

CITY OF BLUE ISLAND, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017



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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, 2017, 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, 2017, 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
July 31, 2018

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

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, 2017.

Financial Highlights

The assets plus deferred outflows of resource of the City exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$8,787,072 (net position). Of this amount, \$43,306,742 represents the net investment in capital assets, and \$15,423,256 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 \$49,942,926. 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 \$45,528,947.

- The City's total net position decreased by \$1,081,765. The large decrease is primarily due to the decrease of revenues of \$2,513,450.
- At December 31, 2017, the City's governmental funds reported a combined ending fund balance of \$9,717,248.
- At December 31, 2017, the unassigned fund balance for the governmental funds was at a deficit of \$5,999,482, of which the General Fund was a deficit of \$5,908,781.
- The City of Blue Island's total long-term general obligations and alternate revenue bonds decreased by \$465,967 at December 31, 2017. The decrease was due to regular principle 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, 2017

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, 2017. 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 fourteen 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, 2017

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 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, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$8,787,072 at the close of December 31, 2017.

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, 2017

Government-wide Financial Analysis (continued)

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)	<u>(47.2)</u>	<u>(2.7)</u>	<u>(49.9)</u>
Total net position	<u>\$ 1.4</u>	<u>\$ 7.4</u>	<u>\$ 8.8</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, 2017

Government-wide Financial Analysis (continued)

A summary of the statement of net position at December 31, 2016 is below:

Statement of Net Position
As of December 31, 2016
(in millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 17.5	\$ (1.3)	\$ 16.2
Capital assets	34.3	13.5	47.8
Total assets	<u>51.8</u>	<u>12.2</u>	<u>64.0</u>
Deferred outflows related to pensions	2.3	0.3	2.6
Total deferred outflows of resources	<u>2.3</u>	<u>0.3</u>	<u>2.6</u>
Long-term liabilities	48.3	3.9	52.2
Other liabilities	2.3	1.0	3.3
Total liabilities	<u>50.6</u>	<u>4.9</u>	<u>55.5</u>
Deferred inflows related to pensions	1.1	0.1	1.2
Total deferred inflows of resources	<u>1.1</u>	<u>0.1</u>	<u>1.2</u>
Net position			
Net investment in capital assets	30.1	10.0	40.1
Restricted	13.4	-	13.4
Unrestricted (deficit)	<u>(41.1)</u>	<u>(2.5)</u>	<u>(43.6)</u>
Total net position	<u>\$ 2.4</u>	<u>\$ 7.5</u>	<u>\$ 9.9</u>

Governmental Activities. Governmental activities decreased the City's net position by \$968,984. Expenses increased slightly from December 31, 2016 to December 31, 2017 by \$563,500, due to increases in the cost of general government and public safety, offset by a decrease in public works.

Business-type Activities. Business-type activities decreased the City's net position by \$112,781.

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

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	2.5	12.1%	0.1	1.5%	2.6	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	-	0.0%	0.9	13.6%	0.9	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	2.4		7.5		9.9	
Net position - ending	<u>\$ 1.4</u>		<u>\$ 7.4</u>		<u>\$ 8.8</u>	

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Government-wide Financial Analysis (continued)

Changes in Net Position
For the Year Ended December 31, 2016
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$ 6.5	28.3%	\$ 6.5	97.0%	\$ 13.0	43.8%
Operating grants	1.2	5.2%	-	0.0%	1.2	4.0%
Capital grants	-	0.0%	-	0.0%	-	0.0%
General revenue:						
Property taxes	8.6	37.4%	-	0.0%	8.6	29.0%
Other taxes	6.7	29.1%	-	0.0%	6.7	22.6%
Other revenues	-	0.0%	0.2	3.0%	0.2	0.7%
Total revenues	23.0		6.7		29.7	
Expenses:						
Governmental activities:						
General government	6.5	30.8%	-	0.0%	6.5	23.1%
Public safety	10.8	51.2%	-	0.0%	10.8	38.4%
Public works	3.8	18.0%	-	0.0%	3.8	13.5%
Interest	-	0.0%	-	0.0%	-	0.0%
Business-type:						
Water and sewer	-	0.0%	6.0	85.7%	6.0	21.4%
Golf course	-	0.0%	1.0	14.3%	1.0	3.6%
Total expenses	21.1		7.0		28.1	
Change in net position	1.9		(0.3)		1.6	
Net position - beginning	0.5		7.8		8.3	
Net position - ending	<u>\$ 2.4</u>		<u>\$ 7.5</u>		<u>\$ 9.9</u>	

Changes in revenue and expenses from December 31, 2016 to December 31, 2017 are reflected above.

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

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, 2017.

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 \$2,720,133. The total decrease in net position for the funds was \$112,781. 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, 2017

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, 2017. Revenues and expenditures were under budget for the year ended December 31, 2017.

	General Fund (in millions)	
	Original & Final Budget	Actual
Revenues		
Taxes	\$ 6.9	\$ 6.8
Licenses	0.9	0.9
Permits	0.3	0.4
Fines	0.8	0.6
Intergovernmental	3.7	2.5
Other	4.0	3.3
Total revenues	<u>16.6</u>	<u>14.5</u>
Expenditures		
Current		
Administration	2.5	2.5
Building	0.4	0.3
Planning	0.3	0.1
Police	4.4	4.1
911 Center	1.2	1.2
Fire	2.2	2.0
Public works	3.1	2.6
Insurance loss	2.9	2.1
Civil service commission	0.1	-
Marketing	0.1	0.1
Rec center	-	-
Capital outlay	1.3	0.5
Debt service	0.8	-
Total expenditures	<u>19.3</u>	<u>15.5</u>
Excess (deficiency) of revenues over expenditures	<u>(2.7)</u>	<u>(1.0)</u>
Other financing uses		
Tax anticipation warrants proceeds	0.5	-
Bond and loan proceeds	0.1	0.3
Transfers in	0.7	0.3
Transfers Out	-	(0.1)
Net change in fund balance	<u>\$ (1.4)</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, 2017

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, 2017 amounts to \$47,000,092 (\$47,769,985 at December 31, 2016), 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 two 2017 Ford Explorers, and two 2017 Ford Taurus cars. The City made improvements to its utility system at 123rd Place.

Capital Assets
Net of Depreciation
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Dec	Dec	Dec	Dec	Dec	Dec
	2017	2016	2017	2016	2017	2016
Land	\$ 20.3	\$ 20.3	\$ 0.7	\$ 0.7	\$ 21.0	\$ 21.0
Construction in Progress	0.1	1.8	0.1	-	0.2	1.8
Buildings and land improvements	7.0	5.2	2.6	2.6	9.6	7.8
Infrastructure	5.6	5.9	9.3	9.7	14.9	15.6
Equipment	0.9	1.0	0.4	0.5	1.3	1.5
Total	<u>\$ 33.9</u>	<u>\$ 34.2</u>	<u>\$ 13.1</u>	<u>\$ 13.5</u>	<u>\$ 47.0</u>	<u>\$ 47.7</u>

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

Long-term Debt. At December 31, 2017, the City had two general obligation bonds outstanding, totaling \$2,825,000 (\$3,210,000 at 2016). 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, 2017 was \$707,396 (\$750,161 at 2016).

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, 2017 the City has received \$537,638 leaving \$762,362 yet to be submitted for reimbursement. The outstanding balance as of December 31, 2017 and 2016 was \$424,477 and \$505,444, respectively.

CITY OF BLUE ISLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Capital Asset and Debt Administration (continued)

	Outstanding General Obligation Debt (in millions)					
	Governmental		Business-type		Total	
	Activities		Activities			
	Dec	Dec	Dec	Dec	Dec	Dec
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 0.5	\$ 0.6	\$ -	\$ -	\$ 0.5	\$ 0.6
Alternate revenue source bonds	-	-	2.3	2.6	2.3	2.6
Illinois EPA Water Supply Loan	-	-	0.7	0.8	0.7	0.8
Illinois Finance Authority General obligation bond	0.4	0.5	-	-	0.4	0.5
Installment loans	0.2	-	-	-	0.2	-
	<u>\$ 1.1</u>	<u>\$ 1.1</u>	<u>\$ 3.0</u>	<u>\$ 3.4</u>	<u>\$ 3.9</u>	<u>\$ 4.5</u>

