Return 12/31/18	<u>Projected Returns/Risk</u>	
			One Year Arithmetic	Ten Year Geometric
Equities	37%	-6.08%	8.50%	7.15%
International Equities	18%	-14.16%	9.20%	7.25%
Fixed Income	28%	-25.00%	3.75%	3.75%
Real Estate	9%	8.36%	7.30%	3.25%
Alternative Investments	7%			
Private Equity		N/A	12.40%	8.50%
Hedge Funds		N/A	5.75%	5.50%
Commodities		N/A	4.75%	3.20%
Cash Equivalents	1%	N/A	2.50%	2.50%
Total	<u>100%</u>			

Single Discount Rate

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 3.71% and the resulting single discount rate is 7.25%.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Changes in the Net Pension Liability

IMRF	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2017	\$ 26,775,549	\$ 27,528,037	\$ (752,488)
Changes for the year:			
Service Cost	367,879	-	367,879
Interest on the Total Pension Liability	1,955,101	-	1,955,101
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(60,522)	-	(60,522)
Changes of Assumptions	699,542	-	699,542
Contributions- Employer	-	461,756	(461,756)
Contributions- Employee	-	149,054	(149,054)
Net Investment Income	-	(1,696,994)	1,696,994
Benefit Payments, including Refunds of Employee Contribution	(1,782,940)	(1,782,940)	-
Other (Net Transfer)	-	321,540	(321,540)
	<u>-</u>	<u>321,540</u>	<u>(321,540)</u>
Net Changes	1,179,060	(2,547,584)	3,726,644
Balances at December 31, 2018	<u>\$ 27,954,609</u>	<u>\$ 24,980,453</u>	<u>\$ 2,974,156</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

IMRF- SLEP	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 100,701	\$ 136,717	\$ (36,016)
Changes for the year:			
Service Cost	-	-	-
Interest on the Total Pension Liability	7,553	-	7,553
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	1,147	-	1,147
Changes of Assumptions	942	-	942
Contributions- Employer	-	-	-
Contributions- Employee	-	-	-
Net Investment Income	-	(697)	697
Benefit Payments, including Refunds of Employee Contribution	-	-	-
Other (Net Transfer)	-	387	(387)
Net Changes	9,642	(310)	9,952
Balances at December 31, 2018	\$ 110,343	\$ 136,407	\$ (26,064)

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 7.25% (7.25%), 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:

IMRF	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 6,129,237	\$ 2,974,156	\$ 354,200

IMRF-SLEP	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ (22,183)	\$ (26,064)	\$ (29,773)

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

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

For the year ended December 31, 2018, the City recognized pension expense of \$192,312 for IMRF and \$1,664 for IMRF-SLEP.

At December 31, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

IMRF	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 337,142
Changes of assumptions	464,738	377,653
Net difference between projected and actual earnings on pension plan investment	<u>1,731,918</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u><u>\$ 2,196,656</u></u>	<u><u>\$ 714,795</u></u>
 IMRF-SLEP	 Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investment	<u>6,050</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u><u>\$ 6,050</u></u>	<u><u>\$ -</u></u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

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:

IMRF	
Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 337,387
2020	198,565
2021	198,968
2022	745,940
2023	-
Thereafter	-
Total	<u>\$ 1,480,860</u>

IMRF-SLEP	
Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 2,368
2020	780
2021	709
2022	2,193
2023	-
Thereafter	-
Total	<u>\$ 6,050</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 16. POLICE PENSION FUND

Plan Description

Police sworn personnel of the City of Blue Island are covered by the City of Blue Island Police Pension Fund which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits, as well as the employee and employer contribution levels, are mandated by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The plan is 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.

Plan Membership as of January 1, 2018:

Retirees and Beneficiaries currently receiving benefits	32
Inactive Plan Members entitled to but not yet receiving benefits	5
Active Plan Members	35
Total	<u>72</u>

Benefits Provided

The following is a summary of the City of Blue Island Police Pension Plan as provided for in the Illinois Compiled Statutes:

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

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

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

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police office retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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NOTE 16. POLICE PENSION FUND (CONTINUED)

Contributions

Per State Statute, covered employees are required to contribute 9.91% of their base salaries. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires that the City has until the year 2040 to fund 90% of the past service costs for the Police Pension Trust Fund Plan.

Investments

Rate of Return:

For the year ended December 31, 2018, the annual money-weighted rate of return on plan investments, net of investment expense, was -4.01 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, 2018.

The measurement period for the pension expense was January 1, 2018 to December 31, 2018.

The reporting period is January 1, 2018 through December 31, 2018.

The city's net pension liability was measured as of December 31, 2018.

The total pension liability used to calculate the net pension liability was determined as of that date.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 16. POLICE PENSION FUND (CONTINUED)

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of January 1, 2018 updated to December 31, 2018 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%

Pubs-2010 Employee Mortality, projected 5 years past the valuation date with scale MP-2018. 20% of active deaths are assumed to be in the line of duty. Mortality rate for inactive lives used Pubs-2010 Healthy Retiree Mortality, projected 5 years past the valuation date with scale MP-2018. Mortality rate for beneficiaries used Pubs-2010 survivor mortality, projected 5 years past the valuation date with scale MP-2018. Mortality rate for disabled lives used Pubs-2010 disabled mortality, projected 5 years past the valuation date with scale MP-2018.

The other significant assumptions are based upon the most recent actuarial experience study performed by the State of Illinois Department of Insurance dated October 5, 2017.

The long-term expected rate of return on 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. For 2018 the inflation rate assumption of the investment advisor was 2.00%. 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, 2018 are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-term Expected Real Rate of Return
Cash	3%	0.00%
Fixed Income	32%	3.50%
Domestic Equity Large Caps	52%	3.25%
Domestic Equity Small Caps	5%	4.00%
International Developed Foreign	5%	4.75%
Real Estate	3%	4.25%
Total	100%	

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 16. POLICE PENSION FUND (CONTINUED)

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 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 4.10 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 Bond Buyer); and the resulting single discount rate is 7.00 percent.

Changes in Net Pension Liability Pension

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 38,947,869	\$ 12,049,952	\$ 26,897,917
Changes for the year:			
Service Cost	679,927	-	679,927
Interest on the Total Pension Liability	2,712,322	-	2,712,322
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(640,348)	-	(640,348)
Changes of Assumptions	1,088,982	-	1,088,982
Contributions- Employer	-	1,778,990	(1,778,990)
Contributions- Employee	-	274,014	(274,014)
Net Investment Income	-	(494,090)	494,090
Benefit Payments, including Refunds of Employee Contribution	(1,760,675)	(1,760,675)	-
Administrative Expenses	-	(48,726)	48,726
Net Changes	2,080,208	(250,487)	2,330,695
Balances at December 31, 2018	\$ 41,028,077	\$ 11,799,465	\$ 29,228,612

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 16. POLICE PENSION FUND (CONTINUED)

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 7.00%, 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:

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability	\$ 35,052,490	\$ 29,228,612	\$ 24,464,646

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

For the year ended December 31, 2018, the City recognized a Pension Expense of \$2,562,228. On December 31, 2018, the City 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
Differences between expected and actual experience	\$ -	\$ 643,155
Changes of assumptions	907,485	408,132
Net difference between projected and actual earnings on pension plan investment	909,094	-
Total deferred amounts to be recognized in pension expense in future periods	\$ 1,816,579	\$ 1,051,287

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

Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 247,290
2020	111,847
2021	105,126
2022	226,257
2023	74,772
Thereafter	-
Total	\$ 765,292

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 17. FIRE PENSION FUND

Plan Description:

Fire sworn personnel of the City of Blue Island are covered by the City of Blue Island Firefighters' Pension Fund which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits, as well as the employee and employer contribution levels, are mandated by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature.

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

Plan membership as of January 1, 2018:

Retirees and Beneficiaries currently receiving benefits	27
Inactive Plan Members entitled to but not yet receiving benefits	9
Active Plan Members	<u>26</u>
Total	<u><u>62</u></u>

Benefits Provided

The following is a summary of the City of Blue Island Firefighters' Pension Plan as provided for in the Illinois Compiled Statutes:

Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

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

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

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 17. FIRE PENSION FUND (CONTINUED)

Contributions

Per State Statute, covered employees are required to contribute 9.455% of their base salaries. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires that the City has until the year 2040 to fund 90% of the past service costs for the Firefighters' Pension Trust Fund Plan.

Investments

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended December 31, 2018, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -4.58 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, 2018.

The measurement period for the pension expense was January 1, 2018 to December 31, 2018.

The reporting period is January 1, 2018 through December 31, 2018.

The City's Net Pension Liability was measured as of December 31, 2018.

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

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 17. FIRE PENSION FUND (CONTINUED)

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of January 1, 2018 updated to December 31, 2018 using the following actuarial assumptions:

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

Mortality Rate Healthy Active Lives: Pubs-2010 Mortality Table for Employees. 10% of active deaths are assumed to be in the line of duty.