The City's total long-term debt, including notes payable, has decreased by \$276,122 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, 2017 was \$16,730,277.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
ASSETS				
Cash and cash equivalents	\$ 6,729,479	\$ 393,983	\$ 7,123,462	\$ 488,596
Restricted cash	1,460,968	-	1,460,968	-
Receivables	8,346,176	988,748	9,334,924	96,642
Due from primary government	-	-	-	53,732
Internal balances	2,873,722	(2,873,722)	-	-
Due from other government agencies	81,337	31,561	112,898	-
Prepaid items	20,984	1,220	22,204	9,525
Inventory	-	6,639	6,639	-
Capital assets not being depreciated	20,366,253	814,503	21,180,756	-
Capital assets (net of accumulated depreciation)	13,517,366	12,301,972	25,819,338	125,692
Net pension asset	478,479	189,627	668,106	120,398
Total Assets	53,874,764	11,854,531	65,729,295	894,585
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow of resources related to pensions	1,145,342	191,400	1,336,742	121,524
Total Deferred Outflows of Resources	1,145,342	191,400	1,336,742	121,524
LIABILITIES				
Accounts payable and other accrued expenses	1,550,100	537,218	2,087,318	31,885
Other payables	-	-	-	19,838
Accrued interest payable	-	13,567	13,567	-
Due to other government units	121,448	-	121,448	-
Due to component unit	53,732	-	53,732	-
Tax anticipation warrant	500,000	-	500,000	-
Other liabilities	730,395	-	730,395	-
Non current liabilities				
Due within one year	562,056	392,649	954,705	33,624
Due in more than one year	46,377,053	2,856,608	49,233,661	-
Total Liabilities	49,894,784	3,800,042	53,694,826	85,347
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	3,731,557	852,582	4,584,139	541,322
Total Deferred Inflows of Resources	3,731,557	852,582	4,584,139	541,322
NET POSITION				
Net investment in capital assets	33,226,532	10,080,210	43,306,742	125,692
Restricted for				
Grants	1,460,968	-	1,460,968	-
Economic development	13,296,077	-	13,296,077	-
Street maintenance	395,635	-	395,635	-
Public safety	237,346	33,230	270,576	-
Unrestricted	(47,222,793)	(2,720,133)	(49,942,926)	263,748
Total Net Position	\$ 1,393,765	\$ 7,393,307	\$ 8,787,072	\$ 389,440

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, 2017

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	\$ 7,850,634	\$ 1,849,765	\$ 5,016	\$ -	\$ (5,995,853)	\$ -	\$ (5,995,853)	\$ -
Public safety	11,116,065	1,082,026	75,450	-	(9,958,589)	-	(9,958,589)	-
Public works	2,690,604	1,697,334	877,002	-	(116,268)	-	(116,268)	-
Interest on debt	48,807	-	-	-	(48,807)	-	(48,807)	-
Total governmental activities	21,706,110	4,629,125	957,468	-	(16,119,517)	-	(16,119,517)	-
Business-type activities								
Water and sewer	5,741,700	5,409,392	-	-	-	(332,308)	(332,308)	-
Golf course	889,857	973,812	-	-	-	83,955	83,955	-
Total business-type activities	6,631,557	6,383,204	-	-	-	(248,353)	(248,353)	-
Total Primary Government	\$ 28,337,667	\$ 11,012,329	\$ 957,468	\$ -	(16,119,517)	(248,353)	(16,367,870)	-
Component unit - Public Library	\$ 1,285,235	\$ 45,236	\$ -	\$ -	-	-	-	(1,239,999)
General Revenues								
Taxes								
Property taxes					8,512,914	-	8,512,914	1,046,567
Replacement taxes					242,888	-	242,888	53,732
Other taxes					3,996,740	-	3,996,740	-
Intergovernmental								
Income tax					2,153,679	-	2,153,679	-
Miscellaneous					379,857	27	379,884	5,533
Transfers					(135,545)	135,545	-	-
Total					15,150,533	135,572	15,286,105	1,105,832
Change in net position					(968,984)	(112,781)	(1,081,765)	(134,167)
Net position - beginning					2,362,749	7,506,088	9,868,837	523,607
Net position, end of year					\$ 1,393,765	\$ 7,393,307	\$ 8,787,072	\$ 389,440

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

CITY OF BLUE ISLAND, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	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	\$ 1,130,582	\$ 197,719	\$ 1,604,289	\$ 2,032,951	\$ 1,763,938	\$ 6,729,479
Restricted cash - grants	1,460,968	-	-	-	-	1,460,968
Receivables						
Property taxes-net	3,310,504	-	-	-	3,235,482	6,545,986
Customers	492,859	-	-	-	-	492,859
Other	1,103,634	-	-	-	203,697	1,307,331
Due from other funds	3,387,120	5,402,659	3,655,037	145,585	49,231	12,639,632
Due from other governmental agencies	3,120	-	-	25,835	52,382	81,337
Prepaid items	20,984	-	-	-	-	20,984
Total assets	<u>\$ 10,909,771</u>	<u>\$ 5,600,378</u>	<u>\$ 5,259,326</u>	<u>\$ 2,204,371</u>	<u>\$ 5,304,730</u>	<u>\$ 29,278,576</u>
LIABILITIES						
Accounts payable	567,681	\$ 274,275	\$ 3,054	\$ 460,128	\$ 52,412	\$ 1,357,550
Accrued salaries and related expenditures	192,550	-	-	-	-	192,550
Due to other funds	9,441,123	-	174,738	-	150,049	9,765,910
Due to component unit	53,732	-	-	-	-	53,732
Due to other government units	-	-	-	-	121,448	121,448
Tax anticipation warrant	500,000	-	-	-	-	500,000
Other liabilities	730,395	-	-	-	-	730,395
Total liabilities	<u>11,485,481</u>	<u>274,275</u>	<u>177,792</u>	<u>460,128</u>	<u>323,909</u>	<u>12,721,585</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for subsequent year	3,310,504	-	-	-	3,235,482	6,545,986
Unavailable revenue	234,895	-	-	-	58,862	293,757
Total deferred inflows of resources	<u>3,545,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,294,344</u>	<u>6,839,743</u>
FUND BALANCES						
Nonspendable						
Prepaid items	20,984	-	-	-	-	20,984
Restricted						
Grants	1,460,968	-	-	-	-	1,460,968
Economic development	-	5,326,103	5,081,534	1,744,243	1,144,197	13,296,077
Street maintenance	-	-	-	-	395,635	395,635
Public safety	-	-	-	-	237,346	237,346
Assigned						
Public safety	112,960	-	-	-	-	112,960
Parking and special events	192,760	-	-	-	-	192,760
Unassigned (deficit)	(5,908,781)	-	-	-	(90,701)	(5,999,482)
Total fund balances (deficit)	<u>(4,121,109)</u>	<u>5,326,103</u>	<u>5,081,534</u>	<u>1,744,243</u>	<u>1,686,477</u>	<u>9,717,248</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,909,771</u>	<u>\$ 5,600,378</u>	<u>\$ 5,259,326</u>	<u>\$ 2,204,371</u>	<u>\$ 5,304,730</u>	<u>\$ 29,278,576</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, 2017

Total fund balance of governmental funds		\$ 9,717,248
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		33,883,619
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net position		6,839,743
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		1,145,342
Deferred inflows of resources related to pensions		(3,731,557)
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	\$ (424,477)	
Installment loans	(232,610)	
General obligations bonds	(495,000)	
Compensated absences	<u>(258,075)</u>	(1,410,162)
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	478,479	
Net pension liability	(43,687,114)	
Net other postemployment benefits obligation	<u>(1,841,833)</u>	<u>(45,050,468)</u>
Net position of governmental activities		<u><u>\$ 1,393,765</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, 2017

	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	\$ 3,337,885	\$ 313,245	\$ 728,908	\$ 1,093,813	\$ 2,884,063	\$ 8,357,914
Personal property replacement taxes	193,657	-	-	-	49,231	242,888
Other taxes	3,310,225	-	-	-	692,272	4,002,497
Licenses	856,135	-	-	-	-	856,135
Permits	421,656	-	-	-	-	421,656
Motor fuel tax allotments	-	-	-	-	604,659	604,659
Fines and forfeitures	551,545	-	-	-	59,974	611,519
Intergovernmental	2,538,659	-	-	-	-	2,538,659
Interest	7,179	852	4,564	5,369	3,264	21,228
Other	3,270,115	-	-	-	-	3,270,115
Total Revenues	14,487,056	314,097	733,472	1,099,182	4,293,463	20,927,270
EXPENDITURES						
Current						
General government	5,022,779	462,432	180,848	657,278	33,837	6,357,174
Public safety	7,252,513	-	-	-	2,516,854	9,769,367
Public works	2,625,709	-	-	-	56,239	2,681,948
Capital outlay	545,131	-	-	-	145,347	690,478
Debt service						
Principal	10,000	-	-	-	223,161	233,161
Interest and fiscal charges	12,912	-	-	-	35,895	48,807
Total Expenditures	15,469,044	462,432	180,848	657,278	3,011,333	19,780,935
Excess (deficiency) of revenues over expenditures	(981,988)	(148,335)	552,624	441,904	1,282,130	1,146,335
OTHER FINANCING SOURCES (USES)						
Loan proceeds	242,610	-	-	-	-	242,610
Bond proceeds	32,194	-	-	-	-	32,194
Transfers in	347,541	-	-	-	4,530	352,071
Transfers out	(140,075)	-	-	-	(347,541)	(487,616)
Total other financing sources (uses)	482,270	-	-	-	(343,011)	139,259
Net change in fund balances	(499,718)	(148,335)	552,624	441,904	939,119	1,285,594
Fund balances (deficits) at beginning of year	(3,621,391)	5,474,438	4,528,910	1,302,339	747,358	8,431,654
Fund balances (deficits) at end of year	\$ (4,121,109)	\$ 5,326,103	\$ 5,081,534	\$ 1,744,243	\$ 1,686,477	\$ 9,717,248

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, 2017

Net change in fund balance - total governmental funds		\$ 1,285,594
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	\$ 614,278	
Depreciation expense reported in the statement of activities	<u>(951,836)</u>	(337,558)
Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds until received		(54,599)
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		233,161
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		(274,804)
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	2,171	
Pension expense	(1,206,361)	
Change in net other postemployment benefits obligation	<u>(616,588)</u>	<u>(1,820,778)</u>
Change in net position of governmental activities		<u>\$ (968,984)</u>

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

CITY OF BLUE ISLAND, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Water	Golf Course	Total Proprietary Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 258,014	\$ 135,969	\$ 393,983
Accounts receivable			
Customers	1,471,187	-	1,471,187
Less: allowance for doubtful accounts	(482,439)	-	(482,439)
Grant receivable	31,561	-	31,561
Prepaid expenses	-	1,220	1,220
Due from other funds	462,405	-	462,405
Inventory	-	6,639	6,639
	<u>1,740,728</u>	<u>143,828</u>	<u>1,884,556</u>
Total current assets			
Noncurrent Assets			
Property and equipment			
Land	8,958	670,000	678,958
Construction in progress	135,545	-	135,545
Buildings and land improvement	119,808	4,775,578	4,895,386
Equipment	1,371,257	374,259	1,745,516
Infrastructure	21,038,645	-	21,038,645
Less: accumulated depreciation	(12,725,951)	(2,651,624)	(15,377,575)
Net pension asset	176,985	12,642	189,627
	<u>10,125,247</u>	<u>3,180,855</u>	<u>13,306,102</u>
Total noncurrent assets			
Total assets	<u>11,865,975</u>	<u>3,324,683</u>	<u>15,190,658</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>178,640</u>	<u>12,760</u>	<u>191,400</u>
LIABILITIES			
Current Liabilities			
Accounts payable	470,776	36,279	507,055
Accrued salaries	27,447	2,373	29,820
Due to other funds	-	3,336,127	3,336,127
EPA loan payable	43,302	-	43,302
Lease payable	35,982	-	35,982
Bonds payable	290,000	-	290,000
Other liabilities	-	343	343
Compensated absences payable	21,530	1,835	23,365
Accrued interest payable	13,567	-	13,567
	<u>902,604</u>	<u>3,376,957</u>	<u>4,279,561</u>
Total current liabilities			

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, 2017

	Water	Golf Course	Total Proprietary Funds
LIABILITIES (Continued)			
Noncurrent Liabilities			
EPA loan payable	\$ 664,094	\$ -	\$ 664,094
Lease payable	114,808	-	114,808
Bonds payable	<u>2,077,706</u>	<u>-</u>	<u>2,077,706</u>
Total noncurrent liabilities	<u>2,856,608</u>	<u>-</u>	<u>2,856,608</u>
Total liabilities	<u>3,759,212</u>	<u>3,376,957</u>	<u>7,136,169</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>795,743</u>	<u>56,839</u>	<u>852,582</u>
NET POSITION			
Net investment in capital assets	6,899,355	3,180,855	10,080,210
Restricted for debt service	33,230	-	33,230
Unrestricted	<u>557,075</u>	<u>(3,277,208)</u>	<u>(2,720,133)</u>
Total net position	<u>\$ 7,489,660</u>	<u>\$ (96,353)</u>	<u>\$ 7,393,307</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, 2017

	Water	Golf Course	Total
OPERATING REVENUES			
Water sales	\$ 4,594,167	\$ -	\$ 4,594,167
Sewer maintenance fees	799,855	-	799,855
Sale of water meters	8,088	-	8,088
Golf course	-	675,614	675,614
Pro shop and concessions	-	256,256	256,256
Miscellaneous	7,282	41,942	49,224
	<u>5,409,392</u>	<u>973,812</u>	<u>6,383,204</u>
Total operating revenues			
OPERATING EXPENSES			
Salaries and benefits			
Full-time salaries	951,228	66,254	1,017,482
Part-time salaries	15,712	94,854	110,566
Overtime wages	45,113	143	45,256
Illinois Municipal Retirement Fund	133,010	11,121	144,131
Payroll taxes-FICA and Medicare	72,135	12,161	84,296
Employee medical insurance	304,069	13,193	317,262
Pension items related to actuary adjustments	(19,884)	(21,640)	(41,524)
Life/unemployment insurance	938	154	1,092
	<u>1,502,321</u>	<u>176,240</u>	<u>1,678,561</u>
Total salaries and benefits			
Services			
Computers and software	3,617	235	3,852
Landscaping and grounds maintenance	-	352,098	352,098
Legal notices	171	-	171
Professional consulting and engineering	40,181	238	40,419
Other contractual services	7,925	-	7,925
Telephone	-	2,586	2,586
Utilities- electricity	33,951	21,289	55,240
Utilities- other	6,982	3,984	10,966
Water billing	31,552	-	31,552
	<u>124,379</u>	<u>380,430</u>	<u>504,809</u>
Total services			

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, 2017

	Water	Golf Course	Total
OPERATING EXPENSES (Continued)			
Supplies and materials			
Concrete/asphalt/stone	\$ 23,907	\$ -	\$ 23,907
Gasoline and oil for vehicles	13,106	18,247	31,353
Maintenance supplies	38,073	525	38,598
Operating supplies	-	1,106	1,106
Printing, postage, and office supplies	33,002	299	33,301
Fire hydrants	13,751	-	13,751
Safety equipment and supplies	2,798	-	2,798
Total supplies and materials	124,637	20,177	144,814
Repairs and maintenance			
Building	9,758	6,111	15,869
Equipment	7,279	986	8,265
Outside contractors	158,829	5,875	164,704
Vehicle	6,615	1,633	8,248
Total repairs and maintenance	182,481	14,605	197,086
Water from Chicago	2,940,803	-	2,940,803
Merchandise for resale	-	108,847	108,847
Miscellaneous			
Bank charges	19,833	12,149	31,982
Agent/Trust fees- debt service	200	-	200
Dues and subscriptions	637	120	757
Office services	57	475	532
Licenses and fees	5,000	864	5,864
Meetings and seminars	30	-	30
Rental & leasing fees	2,458	62,119	64,577
Travel and transportation	9	-	9
Grant pass through expenditures	1,000	-	1,000
Total miscellaneous	29,224	75,727	104,951

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, 2017

	Water	Golf Course	Total
OPERATING EXPENSES (Continued)			
Capital expenditures			
Water meter purchases	37,912	-	37,912
Building and land improvements	332,968	14,000	346,968
Office equipment	3,522	-	3,522
	<u>374,402</u>	<u>14,000</u>	<u>388,402</u>
Total capital expenditures			
	<u>374,402</u>	<u>14,000</u>	<u>388,402</u>
Less:			
Amounts capitalized as property and equipment	(228,604)	(14,000)	(242,604)
	<u>5,049,643</u>	<u>776,026</u>	<u>5,825,669</u>
Operating expenses before depreciation			
	<u>5,049,643</u>	<u>776,026</u>	<u>5,825,669</u>
Depreciation	561,106	113,831	674,937
	<u>5,610,749</u>	<u>889,857</u>	<u>6,500,606</u>
Total operating expenses			
	<u>5,610,749</u>	<u>889,857</u>	<u>6,500,606</u>
Operating income (loss)	(201,357)	83,955	(117,402)
	<u>(201,357)</u>	<u>83,955</u>	<u>(117,402)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	9	18	27
Interest expense	(135,401)	-	(135,401)
Bond premium amortization	4,450	-	4,450
	<u>(130,942)</u>	<u>18</u>	<u>(130,924)</u>
Total nonoperating revenues (expenses)			
	<u>(130,942)</u>	<u>18</u>	<u>(130,924)</u>
Income (loss) before transfers	(332,299)	83,973	(248,326)
	<u>(332,299)</u>	<u>83,973</u>	<u>(248,326)</u>
TRANSFERS			
Transfers in	135,545	-	135,545
	<u>135,545</u>	<u>-</u>	<u>135,545</u>
Total Transfers			
	<u>135,545</u>	<u>-</u>	<u>135,545</u>
Change in net position	(196,754)	83,973	(112,781)
	<u>(196,754)</u>	<u>83,973</u>	<u>(112,781)</u>
Net position at beginning of year	7,686,414	(180,326)	7,506,088
	<u>7,686,414</u>	<u>(180,326)</u>	<u>7,506,088</u>
Net position at end of year	<u>\$ 7,489,660</u>	<u>\$ (96,353)</u>	<u>\$ 7,393,307</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, 2017