Mortality Rate Healthy Retiree Lives: Pubs-2010 Mortality Table for Healthy Retirees.

Mortality Rate Disabled Lives: Pubs-2010 Mortality Table for Disabled Retirees.

Mortality Rate Beneficiary Lives: Pubs-2010 Mortality Table for Contingent Survivors.

The mortality assumptions for all participants are sex distinct with mortality improvement projected 5 years beyond the valuation date using scale MP-2018 and a base year of 2010. We feel these assumptions sufficiently accommodate anticipated future mortality improvements.

The other significant assumptions are based upon the most recent actuarial experience study performed by the State of Illinois Department of Insurance dated October 5, 2017.

The long-term expected rate of return on 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. For 2018 the inflation rate assumption of the investment advisor was 2.0%. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	2.0%	0% to 1%
Fixed Short Govt.	10.0%	0% to 1%
Fixed Intermediate Govt.	25.0%	1% to 2%
Fixed Intermediate Corporate	19.0%	2% to 3%
Stock	44.0%	6% to 7%
Total	<u>100.0%</u>	

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 17. FIRE PENSION FUND (CONTINUED)

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 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 4.10 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 Bond Buyer); and the resulting single discount rate is 7.00 percent.

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 21,998,358	\$ 5,209,161	\$ 16,789,197
Changes for the year:			
Service Cost	407,765	-	407,765
Interest on the Total Pension Liability	1,521,202	-	1,521,202
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	561,963	-	561,963
Changes of Assumptions	840,847	-	840,847
Contributions- Employer	-	1,105,164	(1,105,164)
Contributions- Employee	-	156,442	(156,442)
Net Investment Income	-	(240,143)	240,143
Benefit Payments, including Refunds of Employee Contribution	(1,349,337)	(1,349,337)	-
Administrative Expense	-	(44,511)	44,511
Net Changes	1,982,440	(372,385)	2,354,825
Balances at December 31, 2018	\$ 23,980,798	\$ 4,836,776	\$ 19,144,022

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 17. FIRE PENSION FUND (CONTINUED)

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 7.00%, 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:

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability	<u>\$ 22,281,132</u>	<u>\$ 19,144,022</u>	<u>\$ 16,569,222</u>

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

For the year ended December 31, 2018, the City recognized a pension expense of \$1,853,227. On December 31, 2018, the City 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
Differences between expected and actual experience	\$ 935,017	\$ 541,320
Changes of assumptions	720,726	231,205
Net difference between projected and actual earnings on pension plan investment	<u>464,799</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>\$ 2,120,542</u>	<u>\$ 772,525</u>

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

Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 396,199
2020	338,649
2021	109,653
2022	143,908
2023	159,207
Thereafter	<u>200,401</u>
Total	<u>\$ 1,348,017</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 18. OTHER POSTEMPLOYMENT 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 health insurance coverage as a participant in the City's Plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than pensions, the plan does not meet the requirements for an OPEB plan administered through a trust.

Employees Covered by Benefit Terms: At December 31, 2018, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	66
Inactive Plan Members entitled to but not yet receiving benefits	-
Active Plan Members	<u>102</u>
Total	<u><u>168</u></u>

Benefits Provided: 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. Those retired 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, 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 spouse premium.

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

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	Varies by Service.
Discount Rate	3.64%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

Police and Fire Pension Plan Participants

Active Lives:

PubS-2010 Employee mortality projected five years past the valuation date using Scale MP-2018

Healthy Inactive Lives:

PubS-2010 Healthy Retiree mortality projected five years past the valuation date using Scale MP-2018.

Beneficiaries:

PubS-2010 Survivor mortality projected five years past the valuation date using Scale MP-2018.

Disabled Lives:

PubS-2010 Disabled Retiree mortality projected five years past the valuation date using Scale MP-2018.

Illinois Municipal Retirement Fund Participants

Healthy Lives

For female lives, 99% of the RP-2014 Blue Collar table was used. For male lives, a 100% of the Blue Collar RP-2014 table was used. All tables include fully generational adjustments for mortality improvements using improvement scale MP-2017.

Disabled Lives

For all disabled lives, the RP-2014 Disabled Retiree Mortality Table was used. All tables include fully generational adjustments for mortality improvements using improvement scale MP-2017.

Discount Rate:

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.64%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Municipal Bond Index with maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Change in Total OPEB Liability:

	<u>Increases and (Decreases) in Total OPEB Liability</u>
Balances at December 31, 2017	\$ 15,770,923
Changes for the year:	
Service Cost	431,024
Interest	502,667
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(986,314)
Changes of Benefit Terms	-
Contributions- Employer	-
Benefit Payments	(594,130)
Other Changes	-
Net Changes	<u>(646,753)</u>
Balances at December 31, 2018	<u>\$ 15,124,170</u>

Changes of Assumptions reflect a change in the discount rate from 3.16% for the reporting period ended December 31, 2017, to 3.64% for the reporting period ended December 31, 2018.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate:

The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.64%	3.64%	4.64%
Total OPEB Liability	<u>\$ 17,297,415</u>	<u>\$ 15,124,170</u>	<u>\$ 13,353,935</u>

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:

The following presents the Total OPEB Liability of the City, as well as what the City's total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00% - 6.50%	4.00% - 7.50%	5.00% - 8.50%
Total OPEB Liability	<u>\$ 13,135,553</u>	<u>\$ 15,124,170</u>	<u>\$ 17,611,991</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB:

For the year ended December 31, 2018, the City recognized OPEB expense of \$800,289.

On December 31, 2018, the City reported Deferred Outflows/Inflows of Resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	<u>-</u>	<u>845,412</u>
Total deferred amounts to be recognized in pension expense in future periods	<u><u>\$ -</u></u>	<u><u>\$ 845,412</u></u>

Amounts reported as Deferred Outflows/Inflows of Resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ (140,902)
2020	(140,902)
2021	(140,902)
2022	(140,902)
2023	(140,902)
Thereafter	<u>(140,902)</u>
Total	<u><u>\$ (845,412)</u></u>

NOTE 19. SUMMARY OF PENSION INFORMATION

The summary of Pension information is to consolidate the deferrals related to pensions from IMRF/SLEP (footnote 15), Police Pension (footnote 16) and Fire Pension (footnote 17) and tie the totals to the Statement of Net Position.

	<u>IMRF</u>	<u>SLEP</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
Deferred outflows of resources	\$ 2,196,656	\$ 6,050	\$ 1,816,579	\$ 2,120,542	\$ 6,139,827
Deferred inflows of resources	714,795	-	1,051,287	772,525	2,538,607

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 20. TAX ABATEMENTS

For the year ended December 31, 2018 the City rebated 50% of its share of the sales tax and 90% of the incremental TIF property tax revenues generated by a local business for the costs of acquiring and redeveloping a vacant lot under the terms of a redevelopment agreement. The abatement for the year amounted to \$ 43,199. The rebate is subject to reduction if the company does not comply with all local, state, and federal statutes relative to operating a business within the City. The agreement expires on the earlier of December 31, 2030 or the aggregate rebate of \$1,500,000.

The City also rebated incremental TIF property taxes to a local healthcare business on incremental taxes paid that exceed \$500,000 for the year under the terms of a redevelopment agreement. The abatement for the year amounted to \$0. The City is under no obligation to rebate taxes that do not exceed the threshold. The agreement expires on the earlier of November 8, 2031 or the reimbursement of total eligible redevelopment project costs.

NOTE 21. RECENT PRONOUNCEMENTS

The following pronouncements are effective for December 31, 2019 and after:

GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 22. SUBSEQUENT EVENTS

In January 2019, there was a settlement agreement in the case of Thomas v. City of Blue Island, et al. This settlement was in the amount of \$950,000, which will get paid over 7 equal installments from 2019 until 2022. In July 2019, there was a settlement agreement in the case of Haro v. City of Blue Island, et al. This settlement was in the amount of \$1,300,000, along with salary and benefits through 2020 when he will retire. On November 26, 2019, City council approved a general obligation limited tax bond series 2019 issuance of \$1,550,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FOUR FISCAL YEARS