	Water	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 5,679,876	\$ 973,812	\$ 6,653,688
Payment to suppliers	(3,626,999)	(624,633)	(4,251,632)
Payment to employees	(1,514,477)	(197,808)	(1,712,285)
	<u>538,400</u>	<u>151,371</u>	<u>689,771</u>
Net cash from operating activities			
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of interfund loans	(23,193)	(48,202)	(71,395)
Operating transfers in	135,545	-	135,545
	<u>112,352</u>	<u>(48,202)</u>	<u>64,150</u>
Net cash from noncapital financing activities			
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(228,604)	(14,000)	(242,604)
Principal payments	(352,660)	(11,722)	(364,382)
Interest payments	(135,852)	-	(135,852)
	<u>(717,116)</u>	<u>(25,722)</u>	<u>(742,838)</u>
Net cash from capital and related financing activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Interest income	9	18	27
	<u>9</u>	<u>18</u>	<u>27</u>
Net cash from investing activities			
Change in cash and cash equivalents	(66,355)	77,465	11,110
Cash and cash equivalents at Beginning of year	324,369	58,504	382,873
End of year	<u>\$ 258,014</u>	<u>\$ 135,969</u>	<u>\$ 393,983</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (201,357)	\$ 83,955	\$ (117,402)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	561,106	113,831	674,937
Net change in pension related items	(19,884)	(21,640)	(41,524)
Change to asset and liabilities			
Change in customer accounts receivables	375,709	-	375,709
Change in allowance for doubtful accounts	(105,225)	-	(105,225)
Change in inventory	-	7,283	7,283
Change in accounts payable	(79,677)	(32,277)	(111,954)
Change in accrued salaries	8,564	530	9,094
Change in compensated absences	(836)	(458)	(1,294)
Change in other liabilities	-	147	147
	<u>\$ 538,400</u>	<u>\$ 151,371</u>	<u>\$ 689,771</u>
Net cash from operating activities			

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, 2017

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 187,598
Accrued interest receivable	43,523
Due from City	49,231
Due from members	12,826
Investments	
US treasury	1,324,466
US government securities	2,414,295
US government agencies	376,897
Mutual funds	10,022,772
Corporate obligations	1,913,447
Common stock	194,457
Money market mutual funds	727,145
Prepaid expenses	<u>795</u>
 Total assets	 <u>17,267,452</u>
LIABILITIES	
Accounts payable	<u>8,339</u>
 Total liabilities	 <u>8,339</u>
NET POSITION	
Net position held in trust for pension benefits	<u><u>\$ 17,259,113</u></u>

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, 2017

	Pension Trust Funds
ADDITIONS	
Contributions	
Employee contributions	\$ 423,346
Employer contributions	<u>2,499,269</u>
Total contributions	<u>2,922,615</u>
Investment income	
Investment income	1,904,170
Investment fees	<u>(48,063)</u>
Net investment income	<u>1,856,107</u>
Other income	<u>1,404</u>
Total additions	<u>4,780,126</u>
DEDUCTIONS	
Benefits and refunds	2,926,813
Administrative costs	<u>65,124</u>
Total deductions	<u>2,991,937</u>
Net change in plan net position	1,788,189
Net position held in trust for pension benefits at beginning of year	<u>15,470,924</u>
Net position held in trust for pension benefits at end of year	<u><u>\$ 17,259,113</u></u>

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

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017, 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, 2017

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, 2017

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, 2017

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 years
Infrastructure	40 - 60 years
Equipment	5 - 10 years

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, 2017

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.

NOTE 2. DEFICIT FUND EQUITY

The following Funds have deficit balances; the General Fund has a deficit fund balance of \$4,121,109, the Community Development Block Grant fund has a deficit fund balance of \$14,874, the Special Tax Increment Allocation Fund IV has a deficit fund balance of \$9,451, the Special Tax Increment Allocation Fund VII has a deficit fund balance of \$49,419, and the Debt Service Fund has a deficit fund balance of \$16,957. Funding of these deficits is expected to be repaid from future tax revenues, transfers from other funds, and a reduction of future operating expenditures.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

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

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2017 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 Fund Market Fund (formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to special restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment is in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the item of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor may, through that investment advisor, invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor may invest up to fifty-five percent of its net position in common and preferred stocks and mutual funds.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2017 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	\$ 1,964,544	\$ -	\$ 1,964,544	\$ -
U.S. Treasury	440,695	-	440,695	-
U.S. Agencies	8,627	8,627	-	-
Corporate Obligations	885,919	-	688,392	197,527
Money Market Accounts	727,145	727,145	-	-
Total	4,026,930	\$ 735,772	\$ 3,093,631	\$ 197,527
Investments not sensitive to interest rate risk:				
Mutual Funds	7,958,505			
Total Investments	\$ 11,985,435			

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

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

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the Police Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. At December 31, 2017, the U.S. Government and Agency Securities are insured and held by the counterparty in the Police Pension Fund's name and the Police Pension Fund's investment in the Illinois Funds is not subject to custodial credit risk. The Police Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. At December 31, 2017, the Police Pension Fund has over 5% of total police pension plan investments invested in Federal Home Loan Bank. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and, as mentioned earlier, are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. The Police Pension Fund's investment policy provides diversification by asset type, by characteristic, by number of investments, and in the case of "Investment Manager", by investment style.

The 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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>
U.S. Government Securities	\$ 1,964,544	\$ -	\$ 1,964,544
U.S. Treasury	440,695	-	440,695
U.S. Agencies	8,627	-	8,627
Corporate Obligations	885,919	-	885,919
Money Market	727,145	727,145	-
Mutual Funds	7,958,505	7,958,505	-
	<u>7,958,505</u>	<u>7,958,505</u>	<u>-</u>
Total	<u>\$ 11,985,435</u>	<u>\$ 8,685,650</u>	<u>\$ 3,299,785</u>

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Firefighters' Pension Fund

Investments – Firefighters' Pension Trust Fund

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

The Fund has not adopted a formal investment policy as of December 31, 2017. The Fund's investment advisor is investing the Fund's asset per State statutes. The descriptions below are based on the Fund's established practices.

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. The Firefighters' Pension Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Firefighters' Pension Fund (Continued)

At December 31, 2017 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	\$ 449,751	\$ 99,345	\$ 248,981	\$ 101,425	\$ -
U.S. Treasury	883,771	315,533	69,719	498,519	-
U.S. Agencies	368,270	34	577	14,436	353,223
Corporate Obligations	1,027,528	125,296	375,936	526,296	-
Total	2,729,320	\$ 540,208	\$ 695,213	\$ 1,140,676	\$ 353,223
Investments not sensitive to interest rate risk:					
Common Stock	194,457				
Mutual Funds	2,064,267				
Total Investments	\$ 4,988,044				

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

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

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

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

The Fund's investments are reported at fair value. 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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>
U.S. Government Securities	\$ 449,751	\$ -	\$ 449,751
U.S. Treasury	883,771	-	883,771
U.S. Agencies	368,270	-	368,270
Corporate Obligations	1,027,528	-	1,027,528
Common Stock	194,457	194,457	-
Mutual Funds	2,064,267	2,064,267	-
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 4,988,044	\$ 2,258,724	\$ 2,729,320

NOTE 4. RECEIVABLES

The City levies property tax each calendar year on all taxable real property located in the City. The City must file its tax levy ordinance on or before the last Tuesday in December of each year. Taxes levied in one year become due and payable in two installments, due March 1 and no earlier than August 1 during the following year. The first installment is an estimated bill, and is 55% of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

Property taxes collected by the City that are due within the current year are recognized as revenue, and net taxes receivable are reflected as deferred revenue.

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

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 \$537,859 was recorded as of December 31, 2017.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 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	1,795,950	76,741	1,795,950	76,741
Total capital assets not being depreciated	<u>22,085,462</u>	<u>76,741</u>	<u>1,795,950</u>	<u>20,366,253</u>
Capital assets being depreciated:				
Buildings and land improvements	13,076,299	2,175,052	-	15,251,351
Infrastructure	17,660,107	-	-	17,660,107
Equipment	8,516,878	158,435	220,635	8,454,678
Total capital assets being depreciated	<u>39,253,284</u>	<u>2,333,487</u>	<u>220,635</u>	<u>41,366,136</u>
Less accumulated depreciation for:				
Building and land improvements	7,919,406	353,537	-	8,272,943
Infrastructure	11,729,568	320,098	-	12,049,666
Equipment	7,468,595	278,201	220,635	7,526,161
Total accumulated depreciation	<u>27,117,569</u>	<u>951,836</u>	<u>220,635</u>	<u>27,848,770</u>
Total capital assets being depreciated, net	<u>12,135,715</u>	<u>1,381,651</u>	<u>-</u>	<u>13,517,366</u>
Governmental activities capital assets, net	<u>\$ 34,221,177</u>	<u>\$ 1,458,392</u>	<u>\$ 1,795,950</u>	<u>\$ 33,883,619</u>

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

General government	\$ 689,609
Public safety	222,398
Public works	<u>39,829</u>
Total depreciation - governmental activities	<u>\$ 951,836</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 678,958	\$ -	\$ -	\$ 678,958
Construction in progress	-	135,545	-	135,545
Total capital assets not being depreciated	678,958	135,545	-	814,503
Capital assets being depreciated:				
Buildings and land improvements	4,881,386	14,000	-	4,895,386
Infrastructure	20,945,586	93,059	-	21,038,645
Equipment	1,745,516	-	-	1,745,516
Total capital assets being depreciated	27,572,488	107,059	-	27,679,547
Less accumulated depreciation for:				
Building and land improvements	2,238,496	104,013	-	2,342,509
Infrastructure	11,257,158	474,544	-	11,731,702
Equipment	1,206,984	96,380	-	1,303,364
Total accumulated depreciation	14,702,638	674,937	-	15,377,575
Total capital assets being depreciated, net	12,869,850	(567,878)	-	12,301,972
Business-type activities capital assets, net	\$ 13,548,808	\$ (432,333)	\$ -	\$ 13,116,475
	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit				
Capital assets being depreciated:				
Buildings and improvements	\$ 37,490	\$ -	\$ -	\$ 37,490
Equipment	205,949	19,422	-	225,371
Total capital assets being depreciated	243,439	19,422	-	262,861
Less accumulated depreciation for:				
Buildings and improvements	10,983	1,250	-	12,233
Equipment	108,828	16,108	-	124,936
Total accumulated depreciation	119,811	17,358	-	137,169
Total capital assets being depreciated, net	123,628	2,064	-	125,692
Component unit capital assets, net	\$ 123,628	\$ 2,064	\$ -	\$ 125,692

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General	Golf Course	\$ 3,237,071
General	Special Tax Increment Allocation Fund IV	26,752
General	Special Tax Increment Allocation Fund VI	37,975
General	Special Tax Increment Allocation Fund VII	48,981
General	Business District	3,014
General	Motor Fuel Tax	1,370
General	Debt Service	16,957
General	Community Development	15,000
Special Tax Increment Allocation Fund II	General	5,227,921
Special Tax Increment Allocation Fund II	Special Tax Increment Allocation Fund III	174,738
Special Tax Increment Allocation Fund III	General	3,655,037
Special Tax Increment Allocation Fund V	General	145,585
Police Pension Contribution	General	28,881
Fire Pension Contribution	General	20,350
Water	General	363,349
Water	Golf Course	99,056
		<u><u>\$ 13,102,037</u></u>

Transfers between funds for the year ended December 31, 2017 are as follows:

Transfer To	Transfer From	Amount
General	Motor Fuel Tax	\$ 347,541
Motor Fuel Tax	General	3,190
Community Development	General	1,340
Water	General	135,545
		<u><u>\$ 487,616</u></u>

The transfer from the Motor Fuel Tax Fund to the General Fund was made as a reimbursement for street maintenance costs.

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, 2017 and future scheduled lease payments are not considered material to the financial statements.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8. SHORT-TERM DEBT

The City issues tax anticipation warrants to finance operations. Tax anticipation warrants activity for the year ended December 31, 2017 was as follows:

Issue	Fund Debt Retired by	Beginning Balance	Issuances	Retirements	Ending Balance
\$500,000 General Corporate Purposes Tax Anticipation Warrant, series 2016, due in one installment of \$500,000 plus interest 3.25% due September 30, 2017.	General	\$ 500,000	\$ -	\$ 500,000	\$ -
\$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>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The City of Blue Island issued a General Corporate Purposes Tax Anticipation Warrant, Series 2017 dated November 28, 2017 for \$500,000 with Beverly Bank and Trust Company, NA. The warrant is due on or before September 30, 2018. Interest rate is 3.75% and is due at maturity of the note.

NOTE 9. LONG-TERM DEBT

The following is a summary of changes in long-term liabilities during the year ended December 31, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance	Due within one year
Governmental Activities					
General obligation bonds	\$ 605,000	\$ -	\$ 110,000	\$ 495,000	\$ 110,000
IFA general obligation bond	505,444	32,194	113,161	424,477	116,608
Installment loans	-	242,610	10,000	232,610	77,373
Compensated absences	260,246	258,075	260,246	258,075	258,075
Net pension liability	45,782,202	-	2,095,088	43,687,114	-
Net other postemployment benefits obligation	1,225,245	616,588	-	1,841,833	-
Total governmental activities	<u>\$ 48,378,137</u>	<u>\$ 1,149,467</u>	<u>\$ 2,588,495</u>	<u>\$ 46,939,109</u>	<u>\$ 562,056</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, 2017

NOTE 9. LONG-TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Retirements	Ending Balance	Due within one year
Business-type Activities					
General obligation bonds	\$ 2,605,000	\$ -	\$ 275,000	\$ 2,330,000	\$ 290,000
Unamortized premium	42,156	-	4,450	37,706	-
IEPA loan	750,161	-	42,765	707,396	43,302
Capital lease	185,685	-	34,895	150,790	35,982
Compensated absences	24,659	23,365	24,659	23,365	23,365
Total business-type activities	<u>\$ 3,607,661</u>	<u>\$ 23,365</u>	<u>\$ 381,769</u>	<u>\$ 3,249,257</u>	<u>\$ 392,649</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).	\$ 605,000	\$ -	\$ 110,000	\$ 495,000
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%.	2,605,000	-	275,000	2,330,000
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.	505,444	32,194	113,161	424,477
	<u>\$ 3,715,444</u>	<u>\$ 32,194</u>	<u>\$ 498,161</u>	<u>\$ 3,249,477</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9. LONG-TERM DEBT (CONTINUED)

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 226,608	\$ 51,555	\$ 290,000	\$ 108,763
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	-	-
	<u>1,681,839</u>	<u>228,671</u>	<u>2,330,000</u>	<u>458,333</u>
Less: amount not drawn down*	<u>(762,362)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 919,477</u>	<u>\$ 228,671</u>	<u>\$ 2,330,000</u>	<u>\$ 458,333</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, 2017 is \$2,788,333, 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:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Illinois Environmental Protection Agency Public Water Supply Loan Program: Original principal \$897,560, semiannual payments of \$26,005 including interest of 1.25% due on October 7 and April 7, commencing October 7, 2013.	<u>\$ 750,161</u>	<u>\$ -</u>	<u>\$ 42,765</u>	<u>\$ 707,396</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9. LONG-TERM DEBT (CONTINUED)

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 43,302	\$ 8,708
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>\$ 707,396</u>	<u>\$ 70,386</u>

Installment Loans

Installment loans currently outstanding are as follows:

<u>Issues</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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	\$ -	\$ 142,610
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%.	-	100,000	10,000	90,000
	<u>\$ -</u>	<u>\$ 242,610</u>	<u>\$ 10,000</u>	<u>\$ 232,610</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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	
	Principal	Interest	Principal	Interest
2018	\$ 67,373	\$ 3,768	\$ 10,000	\$ -
2019	69,135	2,006	10,000	-
2020	6,102	62	10,000	-
2021	-	-	10,000	-
2022	-	-	10,000	-
2023	-	-	10,000	-
2024	-	-	10,000	-
2025	-	-	10,000	-
2026	-	-	10,000	-
Total	<u>\$ 142,610</u>	<u>\$ 5,836</u>	<u>\$ 90,000</u>	<u>\$ -</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 fiscal 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
2018	\$ 40,366
2019	40,365
2020	40,365
2021	<u>40,365</u>
Total minimum lease payments	161,461
Less: amount representing interest	<u>(10,671)</u>
Present value of minimum lease payments	<u>\$ 150,790</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, 2017

NOTE 10. RISK MANAGEMENT (CONTINUED)

At December 31, 2017, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$14,224. 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, 2016 and December 31, 2017, changes in the total liability for unpaid workers compensation and general liability claims are summarized as follows:

	Workers Compensation		General Liability	
	2016	2017	2016	2017
Claims payable, beginning of year	\$ 8,856	\$ 19,333	\$ -	\$ 2,642
Claims incurred	45,734	22,258	30,512	3,120
Claims paid	(35,257)	(30,487)	(27,870)	(2,642)
Claims payable, end of year	<u>\$ 19,333</u>	<u>\$ 11,104</u>	<u>\$ 2,642</u>	<u>\$ 3,120</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 and VI in December 1992, January 1994, September 2007, November 2008, and September 2012, respectively. Tax Increment Financing District VII was established in 2017, but the process to establish this TIF was started at the end of 2016.

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 (2016 EAV latest available), is as follows:

	<u>Base EAV</u>	<u>2016 EAV</u>
District II	\$ 9,578,727	\$15,472,117
District III	1,473,597	7,071,139
District IV	4,090,525	2,619,426
District V	11,405,303	15,118,226
District VI	933,560	2,203,758

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, 2017

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, 2017

NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

	<u>IMRF</u>	<u>SLEP</u>
Retirees and Beneficiaries currently receiving benefits	114	-
Inactive Plan Members entitled to but not yet receiving benefits	74	1
Active Plan Members	82	-
Total	<u>270</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 2017 was 14.35%. For calendar year 2017, the City, including component unit, contributed \$567,674 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, 2017. 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 7.50%.
- 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, 2017

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 12/31/16	Projected Returns/Risk	
			One Year Arithmetic	Ten Year Geometric
Equities	38%	7.77%	8.30%	6.85%
International Equities	17%	3.54%	8.45%	6.75%
Fixed Income	27%	4.85%	3.05%	3.00%
Real Estate	8%	8.97%	6.90%	5.75%
Alternative Investments	9%			
Private Equity		N/A	12.45%	7.35%
Hedge Funds		N/A	5.35%	5.25%
Commodities		N/A	4.25%	2.65%
Cash Equivalents	1%	N/A	2.25%	2.25%
Total	<u>100%</u>			

Single Discount Rate

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

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
 2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).
- For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78% (3.31%), and the resulting single discount rate is 7.50% .