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 367,879	\$ 446,907	\$ 434,534	\$ 444,650
Interest	1,955,101	2,000,154	1,970,691	1,939,318
Change of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(60,522)	(475,962)	(344,654)	(290,772)
Changes in Assumptions	699,542	(813,574)	(30,866)	31,044
Benefit Payments, including Refunds of Employee Contributions	<u>(1,782,940)</u>	<u>(1,654,494)</u>	<u>(1,701,750)</u>	<u>(1,629,851)</u>
Net Change in Total Pension Liability	1,179,060	(496,969)	327,955	494,389
Total Pension Liability - Beginning	<u>26,775,549</u>	<u>27,272,518</u>	<u>26,944,563</u>	<u>26,450,174</u>
Total Pension Liability - Ending (A)	<u>\$ 27,954,609</u>	<u>\$ 26,775,549</u>	<u>\$ 27,272,518</u>	<u>\$ 26,944,563</u>
PLAN FIDUCIARY NET POSITION				
Contributions-Employer	\$ 461,756	\$ 567,359	\$ 600,448	\$ 597,843
Contributions-Employee	149,054	177,917	183,811	232,918
Net Investment Income	(1,696,994)	4,515,172	1,609,690	120,436
Benefit Payments, including Refunds of Employee Contributions	(1,782,940)	(1,654,494)	(1,701,750)	(1,629,851)
Other	<u>321,540</u>	<u>(540,150)</u>	<u>147,811</u>	<u>(185,890)</u>
Net change in Plan Fiduciary Net Position	(2,547,584)	3,065,804	840,010	(864,544)
Plan Fiduciary Net Position - Beginning	<u>27,528,037</u>	<u>24,462,233</u>	<u>23,622,223</u>	<u>24,486,767</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 24,980,453</u>	<u>\$ 27,528,037</u>	<u>\$ 24,462,233</u>	<u>\$ 23,622,223</u>
NET PENSION LIABILITY - ENDING (A) - (B)	<u>\$ 2,974,156</u>	<u>\$ (752,488)</u>	<u>\$ 2,810,285</u>	<u>\$ 3,322,340</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.36%	102.81%	89.70%	87.67%
Covered-Employee Payroll	\$ 3,312,321	\$ 3,953,724	\$ 4,084,680	\$ 4,177,805
Net Pension Liability as a Percentage of Covered-Employee Payroll	89.79%	-19.03%	68.80%	79.52%

Notes to Schedule:

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

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND-SLEP
LAST FOUR FISCAL YEARS

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
TOTAL PENSION LIABILITY				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	7,553	4,622	4,299	3,999
Change of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	1,147	34,391	1	1
Changes in Assumptions	942	62	-	-
Benefit Payments, including Refunds of Employee Contributions	-	-	-	-
Net Change in Total Pension Liability	9,642	39,075	4,300	4,000
Total Pension Liability - Beginning	100,701	61,626	57,326	53,326
Total Pension Liability - Ending (A)	<u>\$ 110,343</u>	<u>\$ 100,701</u>	<u>\$ 61,626</u>	<u>\$ 57,326</u>
PLAN FIDUCIARY NET POSITION				
Contributions-Employer	\$ -	\$ -	\$ -	\$ -
Contributions-Employee	-	-	-	-
Net Investment Income	(697)	16,453	8,069	579
Benefit Payments, including Refunds of Employee Contributions	-	-	-	-
Other	387	(258)	230	(4,115)
Net change in Plan Fiduciary Net Position	(310)	16,195	8,299	(3,536)
Plan Fiduciary Net Position - Beginning	136,717	120,522	112,223	115,759
Plan Fiduciary Net Position - Ending (B)	<u>\$ 136,407</u>	<u>\$ 136,717</u>	<u>\$ 120,522</u>	<u>\$ 112,223</u>
NET PENSION LIABILITY - ENDING (A) - (B)	<u>\$ (26,064)</u>	<u>\$ (36,016)</u>	<u>\$ (58,896)</u>	<u>\$ (54,897)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	123.62%	135.77%	195.57%	195.76%
Covered-Employee Payroll	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

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

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
POLICE PENSION FUND
LAST FOUR FISCAL YEARS

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 679,927	\$ 726,660	\$ 704,304	\$ 680,338
Interest	2,712,322	2,648,675	2,545,604	2,442,326
Change of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(640,348)	(94,231)	(116,773)	-
Changes in Assumptions	1,088,982	(612,198)	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,760,675)	(1,665,189)	(1,700,906)	(1,641,553)
Net Change in Total Pension Liability	2,080,208	1,003,717	1,432,229	1,481,111
Total Pension Liability - Beginning	38,947,869	37,944,152	36,511,923	35,030,812
Total Pension Liability - Ending (A)	<u>\$ 41,028,077</u>	<u>\$ 38,947,869</u>	<u>\$ 37,944,152</u>	<u>\$ 36,511,923</u>
PLAN FIDUCIARY NET POSITION				
Contributions-Employer	\$ 1,778,990	\$ 1,549,657	\$ 1,451,138	\$ 1,393,531
Contributions-Employee	274,014	272,180	266,787	272,545
Net Investment Income	(494,090)	1,350,264	549,978	22,529
Benefit Payments, including Refunds of Employee Contributions	(1,760,675)	(1,665,189)	(1,700,906)	(1,641,553)
Administrative Expenses	(48,726)	(31,842)	(38,706)	(30,316)
Other	-	-	-	-
Net change in Plan Fiduciary Net Position	(250,487)	1,475,070	528,291	16,736
Plan Fiduciary Net Position - Beginning	12,049,952	10,574,883	10,015,962	9,999,226
Adjustment to Beginning of Year	-	(1)	30,630	-
Plan Fiduciary Net Position - Ending (B)	<u>\$ 11,799,465</u>	<u>\$ 12,049,952</u>	<u>\$ 10,574,883</u>	<u>\$ 10,015,962</u>
NET PENSION LIABILITY - ENDING (A) - (B)	<u>\$ 29,228,612</u>	<u>\$ 26,897,917</u>	<u>\$ 27,369,269</u>	<u>\$ 26,495,961</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.76%	30.94%	27.87%	27.43%
Covered-Employee Payroll	\$ 2,765,025	\$ 2,746,519	\$ 2,692,099	\$ 2,728,224
Net Pension Liability as a Percentage of Covered-Employee Payroll	1057.08%	979.35%	1016.65%	971.18%

Notes to Schedule:

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

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND
LAST FIVE FISCAL YEARS

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	April 30, 2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 407,765	\$ 415,552	\$ 389,787	\$ 222,555	\$ 372,458
Interest	1,521,202	1,499,278	1,517,922	938,174	1,365,783
Change of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	561,963	35,329	(947,307)	1,284,305	-
Changes in Assumptions	840,847	(323,689)	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,349,337)	(1,261,624)	(1,243,408)	(819,391)	(1,172,182)
Net Change in Total Pension Liability	1,982,440	364,846	(283,006)	1,625,643	566,059
Total Pension Liability - Beginning	21,998,358	21,633,512	21,916,518	20,290,875	19,724,816
Total Pension Liability - Ending (A)	<u>\$ 23,980,798</u>	<u>\$ 21,998,358</u>	<u>\$ 21,633,512</u>	<u>\$ 21,916,518</u>	<u>\$ 20,290,875</u>
PLAN FIDUCIARY NET POSITION					
Contributions-Employer	\$ 1,105,164	\$ 949,612	\$ 827,078	\$ 414,265	\$ 620,292
Contributions-Employee	156,442	151,166	149,420	102,431	151,368
Net Investment Income	(240,143)	507,247	260,486	(47,070)	334,367
Benefit Payments, including Refunds of Employee Contributions	(1,349,337)	(1,261,624)	(1,243,408)	(819,391)	(1,172,182)
Administrative Expenses	(44,511)	(33,282)	(38,197)	(35,437)	(26,586)
Other	-	-	-	-	-
Net change in Plan Fiduciary Net Position	(372,385)	313,119	(44,621)	(385,202)	(92,741)
Plan Fiduciary Net Position - Beginning	5,209,161	4,896,633	4,941,254	5,806,684	5,899,425
Receivable Adjustment	-	(591)	-	(480,228)	-
Plan Fiduciary Net Position - Ending (B)	<u>\$ 4,836,776</u>	<u>\$ 5,209,161</u>	<u>\$ 4,896,633</u>	<u>\$ 4,941,254</u>	<u>\$ 5,806,684</u>
NET PENSION LIABILITY - ENDING (A) - (B)	<u>\$ 19,144,022</u>	<u>\$ 16,789,197</u>	<u>\$ 16,736,879</u>	<u>\$ 16,975,264</u>	<u>\$ 14,484,191</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	20.17%	23.68%	22.63%	22.55%	28.62%
Covered-Employee Payroll	\$ 1,654,595	\$ 1,598,794	\$ 1,580,328	\$ 1,592,913	\$ 1,497,091
Net Pension Liability as a Percentage of Covered-Employee Payroll	1157.02%	1050.12%	1059.08%	1065.67%	967.49%

Notes to Schedule:

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

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB
LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2018

	December 31, 2018
TOTAL OPEB LIABILITY	
Service Cost	\$ 431,024
Interest	502,667
Change of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	(986,314)
Benefit Payments	(594,130)
	<hr/>
Net Change in Total Pension Liability	(646,753)
Total OPEB Liability - Beginning	<hr/> 15,770,923
Total OPEB Liability - Ending	<hr/> \$ 15,124,170 <hr/>
Covered-Employee Payroll	\$ 6,715,604
Net Pension Liability as a Percentage of Covered-Employee Payroll	225.21%

Notes to Schedule:

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending December 31, 2018:	3.64%
Fiscal Year Ending December 31, 2017:	3.16%

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

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FOUR FISCAL YEARS

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarially Determined Contribution	\$ 449,482 *	\$ 567,359	\$ 600,448	\$ 597,844
Contributions in Relation to the Actuarially Determined Contribution	461,756	567,359	600,448	597,843
Contribution Deficiency (Excess)	<u>\$ (12,274)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Covered-Employee Payroll	\$ 3,312,321	\$ 3,953,724	\$ 4,084,680	\$ 4,177,805
Contributions as a Percentages of Covered-Employee Payroll	13.94%	14.35%	14.70%	14.31%

* Estimated based on contribution rate of 13.57% and covered valuation payroll of \$3,312,321.