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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> </u>	<u> </u>	<u> </u>
Balances at December 31, 2016	\$ 27,272,518	\$ 24,462,233	\$ 2,810,285
Changes for the year:			
Service Cost	446,907	-	446,907
Interest on the Total Pension Liability	2,000,154	-	2,000,154
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(475,962)	-	(475,962)
Changes of Assumptions	(813,574)	-	(813,574)
Contributions- Employer	-	567,359	(567,359)
Contributions- Employee	-	177,917	(177,917)
Net Investment Income	-	4,515,172	(4,515,172)
Benefit Payments, including Refunds of Employee Contribution	(1,654,494)	(1,654,494)	-
Other (Net Transfer)	-	(540,150)	540,150
	<u> </u>	<u> </u>	<u> </u>
Net Changes	(496,969)	3,065,804	(3,562,773)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2017	<u>\$ 26,775,549</u>	<u>\$ 27,528,037</u>	<u>\$ (752,488)</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2016	\$ 61,626	\$ 120,522	\$ (58,896)
Changes for the year:			
Service Cost	-	-	-
Interest on the Total Pension Liability	4,622	-	4,622
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	34,391	-	34,391
Changes of Assumptions	62	-	62
Contributions- Employer	-	-	-
Contributions- Employee	-	-	-
Net Investment Income	-	16,453	(16,453)
Benefit Payments, including Refunds of Employee Contribution	-	-	-
Other (Net Transfer)	-	(258)	258
Net Changes	39,075	16,195	22,880
Balances at December 31, 2017	\$ 100,701	\$ 136,717	\$ (36,016)

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

IMRF	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 2,238,587	\$ (752,488)	\$ (3,202,883)

IMRF-SLEP	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ (31,596)	\$ (36,016)	\$ (40,205)

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 15. ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

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

For the year ended December 31, 2017, the City recognized pension expense of \$332,377 for IMRF and \$30,480 for IMRF-SLEP.

At December 31, 2017, 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 588,308
Changes of assumptions	8,001	607,069
Net difference between projected and actual earnings on pension plan investment	<u>751,522</u>	<u>2,187,885</u>
 Total deferred amounts to be recognized in pension expense in future periods	 <u><u>\$ 759,523</u></u>	 <u><u>\$ 3,383,262</u></u>
 IMRF-SLEP	 Deferred Outflows of Resources	 Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investment	<u>3,393</u>	<u>5,939</u>
 Total deferred amounts to be recognized in pension expense in future periods	 <u><u>\$ 3,393</u></u>	 <u><u>\$ 5,939</u></u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 Decemeber 31	Net Deferred Outflows of Resources
2018	\$ (696,601)
2019	(623,335)
2020	(756,831)
2021	(546,972)
2022	-
Thereafter	-
Total	<u>\$ (2,623,739)</u>

IMRF-SLEP	
Year Ending Decemeber 31	Net Deferred Outflows of Resources
2018	\$ 176
2019	175
2020	(1,413)
2021	(1,484)
2022	-
Thereafter	-
Total	<u>\$ (2,546)</u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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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, 2017:

Retirees and Beneficiaries currently receiving benefits	34
Inactive Plan Members entitled to but not yet receiving benefits	5
Active Plan Members	35
Total	<u>74</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
DECEMBER 31, 2017

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, 2017, the annual money-weighted rate of return on plan investments, net of investment expense, was 12.79 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, 2017.

The measurement period for the pension expense was January 1, 2017 to December 31, 2017.

The reporting period is January 1, 2017 through December 31, 2017.

The city's net pension liability was measured as of December 31, 2017.

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, 2017

NOTE 16. POLICE PENSION FUND (CONTINUED)

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of January 1, 2017 updated to December 31, 2017 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%

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.

The demographic assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study performed by the State of Illinois Department of Insurance in 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 2017 the inflation rate assumption of the investment advisor was 2.25%. 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, 2017 are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-term Expected Real Rate of Return
Cash	3%	-0.25%
Fixed Income	32%	3.00%
Domestic Equity Large Caps	52%	3.25%
Domestic Equity Small Caps	5%	3.50%
International Developed Foreign	5%	4.00%
Real Estate	3%	4.00%
Total	100%	

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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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 3.44 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, 2016	\$ 37,944,152	\$ 10,574,883	\$ 27,369,269
Adjustment to Beginning of Year	-	(1)	1
Changes for the year:			
Service Cost	726,660	-	726,660
Interest on the Total Pension Liability	2,648,675	-	2,648,675
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(94,231)	-	(94,231)
Changes of Assumptions	(612,198)	-	(612,198)
Contributions- Employer	-	1,549,657	(1,549,657)
Contributions- Employee	-	272,180	(272,180)
Net Investment Income	-	1,350,264	(1,350,264)
Benefit Payments, including Refunds			
of Employee Contribution	(1,665,189)	(1,665,189)	-
Administrative Expenses	-	(31,842)	31,842
Net Changes	1,003,717	1,475,070	(471,353)
Balances at December 31, 2017	\$ 38,947,869	\$ 12,049,952	\$ 26,897,917

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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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	\$ 32,312,025	\$ 26,897,917	\$ 22,459,857

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

For the year ended December 31, 2017, the City recognized a Pension Expense of \$2,293,683. On December 31, 2017, 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	\$ -	\$ 148,590
Changes of assumptions	-	510,165
Net difference between projected and actual earnings on pension plan investment	-	123,410
Total deferred amounts to be recognized in pension expense in future periods	\$ -	\$ 782,165

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 Decemeber 31	Net Deferred Outflows of Resources
2018	\$ (96,705)
2019	(96,705)
2020	(232,148)
2021	(238,869)
2022	(117,738)
Thereafter	-
Total	\$ (782,165)

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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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, 2017:

Retirees and Beneficiaries currently receiving benefits	26
Inactive Plan Members entitled to but not yet receiving benefits	8
Active Plan Members	25
Total	<u>59</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, 2017

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, 2017, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 10.34 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, 2017.

The measurement period for the pension expense was January 1, 2017 to December 31, 2017.

The reporting period is January 1, 2017 through December 31, 2017.

The City's Net Pension Liability was measured as of December 31, 2017.

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, 2017

NOTE 17. FIRE PENSION FUND (CONTINUED)

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of January 1, 2017 updated to December 31, 2017 using the following actuarial assumptions:

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

Mortality Rate: RP-2000 Combined Healthy Mortality, projected to the valuation date using Scale BB.

Disabled Mortality Rate: RP-2000 Disabled Retiree, projected to the valuation date using Scale BB.

Based on the studies of public safety pension plans, we believe this assumption sufficiently accommodates expected future mortality improvements.

The demographic assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study performed by the State of Illinois Department of Insurance performed in 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 2017 the inflation rate assumption of the investment advisor was 2.2%. 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, 2017 are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-term Expected Real Rate of Return
Cash	3.0%	-0.2% to 0.8%
Fixed Short Govt.	8.0%	-0.2% to 0.8%
Fixed Intermediate Govt.	25.0%	0.8% to 1.8%
Fixed Intermediate Corporate	20.0%	1.8% to 2.8%
Stock	44.0%	5.8% to 6.8%
Total	100.0%	

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 3.44 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, 2016	\$ 21,633,512	\$ 4,896,633	\$ 16,736,879
Adjustment to Beginning of Year	-	(591)	591
Changes for the year:			
Service Cost	415,552	-	415,552
Interest on the Total Pension Liability	1,499,278	-	1,499,278
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	35,329	-	35,329
Changes of Assumptions	(323,689)	-	(323,689)
Contributions- Employer	-	949,612	(949,612)
Contributions- Employee	-	151,166	(151,166)
Net Investment Income	-	507,247	(507,247)
Benefit Payments, including Refunds of Employee Contribution	(1,261,624)	(1,261,624)	-
Administrative Expense	-	(33,282)	33,282
Net Changes	364,846	313,119	51,727
Balances at December 31, 2017	\$ 21,998,358	\$ 5,209,161	\$ 16,789,197

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 19,604,057	\$ 16,789,197	\$ 14,471,155

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

For the year ended December 31, 2017, the City recognized a pension expense of \$1,536,739. On December 31, 2017, 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	\$ 672,435	\$ 676,649
Changes of assumptions	-	277,446
Net difference between projected and actual earnings on pension plan investment	22,915	-
Total deferred amounts to be recognized in pension expense in future periods	\$ 695,350	\$ 954,095

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
2018	\$ 75,768
2019	75,767
2020	18,217
2021	(210,779)
2022	(176,524)
Thereafter	(41,194)
Total	\$ (258,745)

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 medical coverage as a participant in the City's Plan. The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City are eligible to receive postemployment health care benefits. Coverage for retirees and their spouses and dependents is provided for life.

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

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

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

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

Annual required contribution	\$ 1,323,837
Interest on net OPEB obligation	49,010
Adjustment to annual required contribution	<u>(68,131)</u>
Annual OPEB cost	1,304,716
Contributions made	<u>(688,128)</u>
Increase in net OPEB obligation	616,588
Net OPEB obligation, beginning of year	<u>1,225,245</u>
Net OPEB obligation, end of year	<u><u>\$ 1,841,833</u></u>

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for calendar year 2017 and two preceding years is as follows:

Fiscal Year Ending	Annual OPEB Cost	Estimated Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 1,227,459	\$ 624,782	50.9%	\$ 602,677
12/31/2016	1,259,723	637,155	50.6%	1,225,245
12/31/2017	1,304,716	688,128	52.7%	1,841,833

Additional OPEB information:

Unfunded Actuarial Accrued Liability

Actuarial accrued liability	\$ 16,655,377
Actuarial value of assets	-
Unfunded actuarial accrued liability	<u><u>\$ 16,655,377</u></u>

Amortization Amount

Amortization period	30 years
Amortization method	Closed
Discount rate	4.00%
Payroll growth rate	0.00%
Total amortization amount	\$ 959,099

Funding Status and Funding Progress.

As of December 31, 2017, the accrued actuarial liability for benefits was \$16,655,377, all of which was unfunded.

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

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

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Valuation Date	12/31/2015
Measurement Date	12/31/2017
Actuarial Value of Assets	Market Value
Mortality Rate	
IMRF	RP-2000 Combined Healthy Mortality Table, projected to the valuation date with Scale AA
Police & Fire	RP-2000 Mortality Table, no projection
Disabled	RP-2000 Disabled Mortality Table, no projection
Interest Rate	4.00% per year, compounded annually, net of investment related expenses
Retirement Rates	Based on plan at time of valuation
Payroll Growth	0.00% per year
Inflation	3.00% per year
Salary Increase	
IMRF	5.50% per year
Police & Fire	Varies by service. Based on plan at time of valuation
Marital Status	80% assumed married, with male spouses 3 years older than female spouses
Health Care Participation	60% participation assumed, with 50% electing spouse coverage
Health Care Inflation	
Pre-Medicare	8.0% in Fiscal 2016, decreasing 0.75% each year to Fiscal 2020, then decreasing 0.5% to the ultimate rate of 4.5% in Fiscal 2021
Post-Medicare	8.0% in Fiscal 2016, decreasing 0.75% each year to Fiscal 2020, then decreasing 0.5% to the ultimate rate of 4.5% in Fiscal 2021
Termination Rates	Based on plan at time of valuation
Disability Rates	IMRF- None
Medical Aging Factors	Police & Fire- Based on plan at time of valuation
	4% per year prior to age 65;
	3% per year between ages 65 and 75;
	2% per year between ages 75 and 85;
	0% per year thereafter.
Health Claims	Developed using a 50/50 blend of Manual rates and age-adjusted premium rates
Administrative Expenses	\$1,000 annually, added to Normal Cost
Funding Method	Entry Age Cost Method (Level Percentage of Pay)

NOTE 19. TAX ABATEMENTS

For the year ended December 31, 2017 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 that exceeded \$500,000 for the year under the terms of a redevelopment agreement. The abatement for the year amounted to \$0. This 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.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 20. RECENT PRONOUNCEMENTS

The following pronouncements are effective for December 31, 2018 and after:

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

GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 20. RECENT PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 86, Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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.

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 THREE FISCAL YEARS

	December 31, 2017	December 31, 2016	December 31, 2015
TOTAL PENSION LIABILITY			
Service Cost	\$ 446,907	\$ 434,534	\$ 444,650
Interest	2,000,154	1,970,691	1,939,318
Change of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(475,962)	(344,654)	(290,772)
Changes in Assumptions	(813,574)	(30,866)	31,044
Benefit Payments, including Refunds of Employee Contributions	(1,654,494)	(1,701,750)	(1,629,851)
Net Change in Total Pension Liability	(496,969)	327,955	494,389
Total Pension Liability - Beginning	27,272,518	26,944,563	26,450,174
Total Pension Liability - Ending (A)	<u>\$ 26,775,549</u>	<u>\$ 27,272,518</u>	<u>\$ 26,944,563</u>
PLAN FIDUCIARY NET POSITION			
Contributions-Employer	\$ 567,359	\$ 600,448	\$ 597,843
Contributions-Employee	177,917	183,811	232,918
Net Investment Income	4,515,172	1,609,690	120,436
Benefit Payments, including Refunds of Employee Contributions	(1,654,494)	(1,701,750)	(1,629,851)
Other	(540,150)	147,811	(185,890)
Net change in Plan Fiduciary Net Position	3,065,804	840,010	(864,544)
Plan Fiduciary Net Position - Beginning	24,462,233	23,622,223	24,486,767
Plan Fiduciary Net Position - Ending (B)	<u>\$ 27,528,037</u>	<u>\$ 24,462,233</u>	<u>\$ 23,622,223</u>
NET PENSION LIABILITY - ENDING (A) - (B)	<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	102.81%	89.70%	87.67%
Covered-Employee Payroll	\$ 3,953,724	\$ 4,084,680	\$ 4,177,805
Net Pension Liability as a Percentage of Covered-Employee Payroll	-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 THREE FISCAL YEARS

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

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 THREE FISCAL YEARS

	December 31, 2017	December 31, 2016	December 31, 2015
TOTAL PENSION LIABILITY			
Service Cost	\$ 726,660	\$ 704,304	\$ 680,338
Interest	2,648,675	2,545,604	2,442,326
Change of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(94,231)	(116,773)	-
Changes in Assumptions	(612,198)	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,665,189)	(1,700,906)	(1,641,553)
Net Change in Total Pension Liability	1,003,717	1,432,229	1,481,111
Total Pension Liability - Beginning	37,944,152	36,511,923	35,030,812
Total Pension Liability - Ending (A)	<u>\$ 38,947,869</u>	<u>\$ 37,944,152</u>	<u>\$ 36,511,923</u>
PLAN FIDUCIARY NET POSITION			
Contributions-Employer	\$ 1,549,657	\$ 1,451,138	\$ 1,393,531
Contributions-Employee	272,180	266,787	272,545
Net Investment Income	1,350,264	549,978	22,529
Benefit Payments, including Refunds of Employee Contributions	(1,665,189)	(1,700,906)	(1,641,553)
Administrative Expenses	(31,842)	(38,706)	(30,316)
Other	-	-	-
Net change in Plan Fiduciary Net Position	1,475,070	528,291	16,736
Plan Fiduciary Net Position - Beginning	10,574,883	10,015,962	9,999,226
Adjustment to Beginning of Year	(1)	30,630	-
Plan Fiduciary Net Position - Ending (B)	<u>\$ 12,049,952</u>	<u>\$ 10,574,883</u>	<u>\$ 10,015,962</u>
NET PENSION LIABILITY - ENDING (A) - (B)	<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	30.94%	27.87%	27.43%
Covered-Employee Payroll	\$ 2,746,519	\$ 2,692,099	\$ 2,728,224
Net Pension Liability as a Percentage of Covered-Employee Payroll	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 FOUR FISCAL YEARS

	December 31, 2017	December 31, 2016	December 31, 2015	April 30, 2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 415,552	\$ 389,787	\$ 222,555	\$ 372,458
Interest	1,499,278	1,517,922	938,174	1,365,783
Change of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	35,329	(947,307)	1,284,305	-
Changes in Assumptions	(323,689)	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,261,624)	(1,243,408)	(819,391)	(1,172,182)
Net Change in Total Pension Liability	364,846	(283,006)	1,625,643	566,059
Total Pension Liability - Beginning	21,633,512	21,916,518	20,290,875	19,724,816
Total Pension Liability - Ending (A)	<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	\$ 949,612	\$ 827,078	\$ 414,265	\$ 620,292
Contributions-Employee	151,166	149,420	102,431	151,368
Net Investment Income	507,247	260,486	(47,070)	334,367
Benefit Payments, including Refunds of Employee Contributions	(1,261,624)	(1,243,408)	(819,391)	(1,172,182)
Administrative Expenses	(33,282)	(38,197)	(35,437)	(26,586)
Other	-	-	-	-
Net change in Plan Fiduciary Net Position	313,119	(44,621)	(385,202)	(92,741)
Plan Fiduciary Net Position - Beginning	4,896,633	4,941,254	5,806,684	5,899,425
Receivable Adjustment	(591)	-	(480,228)	-
Plan Fiduciary Net Position - Ending (B)	<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>\$ 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	23.68%	22.63%	22.55%	28.62%
Covered-Employee Payroll	\$ 1,598,794	\$ 1,580,328	\$ 1,592,913	\$ 1,497,091
Net Pension Liability as a Percentage of Covered-Employee Payroll	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 EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST THREE FISCAL YEARS

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

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 2017 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): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early retirement Incentive Plan liabilities; a period up to 10 years selected by the Employer upon adoption of ERI
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate
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 THREE FISCAL YEARS