Valuation Date:

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 2018 Contribution Rates:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	Taxing bodies (Regular, SLEP, and ECO groups): 25-year closed period Early retirement Incentive Plan liabilities; a period up to 10 years selected by the Employer upon adoption of ERI
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%
Salary Increases:	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (based year 2012). The IMRF specific rates 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 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

Notes to Schedule:

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

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND-SLEP
LAST FOUR FISCAL YEARS

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarially Determined Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentages of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

Valuation Date:

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 2018 Contribution Rates:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%
Salary Increases:	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (based year 2012). The IMRF specific rates 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 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

Notes to Schedule:

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

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
LAST FOUR FISCAL YEARS

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarially Determined Contribution	\$ 2,219,180	\$ 2,183,443	\$ 1,983,274	\$ 1,828,354
Contributions in Relation to the Actuarially Determined Contribution	1,778,990	1,549,657	1,451,138	1,393,531
Contribution Deficiency (Excess)	<u>\$ 440,190</u>	<u>\$ 633,786</u>	<u>\$ 532,136</u>	<u>\$ 434,823</u>
Covered-Employee Payroll	\$ 2,765,025	\$ 2,746,519	\$ 2,692,099	\$ 2,728,224
Contributions as a Percentages of Covered-Employee Payroll	64.34%	56.42%	53.90%	51.08%

Notes to Schedule of Contributions

Valuation Date: 1/1/2018 1/1/2017 1/1/2016 N/A
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 contribution rates:

Funding Method	Entry-age normal
Amortization Method	Level percentage of payroll; 100% through 2040
Mortality Rate	RP-2000 Combined Healthy Mortality, projected to the valuation date with Scale BB.
Disabled Mortality Rate	RP-2000 Disabled Retiree Mortality, projected to the valuation date with Scale BB.
Interest Rate	7.00% per year compounded annually, net of investment related expenses
Salary Increases	3.50% to 11.00%, depending on years of service
Inflation	2.50%
Cost of Living Adjustments	Tier 1: 30% per after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3% for each full month since benefit commencement upon reaching age 55. Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.
Marital Status	80% of the 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
Retirement Age, Disability Rate, and Termination Rate:	

% Terminating During the Year		% Becoming Disabled During the Year		% Retiring During the Year (Tier 1)		% Retiring During the Year (Tier 2)	
Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	14.00%	20	0.00%	50-51	0.00%	50-54	5.00%
25	10.40%	25	0.03%	52-54	20.00%	55	40.00%
30	5.60%	30	0.14%	55-64	25.00%	56-64	25.00%
35	3.10%	35	0.26%	65-69	33.00%	65-69	40.00%
40	1.90%	40	0.42%	70+	50.00%	70+	100.00%
45	1.50%	45	0.59%				
50	1.50%	50	0.71%				
56+	0.00%	55	0.90%				
		60	1.15%				

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

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND
LAST FOUR FISCAL YEARS

	December 31, 2017	December 31, 2017	December 31, 2016	December 31, 2015	April 30, 2015
Actuarially Determined Contribution	\$ 1,450,782	\$ 1,344,770	\$ 1,204,671	\$ 730,545	\$ 946,532
Contributions in Relation to the Actuarially Determined Contribution	1,105,164	949,612	827,078	414,265	620,292
Contribution Deficiency (Excess)	<u>\$ 345,618</u>	<u>\$ 395,158</u>	<u>\$ 377,593</u>	<u>\$ 316,280</u>	<u>\$ 326,240</u>
Covered-Employee Payroll	\$ 1,654,595	\$ 1,598,794	\$ 1,580,328	\$ 1,592,913	\$ 1,497,091
Contributions as a Percentages of Covered-Employee Payroll	66.79%	59.40%	52.34%	26.01%	41.43%

Notes to Schedule of Contributions

Valuation Date: 1/1/2018 1/1/2017 1/1/2016 5/1/2015 N/A
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 contribution rates:

Funding Method	Entry-age normal
Amortization Method	Level percentage of payroll; 100% through 2040
Mortality Rate	RP-2000 Combined Healthy Mortality, projected to the valuation date with Scale BB. with Scale BB. 20 % of active deaths are assumed to be in the line of duty.
Disabled Mortality Rate	RP-2000 Disabled Retiree Mortality, sex distinct projected to the valuation date with Scale BB.
Interest Rate	7.00% per year compounded annually, net of investment related expenses
Salary Increases	3.50% to 12.50%, depending on years of service
Inflation	2.50%
Cost of Living Adjustment	Tier 1: 30% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3% for each full month since benefit commencement upon reaching age 55. Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.
Payroll Growth	3.50% per year
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
Retirement Age, Disability Rate, and Termination Rate:	

% Terminating During the Year		% Becoming Disabled During the Year		% Retiring During the Year (Tier 1)		% Retiring During the Year (Tier 2)	
Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	7.00%	20	0.01%	50-51	10.00%	50-54	3.00%
25	5.80%	25	0.02%	52-53	12.00%	55	30.00%
30	3.50%	30	0.07%	54-55	15.00%	56-59	20.00%
35	1.75%	35	0.22%	56-59	20.00%	60-62	25.00%
40	1.10%	40	0.42%	60-62	25.00%	63-64	33.00%
45	1.00%	45	0.65%	63-64	33.00%	65-69	50.00%
50	1.00%	50	0.90%	65-69	50.00%	70+	100.00%
55+	0.00%	55	1.24%	70+	100.00%		
		60	1.58%				

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

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND
LAST FOUR FISCAL YEARS

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Annual money-weighted rate of return, Net of investment expenses	-4.01%	12.79%	5.41%	N/A

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

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND
LAST FIVE FISCAL YEARS

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>4/30/2015</u>
Annual money-weighted rate of return, Net of investment expenses	-4.58%	10.34%	5.32%	N/A	N/A

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

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 3,526,571	\$ 3,076,193
Personal property replacement tax	275,000	183,507
Other taxes	3,165,000	3,582,534
Licenses	839,000	819,040
Permits	340,000	370,608
Fines and forfeitures	543,400	572,661
Intergovernmental	4,520,000	2,294,596
Interest	7,200	21,644
Other	3,012,400	3,645,397
	<hr/>	<hr/>
Total Revenues	16,228,571	14,566,180
	<hr/>	<hr/>
EXPENDITURES		
Current:		
General government	5,728,789	4,714,445
Public safety	7,606,490	6,789,560
Public works	3,448,250	2,287,717
Capital outlay	1,310,000	885,810
Debt service		
Principal	577,400	77,373
Interest and fiscal charges	18,800	18,559
	<hr/>	<hr/>
Total Expenditures	18,689,729	14,773,464
	<hr/>	<hr/>
Excess (Deficiency) of Revenues over (under) Expenditures	(2,461,158)	(207,284)
OTHER FINANCING SOURCES (USES)		
Loan proceeds	500,000	-
Bond proceeds	775,000	224,130
Transfers in	550,000	472,057
Transfers out	-	(35,500)
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	1,825,000	660,687
	<hr/>	<hr/>
Net change in fund balance	\$ (636,158)	453,403
	<hr/>	<hr/>
Fund balance (deficit) at beginning of year		(4,121,109)
		<hr/>
Fund balance (deficit) at end of year		\$ (3,667,706)
		<hr/>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

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. All annual appropriations lapse at year end.

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 March 22, 2018.
- 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.

For the year ended December 31, 2018, there were no supplemental appropriations.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 3,526,571	\$ 3,076,193
Personal property replacement tax	275,000	183,507
Other taxes		
Sales tax	1,320,000	1,408,539
Use tax	575,000	686,563
Utility taxes	1,055,000	1,192,831
Video gaming tax	215,000	294,601
Total taxes	<u>6,966,571</u>	<u>6,842,234</u>
Licenses		
Vehicle	590,000	566,958
Business	114,000	142,775
Contractors	25,000	200
Animal	1,000	680
Building & housing inspections	100,000	98,715
Elevator inspections	9,000	9,712
Total licenses	<u>839,000</u>	<u>819,040</u>
Permits		
Building	254,000	291,507
Electrical	23,000	22,177
Other	63,000	56,924
Total permits	<u>340,000</u>	<u>370,608</u>
Fines and forfeitures		
Police	465,200	487,824
Building violations	50,000	73,555
Compliance court	28,200	11,282
Total fines	<u>543,400</u>	<u>572,661</u>
Intergovernmental		
State income tax	2,400,000	2,286,771
Grants	2,120,000	7,825
Total intergovernmental	<u>4,520,000</u>	<u>2,294,596</u>
Interest	<u>7,200</u>	<u>21,644</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES (Continued)	<u>Original and Final Budget</u>	<u>Actual</u>
Other		
Ambulance user fees	\$ 460,000	\$ 483,874
City parking lots	140,000	215,498
Maintenance of state roads and traffic signals	110,000	115,517
Towing fees	113,600	98,950
Engineering	1,100	55,274
Alarm security fees	5,900	-
Reimbursements	54,100	436,608
Rent/lease/sale property	69,200	93,054
Sanitation and recycling fees	1,550,000	1,586,491
Television franchise fees	200,000	186,882
Telephone franchise fees	76,000	48,494
Telephone surcharges-911 system	95,000	-
Vital statistics	41,100	34,644
Miscellaneous	<u>96,400</u>	<u>290,111</u>
Total other	<u>3,012,400</u>	<u>3,645,397</u>
Total revenues	<u>16,228,571</u>	<u>14,566,180</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES		
General Government		
Administration		
Salaries and benefits		
Mayor's office		
Full-time salaries	\$ 52,700	\$ 68,128
Part-time salaries	33,600	16,800
Finance		
Full-time salaries	233,473	237,823
Part-time salaries	10,600	5,300
Overtime salaries	-	119
Clerk's office		
Full-time salaries	82,416	83,322
General Government		
Full-time salaries	62,000	62,637
Part-time salaries	32,000	29,166
Aldermen salaries	86,800	87,037
Illinois Municipal Retirement Fund	63,900	62,388
Payroll taxes-FICA and Medicare	46,050	43,299
Unemployment insurance	20,000	13,331
	<u>723,539</u>	<u>709,350</u>
Services		
Professional fees	75,000	56,800
Computers and software	136,675	120,320
Legal	500,000	639,195
Other	37,200	148,353
Professional consulting and engineering	285,250	320,915
Telephone	140,000	123,520
Utilities-gas	500	1,788
Training	250	280
	<u>1,174,875</u>	<u>1,411,171</u>
Supplies and materials		
Board up expense	18,000	19,635
Maintenance supplies	5,000	1,943
Operating supplies	50	41
Printing, postage, and office supplies	7,900	7,386
Vehicle sticker program	18,000	14,807
	<u>48,950</u>	<u>43,812</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
General Government (Continued)		
Administration (Continued)		
Repairs and maintenance		
Equipment	\$ 11,150	\$ 1,077
Lot/property maintenance	25,000	307
	<u>36,150</u>	<u>1,384</u>
Total repairs and maintenance		
Miscellaneous		
Bank service charges	23,000	21,020
Dues and subscriptions	35,675	34,171
Employee/office services	1,500	1,256
Legal notices	2,800	2,784
Library personal property replacement taxes	55,000	-
Licenses and payroll service fees	57,500	54,361
Meetings and seminars	1,000	1,304
Rental and leasing	1,100	1,140
Travel/transportation	350	243
Grant pass through expenditures	50,000	-
Other	96,700	19,067
	<u>324,625</u>	<u>135,346</u>
Total miscellaneous		
Total administration	<u>2,308,139</u>	<u>2,301,063</u>
Building Department		
Salaries and benefits		
Full-time salaries	110,000	115,721
Part-time salaries	136,000	71,480
Overtime salaries	1,000	3,977
Illinois Municipal Retirement Fund	26,000	20,664
Payroll taxes-FICA and Medicare	18,500	13,484
Unemployment insurance	20,000	4,633
Uniforms	600	-
	<u>312,100</u>	<u>229,959</u>
Total salaries and benefits		
Services		
Computers and software	1,000	193
Professional consulting and engineering	25,000	21,900
Legal notices	1,000	-
Training	2,500	-
	<u>29,500</u>	<u>22,093</u>
Total services		

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
General Government (Continued)		
Building Department (Continued)		
Supplies and materials		
Gasoline and oil for vehicles	\$ 2,500	\$ 2,800
Printing, postage, and office supplies	8,250	6,878
	<u>10,750</u>	<u>9,678</u>
Total supplies and materials		
	<u>10,750</u>	<u>9,678</u>
Repairs and maintenance		
Elevator inspections	4,000	3,316
Equipment	9,400	6,733
Vehicle	4,750	2,564
	<u>18,150</u>	<u>12,613</u>
Total repairs and maintenance		
	<u>18,150</u>	<u>12,613</u>
Miscellaneous		
Dues and subscriptions	600	370
Meetings and seminars	1,000	200
Travel/transportation	100	-
Grant pass through exp	-	63,255
	<u>1,700</u>	<u>63,825</u>
Total miscellaneous		
	<u>1,700</u>	<u>63,825</u>
Total building department	<u>372,200</u>	<u>338,168</u>
Planning Department		
Services		
Computers and software	500	212
Professional consulting and engineering	10,000	-
Training	500	-
Other	-	97
	<u>11,000</u>	<u>309</u>
Total services		
	<u>11,000</u>	<u>309</u>
Supplies and materials		
Printing, postage, and office supplies	900	192
	<u>900</u>	<u>192</u>
Total supplies and materials		
	<u>900</u>	<u>192</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
General Government (Continued)		
Planning Department (Continued)		
Miscellaneous		
Dues and subscriptions	\$ 1,000	\$ -
Meetings and seminars	1,000	-
Legal notice	1,000	295
Pass through grant expenditures	100,000	-
Travel/transportation	500	-
	<u>103,500</u>	<u>295</u>
Total miscellaneous		
	<u>115,400</u>	<u>796</u>
Total planning department		
Insurance Department		
Employee insurance benefits		
Employee medical insurance	1,655,000	1,508,655
Life/unemployment insurance	11,000	9,712
	<u>1,666,000</u>	<u>1,518,367</u>
Total employee insurance benefits		
Services		
Auto/property damage claims	30,000	-
Insurance-buildings/vehicles	85,000	80,781
Insurance fees	40,000	32,362
Liability claim expense	100,000	110,853
Personal injury claims	600,000	89,759
Workers compensation disability medical claims	150,000	17,587
Accident claims	-	72,379
	<u>1,005,000</u>	<u>403,721</u>
Total services		
Total insurance department	<u>2,671,000</u>	<u>1,922,088</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
General Government (Continued)		
Marketing Department		
Salaries and benefits		
Part-time salaries	\$ 25,000	\$ 23,786
Illinois Municipal Retirement Fund	3,100	2,960
Payroll taxes-FICA and Medicare	1,800	1,817
	<u>29,900</u>	<u>28,563</u>
Total salaries and benefits		
	<u>29,900</u>	<u>28,563</u>
Services		
Professional consulting	40,000	-
	<u>40,000</u>	<u>-</u>
Total services		
	<u>40,000</u>	<u>-</u>
Supplies and materials		
Printing, postage, and office supplies	1,600	785
Computers and software	750	-
	<u>2,350</u>	<u>785</u>
Total supplies and materials		
	<u>2,350</u>	<u>785</u>
Miscellaneous		
Advertising and marketing	25,000	2,063
Community promotions	50,000	9,405
Meetings and seminars	250	-
	<u>75,250</u>	<u>11,468</u>
Total miscellaneous		
	<u>75,250</u>	<u>11,468</u>
Total marketing department	<u>147,500</u>	<u>40,816</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
General Government (Continued)		
Rec Center Department		
Salaries and benefits		
Full-time salaries	\$ 51,650	\$ 51,698
Part-time salaries	14,500	25,409
Overtime salaries	-	38
Illinois Municipal Retirement Fund	7,100	6,874
Payroll taxes-FICA and Medicare	5,100	5,606
	<u>78,350</u>	<u>89,625</u>
Services		
Telephone	3,000	2,002
Utilities	1,200	1,584
	<u>4,200</u>	<u>3,586</u>
Total supplies and materials		
Supplies and materials		
Printing, postage, and office supplies	4,500	496
Maintenance supplies	2,000	1,999
Operating supplies	1,000	449
Small equipment	10,000	6,107
	<u>17,500</u>	<u>9,051</u>
Total supplies and materials		
Repairs and maintenance		
Equipment	2,000	1,520
Building and maintenance repair	2,000	916
Outside contractors	1,000	1,687
	<u>5,000</u>	<u>4,123</u>
Total repairs and maintenance		
Miscellaneous		
Employee/office services	500	227
Rental and leasing	4,000	2,284
Community promotions	5,000	2,618
	<u>9,500</u>	<u>5,129</u>
Total miscellaneous		
Total rec center department	<u>114,550</u>	<u>111,514</u>
Total general government	<u>5,728,789</u>	<u>4,714,445</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety		
Police Department		
Salaries and benefits		
Officers		
Full-time salaries	\$ 3,033,000	\$ 2,861,856
Overtime salaries	240,000	232,774
Records and desk clerks		
Full-time salaries	400,000	371,239
Part-time salaries	33,000	21,498
Overtime salaries	34,000	21,008
Part-time police	135,000	134,857
Part-time overtime salaries	-	425
Illinois Municipal Retirement Fund-police clerks	55,400	51,849
Payroll taxes-FICA and Medicare	91,500	80,837
Illinois Municipal Retirement Fund	1,100	301
	<u>4,023,000</u>	<u>3,776,644</u>
Total salaries and benefits		
Services		
Animal care	4,800	4,833
Computers and software	36,000	46,351
Legal Fees	15,000	3,194
Prisoner care	2,000	1,493
Professional consulting	6,500	-
Telephone	11,000	11,639
Training	20,000	25,927
Utilities	150	155
	<u>95,450</u>	<u>93,592</u>
Total services		

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety (Continued)		
Police Department (Continued)		
Supplies and materials		
Ammunition/guns	\$ 5,000	\$ 5,167
Gasoline and oil for vehicles	72,000	74,503
Maintenance supplies	2,500	2,304
Operating supplies	2,250	1,339
Printing, postage, and office supplies	17,000	15,502
Radios/radio equipment	188,000	-
Small equipment	1,500	420
Tools Expense	500	500
Uniforms	6,500	2,142
	<u>295,250</u>	<u>101,877</u>
Total supplies and materials		
Repairs and maintenance		
Building	40,000	24,671
Equipment	58,500	34,875
Vehicle	55,500	34,359
	<u>154,000</u>	<u>93,905</u>
Total repairs and maintenance		
Miscellaneous		
Collection services		
Community promotions	500	490
Dues and subscriptions	3,000	3,005
Licenses/fees	5,500	2,486
Meetings and seminars	750	408
Travel/transportation	2,500	302
	<u>12,250</u>	<u>6,691</u>
Total miscellaneous		
Total police department	<u>4,579,950</u>	<u>4,072,709</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety (Continued)		
9-1-1 Department		
Salaries and benefits		
Full-time salaries	\$ 31,850	\$ 32,563
Part-time salaries	-	114
Illinois Municipal Retirement Fund	-	185
Payroll taxes-FICA and Medicare	2,500	3,451
Unemployment insurance	63,800	26,958
	<u>98,150</u>	<u>63,271</u>
Total salaries and benefits		
Services		
Computers and software	-	423
Telephone	144,000	174,231
Utilities	-	93
Other contractual services	400,000	294,877
	<u>544,000</u>	<u>469,624</u>
Total services		
Repairs and maintenance		
Equipment	-	1,095
	<u>-</u>	<u>1,095</u>
Total repairs and maintenance		
Miscellaneous		
Licenses and fees	7,000	192
	<u>7,000</u>	<u>192</u>
Total miscellaneous		
Total 9-1-1 department	<u>649,150</u>	<u>534,182</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety (Continued)		
Fire Department		
Salaries and benefits		
Full-time salaries	\$ 1,840,000	\$ 1,775,511
Overtime salaries	85,000	109,254
Illinois Municipal Retirement Fund	5,700	5,326
Payroll taxes-FICA and Medicare	30,000	24,335
	<u>1,960,700</u>	<u>1,914,426</u>
Total salaries and benefits		
Services		
Ambulance processing fee	40,000	49,354
Computers and software	6,000	5,596
Professional consulting	3,000	(2,701)
Telephone	1,000	1,735
Utilities	1,200	1,065
Training	3,250	2,218
	<u>54,450</u>	<u>57,267</u>
Total services		
Supplies and materials		
Gasoline and oil for vehicles	2,900	3,341
Maintenance supplies	3,000	2,469
Operating supplies	8,000	3,629
Printing, postage, and office supplies	2,900	1,707
Small equipment	24,490	28,509
Uniforms	8,500	7,935
	<u>49,790</u>	<u>47,590</u>
Total supplies and materials		
Repairs and maintenance		
Building	10,000	11,522
Equipment	5,700	4,674
Vehicle	43,250	88,429
	<u>58,950</u>	<u>104,625</u>
Total repairs and maintenance		

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety (Continued)		
Fire Department (Continued)		
Miscellaneous		
Community promotions	\$ 750	\$ 158
Dues and subscriptions	4,500	3,999
Employee/office services	1,000	-
Licenses/fees	250	-
Meetings and seminars	1,000	-
Physical exams	7,000	10,574
Rentals and leasing fees	250	268
Travel/transportation	-	52
Grant pass through expenditures	120,000	-
	<u>134,750</u>	<u>15,051</u>
Total miscellaneous	134,750	15,051
	<u>2,258,640</u>	<u>2,138,959</u>
Total fire department	2,258,640	2,138,959
Civil Service Commission		
Professional consulting	1,000	-
Personnel hiring/exams	80,000	16,157
Legal fees	7,500	555
Legal notices	500	845
	<u>89,000</u>	<u>17,557</u>
Total civil service commission	89,000	17,557
Emergency Management		
Services		
Training	2,000	2,000
Other	12,000	11,585
	<u>14,000</u>	<u>13,585</u>
Total services	14,000	13,585
Supplies and materials		
Uniforms	1,000	55
Tool expense	2,000	2,019
Printing, postage, and office supplies	500	133
Gasoline and oil for vehicles	500	485
Computers and software	1,000	430
Small equipment	1,000	-
Building and street signs	750	811
	<u>6,750</u>	<u>3,933</u>
Total Supplies	6,750	3,933

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety (Continued)		
Emergency Management (Continued)		
Repairs and maintenance		
Equipment	\$ 1,000	\$ 6,121
Vehicle	6,500	1,750
	<u>7,500</u>	<u>7,871</u>
Total repairs and maintenance		
	<u>7,500</u>	<u>7,871</u>
Miscellaneous		
Meals	1,000	764
Dues and memberships	500	-
	<u>1,500</u>	<u>764</u>
Total miscellaneous		
	<u>1,500</u>	<u>764</u>
Total emergency management department	<u>29,750</u>	<u>26,153</u>
Total public safety	<u>7,606,490</u>	<u>6,789,560</u>
Public Works		
Salaries and benefits		
Full-time salaries	485,000	426,924
Part-time salaries	10,000	6,670
Overtime salaries	25,000	32,936
Illinois Municipal Retirement Fund	70,000	61,555
Payroll taxes-FICA and Medicare	39,300	32,252
	<u>629,300</u>	<u>560,337</u>
Total salaries and benefits		
	<u>629,300</u>	<u>560,337</u>
Services		
Computers and software	2,000	230
Engineering	40,000	70
Garbage and recycling	1,450,000	1,284,216
Utilities	262,750	247,114
	<u>1,754,750</u>	<u>1,531,630</u>
Total services		
	<u>1,754,750</u>	<u>1,531,630</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Works (Continued)		
Supplies and materials		
Building and street signs	\$ 12,000	\$ 7,052
Concrete/asphalt/stone	45,000	7,914
Salt	1,000	-
Gasoline and oil for vehicles	40,000	44,434
Maintenance supplies	18,000	9,526
Printing, postage, and office supplies	1,150	560
Bulk items stickers	5,000	-
Small equipment	6,500	360
Tool expense	1,000	493
	<u>129,650</u>	<u>70,339</u>
Total supplies and materials		
	<u>129,650</u>	<u>70,339</u>
Repairs and maintenance		
Building	50,000	9,216
Equipment	31,200	21,387
Equipment rental	2,000	-
Parking lot maintenance	12,000	8,150
Outside contractors	500	268
Street lighting system	25,000	17,430
Traffic signals	25,000	22,156
Tree program	65,000	31,940
Vehicle	21,500	13,870
	<u>232,200</u>	<u>124,417</u>
Total repairs and maintenance		
	<u>232,200</u>	<u>124,417</u>
Miscellaneous		
Dues and subscriptions	150	100
Training	1,000	350
Employee/office services	700	541
Licenses/fees	100	-
Meetings and seminars	300	-
Travel/transportation	100	3
Pass through grant expenditures	700,000	-
	<u>702,350</u>	<u>994</u>
Total miscellaneous		
	<u>702,350</u>	<u>994</u>
Total public works department	<u>3,448,250</u>	<u>2,287,717</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF DETAILED REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Capital Outlay		
Administration	\$ 20,000	\$ 3,396
Marketing department	1,040,000	850,862
Police department	70,000	-
Fire department	60,000	-
Public works	120,000	31,552
	<u>1,310,000</u>	<u>885,810</u>
Total capital outlay		
	<u>1,310,000</u>	<u>885,810</u>
Debt Service		
Principal	577,400	77,373
Interest and fiscal charges	18,800	18,559
	<u>596,200</u>	<u>95,932</u>
Total debt service		
	<u>596,200</u>	<u>95,932</u>
Total expenditures	<u>18,689,729</u>	<u>14,773,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,461,158)</u>	<u>(207,284)</u>
OTHER FINANCING SOURCES (USES)		
Loan proceeds	500,000	-
Bond proceeds	775,000	224,130
Transfers in	550,000	472,057
Transfers out	-	(35,500)
	<u>1,825,000</u>	<u>660,687</u>
Total other financing sources (uses)		
	<u>1,825,000</u>	<u>660,687</u>
Net change in fund balance	<u>\$ (636,158)</u>	453,403
Fund balance (deficit) at beginning of year		<u>(4,121,109)</u>
Fund balance (deficit) at end of year		<u>\$ (3,667,706)</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2018

	Special Revenue					
	Business District	Motor Fuel Tax	Special Tax Increment Allocation IV	Special Tax Increment Allocation VI	Special Revenue Allocation VII	Foreign Fire Tax
ASSETS						
Cash and cash equivalents	\$ 1,439,879	\$ 308,784	\$ 50,085	\$ 140,000	\$ 14,738	\$ 16,905
Receivables						
Property taxes-net	-	-	-	-	25,401	-
Other taxes	171,304	-	-	-	-	32,080
Due from other funds	60,624	56,817	-	11,281	-	-
Due from other governments	-	51,489	-	-	-	-
	<u>\$ 1,671,807</u>	<u>\$ 417,090</u>	<u>\$ 50,085</u>	<u>\$ 151,281</u>	<u>\$ 40,139</u>	<u>\$ 48,985</u>
LIABILITIES						
Accounts payable	\$ 10,000	\$ 9,068	\$ 1,425	\$ -	\$ -	\$ -
Due to other funds	-	-	26,752	24,422	64,970	-
Due to other government units	-	-	-	-	-	-
	<u>10,000</u>	<u>9,068</u>	<u>28,177</u>	<u>24,422</u>	<u>64,970</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for subsequent year	-	-	-	-	-	-
Unavailable revenue	55,341	-	-	-	-	-
	<u>55,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted						
Grants	-	-	-	-	-	-
Economic development	1,606,466	-	21,908	126,859	-	-
Street maintenance	-	408,022	-	-	-	-
Public safety	-	-	-	-	-	48,985
Unassigned (deficit)	-	-	-	-	(24,831)	-
	<u>1,606,466</u>	<u>408,022</u>	<u>21,908</u>	<u>126,859</u>	<u>(24,831)</u>	<u>48,985</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,671,807</u>	<u>\$ 417,090</u>	<u>\$ 50,085</u>	<u>\$ 151,281</u>	<u>\$ 40,139</u>	<u>\$ 48,985</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
DECEMBER 31, 2018

	Special Revenue				Debt Service	Capital Projects	
	State Asset Seizure	Federal Asset Seizure	Police Pension Contribution	Firefighters' Pension Contribution	Debt Service	CDBG	Total
ASSETS							
Cash and cash equivalents	\$ 101,951	\$ 63,280	\$ -	\$ -	\$ -	\$ 222,169	\$ 2,357,791
Receivables							
Property taxes-net	-	-	1,942,945	1,374,943	266,564	-	3,609,853
Other taxes	-	-	-	-	-	-	203,384
Due from other funds	-	-	25,437	18,217	-	-	172,376
Due from other governments	-	-	-	-	-	-	51,489
Total assets	<u>\$ 101,951</u>	<u>\$ 63,280</u>	<u>\$ 1,968,382</u>	<u>\$ 1,393,160</u>	<u>\$ 266,564</u>	<u>\$ 222,169</u>	<u>\$ 6,394,893</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 25,437	\$ 18,217	\$ -	\$ -	\$ 64,147
Due to other funds	-	-	-	-	18,865	15,000	150,009
Due to other government units	23,259	-	-	-	-	-	23,259
Total liabilities	<u>23,259</u>	<u>-</u>	<u>25,437</u>	<u>18,217</u>	<u>18,865</u>	<u>15,000</u>	<u>237,415</u>
DEFERRED INFLOWS OF RESOURCES							
Property taxes levied for subsequent year	-	-	1,942,945	1,374,943	266,564	-	3,584,452
Unavailable revenue	-	-	-	-	-	-	55,341
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,942,945</u>	<u>1,374,943</u>	<u>266,564</u>	<u>-</u>	<u>3,639,793</u>
FUND BALANCES							
Restricted							
Grants	-	-	-	-	-	207,169	207,169
Economic development	-	-	-	-	-	-	1,755,233
Street maintenance	-	-	-	-	-	-	408,022
Public safety	78,692	63,280	-	-	-	-	190,957
Unassigned (deficit)	-	-	-	-	(18,865)	-	(43,696)
Total fund balances (deficits)	<u>78,692</u>	<u>63,280</u>	<u>-</u>	<u>-</u>	<u>(18,865)</u>	<u>207,169</u>	<u>2,517,685</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 101,951</u>	<u>\$ 63,280</u>	<u>\$ 1,968,382</u>	<u>\$ 1,393,160</u>	<u>\$ 266,564</u>	<u>\$ 222,169</u>	<u>\$ 6,394,893</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue					
	Business District	Motor Fuel Tax	Special Tax Increment Allocation IV	Special Tax Increment Allocation VI	Special Revenue Allocation VII	Foreign Fire Tax
REVENUES						
Property taxes-net	\$ -	\$ -	\$ 43,357	\$ 142,647	\$ 25,018	\$ -
Personal property replacement taxes	-	-	-	-	-	-
Other taxes	730,035	-	-	-	-	32,080
Motor fuel tax allotments	-	606,771	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Interest	-	4,061	96	830	7	-
Total revenues	730,035	610,832	43,453	143,477	25,025	32,080
EXPENDITURES						
Current						
General government	10,000	-	12,094	192,786	437	-
Public safety	-	-	-	-	-	30,863
Street maintenance	-	102,378				-
Capital outlay	81,598	24,010	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	91,598	126,388	12,094	192,786	437	30,863
Excess (Deficiency) of Revenues over (under) Expenditures	638,437	484,444	31,359	(49,309)	24,588	1,217
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	-	-	-	-
Transfer out	-	(472,057)	-	-	-	-
Total Other Financing Uses	-	(472,057)	-	-	-	-
Net changes in fund balances	638,437	12,387	31,359	(49,309)	24,588	1,217
Fund balances (deficits) at beginning of year	968,029	395,635	(9,451)	176,168	(49,419)	47,768
Fund balances (deficits) at end of year	\$ 1,606,466	\$ 408,022	\$ 21,908	\$ 126,859	\$ (24,831)	\$ 48,985

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue				Debt Service	Capital Projects	
	State Asset Seizure	Federal Asset Seizure	Police Pension Contribution	Firefighters' Pension Contribution	Debt Service	CDBG	Total
REVENUES							
Property taxes-net	\$ -	\$ -	\$ 1,735,803	\$ 1,069,434	\$ 251,708	\$ -	\$ 3,267,967
Personal property replacement taxes	-	-	25,437	18,217	-	-	43,654
Other taxes	-	-	-	-	-	-	762,115
Motor fuel tax allotments	-	-	-	-	-	-	606,771
Fines and forfeitures	11,940	-	-	-	-	-	11,940
Grants	-	-	-	-	-	221,737	221,737
Interest	26	23	-	-	-	306	5,349
Total revenues	11,966	23	1,761,240	1,087,651	251,708	222,043	4,919,533
EXPENDITURES							
Current							
General government	-	-	-	-	-	-	215,317
Public safety	2,958	27,678	1,778,990	1,105,401	-	-	2,945,890
Street maintenance	-	-	-	-	-	-	102,378
Capital outlay	28,959	-	-	-	-	-	134,567
Debt service							
Principal	-	-	-	-	226,608	-	226,608
Interest and fiscal charges	-	-	-	-	27,008	-	27,008
Total Expenditures	31,917	27,678	1,778,990	1,105,401	253,616	-	3,651,768
Excess (Deficiency) of Revenues over (under) Expenditures	(19,951)	(27,655)	(17,750)	(17,750)	(1,908)	222,043	1,267,765
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	17,750	17,750	-	-	35,500
Transfer out	-	-	-	-	-	-	(472,057)
Total Other Financing Sources (Uses)	-	-	17,750	17,750	-	-	(436,557)
Net changes in fund balances	(19,951)	(27,655)	-	-	(1,908)	222,043	831,208
Fund balances (deficits) at beginning of year	98,643	90,935	-	-	(16,957)	(14,874)	1,686,477
Fund balances (deficits) at end of year	\$ 78,692	\$ 63,280	\$ -	\$ -	\$ (18,865)	\$ 207,169	\$ 2,517,685

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BUSINESS DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES		
Other taxes		
Business district taxes	<u>\$ 625,000</u>	<u>\$ 730,035</u>
Total Revenues	<u>625,000</u>	<u>730,035</u>
EXPENDITURES		
Current		
General government	50,000	10,000
Capital outlay	<u>765,000</u>	<u>81,598</u>
Total Expenditures	<u>815,000</u>	<u>91,598</u>
Net change in fund balance	<u><u>\$ (190,000)</u></u>	638,437
Fund balance at beginning of year		<u>968,029</u>
Fund balance at end of year		<u><u>\$ 1,606,466</u></u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
REVENUES		
Motor fuel tax allotments	\$ 600,000	\$ 606,771
Interest	1,000	4,061
Total Revenues	<u>601,000</u>	<u>610,832</u>
EXPENDITURES		
Current		
Street maintenance	740,000	102,378
Capital outlay	193,000	24,010
Total Expenditures	<u>933,000</u>	<u>126,388</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(332,000)	484,444
OTHER FINANCING SOURCES (USES)		
Transfer out	-	(472,057)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(472,057)</u>
Net change in fund balance	<u><u>\$ (332,000)</u></u>	12,387
Fund balance at beginning of year		<u>395,635</u>
Fund balance at end of year		<u><u>\$ 408,022</u></u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
POLICE PENSION CONTRIBUTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
REVENUES		
Property taxes-net	\$ 1,994,401	\$ 1,735,803
Personal property replacement taxes	31,000	25,437
Total Revenues	2,025,401	1,761,240
EXPENDITURES		
Public Safety		
Pension contributions	2,025,401	1,778,990
Total Expenditures	2,025,401	1,778,990
Deficiency of Revenues under Expenditures	-	(17,750)
OTHER FINANCING SOURCES		
Transfer in	-	17,750
Total Other Financing Sources (Uses)	-	17,750
Net change in fund balance	\$ -	-
Fund balance at beginning of year		-
Fund balance at end of year		\$ -

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FIREFIGHTERS' PENSION CONTRIBUTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual
REVENUES		
Property taxes-net	\$ 1,223,468	\$ 1,069,434
Personal property replacement taxes	23,000	18,217
Total Revenues	1,246,468	1,087,651
EXPENDITURES		
Public Safety		
Pension contributions	1,246,468	1,105,401
Total Expenditures	1,246,468	1,105,401
Deficiency of Revenues under Expenditures	-	(17,750)
OTHER FINANCING SOURCES		
Transfer in	-	17,750
Total Other Financing Sources (Uses)	-	17,750
Net change in fund balance	\$ -	-
Fund balance at beginning of year		-
Fund balance at end of year		\$ -

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2018

	Police Pension Fund	Firefighters' Pension Fund	Total
ASSETS			
Cash and cash equivalents	\$ 10,000	\$ 104,234	\$ 114,234
Investments			
US treasury	1,102,959	1,006,192	2,109,151
US government securities	1,961,767	347,288	2,309,055
US government agencies	-	302,710	302,710
Mutual funds	7,531,927	1,954,806	9,486,733
Corporate obligations	859,979	923,800	1,783,779
Common stock	-	155,730	155,730
Money market mutual funds	280,530	-	280,530
Receivables			
Interest receivable	24,558	23,799	48,357
Personal property replacement taxes receivable	25,437	18,217	43,654
Due from members	14,129	-	14,129
	<u>11,811,286</u>	<u>4,836,776</u>	<u>16,648,062</u>
LIABILITIES			
Accounts payable	11,821	-	11,821
	<u>11,821</u>	<u>-</u>	<u>11,821</u>
NET POSITION			
Net position held in trust for pension benefit	<u>\$ 11,799,465</u>	<u>\$ 4,836,776</u>	<u>\$ 16,636,241</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION-PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Police Pension Fund	Firefighters' Pension Fund	Total
ADDITIONS			
Contributions			
Employee contributions	\$ 274,014	\$ 156,442	\$ 430,456
Employer contributions	1,778,990	1,105,164	2,884,154
Total contributions	2,053,004	1,261,606	3,314,610
Investment income			
Investment income	(464,282)	(219,612)	(683,894)
Investment fees	(31,112)	(20,960)	(52,072)
Net investment income	(495,394)	(240,572)	(735,966)
Other income	1,304	429	1,733
Total additions	1,558,914	1,021,463	2,580,377
DEDUCTIONS			
Benefits and refunds	1,760,675	1,349,337	3,110,012
Administrative costs	48,726	44,511	93,237
Total deductions	1,809,401	1,393,848	3,203,249
Net change in plan net position	(250,487)	(372,385)	(622,872)
Net position held in trust for pension benefits at beginning of year	12,049,952	5,209,161	17,259,113
Net position held in trust for pension benefits at end of year	\$ 11,799,465	\$ 4,836,776	\$ 16,636,241

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF VALUATIONS, RATES AND EXTENSIONS
FOR TAX LEVIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Tax Levy Year	Assessed Valuation	Extended Tax Rate
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
2016	204,634,824	3.2900
2017	233,481,372	2.9550

The 2017 gross tax levy is analyzed below:

	Rate	Percent	Amount
General:			
Corporate	0.3408	11.54	\$ 795,704
Garbage	0.0359	1.21	83,819
Illinois Municipal Retirement Fund	0.1536	5.20	358,627
Liability insurance	0.0331	1.12	77,282
Street and bridge	0.0796	2.69	185,851
Fire protection	0.3219	10.89	751,576
Police protection	0.3566	12.07	832,594
Social Security	0.1100	3.72	256,829
Auditing	0.0200	0.68	46,696
Workers' compensation	0.0291	0.98	67,943
Total general	1.4806	50.10	3,456,921
Bond and interest	0.1233	4.18	287,903
Police pension	0.8373	28.34	1,954,939
Firefighters' pension	0.5136	17.38	1,199,160
Total	2.9548	100.00	\$ 6,898,923

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION DEBT TO MATURITY
DECEMBER 31, 2018

Fiscal Year Ended December 31,			General Obligation Illinois Finance Authority General Obligation Bond		General Obligation Judgment Bonds Series 2011 Dated December 16, 2011	
	Total					
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 230,159	\$ 43,911	\$ 120,159	\$ 32,107	\$ 110,000	\$ 11,804
2020	233,819	37,182	123,819	28,502	110,000	8,680
2021	237,590	30,300	127,590	24,788	110,000	5,512
2022	186,476	22,546	131,476	20,960	55,000	1,586
2023	135,481	17,016	135,481	17,016	-	-
2024	139,607	12,951	139,607	12,951	-	-
2025	143,859	8,763	143,859	8,763	-	-
2026	148,240	4,447	148,240	4,447	-	-
See Note *	(538,232)	-	(538,232)	-	-	-
	<u>\$ 916,999</u>	<u>\$ 177,116</u>	<u>\$ 531,999</u>	<u>\$ 149,534</u>	<u>\$ 385,000</u>	<u>\$ 27,582</u>

Note * - Schedule includes amortization based on IFA agreement, but full amount has not been received.

Fiscal Year Ended December 31,			2013 Illinois Environmental Protection Agency Public Water Supply Loan Program Business-type activities		General Obligations Bonds 2006 Waterworks & Sewerage Bonds Business-type activities	
	Total					
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 348,845	\$ 103,878	\$ 43,845	\$ 8,165	\$ 305,000	\$ 95,713
2020	359,394	89,221	44,394	7,615	315,000	81,606
2021	374,951	74,096	44,951	7,058	330,000	67,038
2022	390,515	58,270	45,515	6,495	345,000	51,775
2023	411,085	41,312	46,085	5,924	365,000	35,388
2024	426,663	23,396	46,663	5,346	380,000	18,050
2025	47,248	4,761	47,248	4,761	-	-
2026	47,841	4,168	47,841	4,168	-	-
2027	48,441	3,569	48,441	3,569	-	-
2028	49,048	2,961	49,048	2,961	-	-
2029	49,663	2,346	49,663	2,346	-	-
2030	50,286	1,723	50,286	1,723	-	-
2031	50,916	1,093	50,916	1,093	-	-
2032	49,198	454	49,198	454	-	-
	<u>\$ 2,704,094</u>	<u>\$ 411,248</u>	<u>\$ 664,094</u>	<u>\$ 61,678</u>	<u>\$ 2,040,000</u>	<u>\$ 349,570</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
LEGAL DEBT MARGIN
DECEMBER 31, 2018

	<u>2017 Tax Levy Year</u>
Assessed valuation	<u>\$ 233,481,372</u>
Statutory debt limitation (8.625% of assessed valuation)	20,137,768
Total debt:	
General Obligation debt outstanding at December 31, 2018	<u>916,999</u>
Legal Debt Margin	<u>\$ 19,220,769</u>

See independent auditor's report.