	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>
Covered-Employee Payroll	\$ -	\$ -	\$ -
Contributions as a Percentages of Covered-Employee Payroll	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 2017 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%, approximate
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 THREE FISCAL YEARS

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

Notes to Schedule of Contributions

Valuation Date: 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	4.00% to 11.00%, depending on years of service
Payroll Growth	4.00% per year
Marital Status	80% of Members are assumed to be married
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 *	
Age	Rate	Age	Rate	Age	Rate
15-24	10.00%	20-25	0.05%	<=49	0.00%
25	7.50%	30	0.22%	50 - 54	20.00%
26-27	6.25%	35	0.26%	55 - 59	25.00%
28-31	5.00%	40	0.40%	60 - 62	33.00%
32-34	4.00%	45	0.65%	63 - 69	50.00%
35-37	3.00%	50	0.95%	>=70	100.00%
38-39	2.00%	55	1.30%		
>=50	3.50%	60	1.65%		
		65	2.00%		

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

Notes to Schedule of Contributions

Valuation Date: 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.
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	4.00% to 12.00%, depending on years of service
Payroll Growth	4.00% 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	
Age	Rate	Age	Rate	Age	Rate
20	9.00%	20	0.10%	50 - 53	14.00%
25	5.00%	25	0.10%	54 - 59	20.00%
30	2.50%	30	0.20%	60 - 62	25.00%
35	2.00%	35	0.35%	63 - 64	33.00%
40 - 65	1.00%	40	0.50%	65 - 69	50.00%
		45	0.65%	>=70	100.00%
		50	1.00%		
		55	1.50%		
		60	3.00%		
		65	4.25%		

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
DECEMBER 31, 2017

	<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	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 FOUR FISCAL YEARS

	<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	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 FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
LAST THREE FISCAL YEARS

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ©	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2015	12/31/2015	\$ -	\$ 15,984,027	\$ 15,984,027	0.0%	\$ 5,985,522	267.0%
2016	12/31/2015	-	16,331,672	16,331,672	0.0%	5,985,522	272.9%
2017	12/31/2015	-	16,655,377	16,655,377	0.0%	5,985,522	278.3%

Valuations must be performed every two years for OPEB plans with more than 200 members and at least every three years for plans with fewer than 200 members.

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, 2017

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 3,670,000	\$ 3,337,885
Personal property replacement tax	260,000	193,657
Other taxes	2,955,000	3,310,225
Licenses	869,650	856,135
Permits	284,200	421,656
Fines and forfeitures	779,500	551,545
Intergovernmental	3,730,000	2,538,659
Interest	-	7,179
Other	4,044,216	3,270,115
	<u>16,592,566</u>	<u>14,487,056</u>
Total Revenues	<u>16,592,566</u>	<u>14,487,056</u>
EXPENDITURES		
Current:		
General government	6,202,301	5,022,779
Public safety	7,863,220	7,252,513
Public works	3,109,850	2,625,709
Capital outlay	1,300,000	545,131
Debt service		
Principal	735,000	10,000
Interest and fiscal charges	63,400	12,912
	<u>19,273,771</u>	<u>15,469,044</u>
Total Expenditures	<u>19,273,771</u>	<u>15,469,044</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(2,681,205)	(981,988)
OTHER FINANCING SOURCES (USES)		
Loan proceeds	500,000	242,610
Bond proceeds	75,000	32,194
Transfers in	700,000	347,541
Transfers out	-	(140,075)
	<u>1,275,000</u>	<u>482,270</u>
Total Other Financing Sources (Uses)	<u>1,275,000</u>	<u>482,270</u>
Net change in fund balance	<u>\$ (1,406,205)</u>	(499,718)
Fund balance (deficit) at beginning of year		<u>(3,621,391)</u>
Fund balance (deficit) at end of year		<u>\$ (4,121,109)</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

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 14, 2017.
- 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, 2017, 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, 2017

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 3,670,000	\$ 3,337,885
Personal property replacement tax	260,000	193,657
Other taxes		
Sales tax	1,350,000	1,324,081
Use tax	550,000	612,438
Utility taxes	1,055,000	1,150,087
Video gaming tax	-	223,619
	<u>6,885,000</u>	<u>6,841,767</u>
Total taxes		
	<u>6,885,000</u>	<u>6,841,767</u>
Licenses		
Vehicle	625,000	586,720
Business	244,650	123,037
Contractors	-	25,000
Animal	-	740
Building & housing inspections	-	110,830
Elevator inspections	-	9,808
	<u>869,650</u>	<u>856,135</u>
Total licenses		
	<u>869,650</u>	<u>856,135</u>
Permits		
Building	-	334,010
Electrical	-	24,282
Other	284,200	63,364
	<u>284,200</u>	<u>421,656</u>
Total permits		
	<u>284,200</u>	<u>421,656</u>
Fines and forfeitures		
Police	-	473,166
Building violations	-	50,198
Compliance court	779,500	28,181
	<u>779,500</u>	<u>551,545</u>
Total fines		
	<u>779,500</u>	<u>551,545</u>
Intergovernmental		
State income tax	2,350,000	2,357,521
Grants	1,380,000	181,138
	<u>3,730,000</u>	<u>2,538,659</u>
Total intergovernmental		
	<u>3,730,000</u>	<u>2,538,659</u>
Interest	-	7,179
	<u>-</u>	<u>7,179</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, 2017

	Original and Final Budget	Actual
REVENUES (Continued)		
Other		
Ambulance user fees	\$ 500,000	\$ 459,876
City parking lots	60,000	158,856
Maintenance of state roads and traffic signals	55,000	111,697
Towing fees	-	113,550
Engineering	-	1,121
Alarm security fees	-	5,943
Reimbursements	-	54,080
Rent/lease/sale property	-	69,178
Sanitation and recycling fees	1,450,100	1,526,061
Television franchise fees	204,000	197,493
Telephone franchise fees	28,000	88,571
Telephone surcharges-911 system	201,000	182,470
User fees-911 system	422,266	158,052
Vital statistics	-	41,065
Miscellaneous	1,123,850	102,102
	<hr/>	<hr/>
Total other	4,044,216	3,270,115
	<hr/>	<hr/>
Total revenues	16,592,566	14,487,056
	<hr/>	<hr/>

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, 2017

	Original and Final Budget	Actual
EXPENDITURES		
General Government		
Administration		
Salaries and benefits		
Mayor's office		
Full-time salaries	\$ -	\$ 41,762
Part-time salaries	32,400	-
Finance		
Full-time salaries	195,000	176,193
Part-time salaries	9,400	-
Overtime salaries	2,500	-
Clerk's office		
Full-time salaries	81,525	81,694
General Government		
Full-time salaries	235,550	221,701
Part-time salaries	45,000	31,361
Aldermen salaries	70,000	70,561
Illinois Municipal Retirement Fund	79,450	74,623
Payroll taxes-FICA and Medicare	51,660	46,151
Unemployment insurance	20,000	-
	<u>822,485</u>	<u>744,046</u>
Services		
Professional fees	70,000	76,380
Computers and software	174,700	101,700
Expenses of City officials	20,400	20,400
Legal	500,000	694,575
Other	8,000	1,198
Professional consulting and engineering	290,000	453,818
Telephone	120,000	142,954
Internet	2,500	-
Utilities-gas	3,500	-
Training	2,900	149
	<u>1,192,000</u>	<u>1,491,174</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
General Government (Continued)		
Administration (Continued)		
Supplies and materials		
Board up expense	\$ 35,000	\$ 12,811
Maintenance supplies	6,000	1,700
Operating supplies	500	141
Printing, postage, and office supplies	15,050	7,927
Small equipment	5,000	-
Vehicle sticker program	14,500	16,865
	<u>76,050</u>	<u>39,444</u>
Total supplies and materials		
	<u>76,050</u>	<u>39,444</u>
Repairs and maintenance		
Equipment	12,100	7,257
Lot/property maintenance	50,000	1,700
Outside contractors	1,000	-
	<u>63,100</u>	<u>8,957</u>
Total repairs and maintenance		
	<u>63,100</u>	<u>8,957</u>
Miscellaneous		
Bank service charges	15,000	22,898
Dues and subscriptions	53,300	36,405
Employee/office services	1,500	1,452
Legal notices	5,000	2,768
Library personal property replacement taxes	55,000	53,732
Licenses and payroll service fees	57,600	63,383
Meetings and seminars	8,900	1,160
Rental and leasing	2,700	1,140
Travel/transportation	3,700	310
Grant pass through expenditures	155,000	22,319
Other	-	13,461
	<u>357,700</u>	<u>219,028</u>
Total miscellaneous		
	<u>357,700</u>	<u>219,028</u>
Total administration	<u>2,511,335</u>	<u>2,502,649</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
General Government (Continued)		
Building Department		
Salaries and benefits		
Full-time salaries	\$ 95,500	\$ 103,990
Part-time salaries	140,000	87,141
Overtime salaries	-	998
Illinois Municipal Retirement Fund	20,000	21,353
Payroll taxes-FICA and Medicare	20,650	14,049
Uniforms	600	-
	<u>276,750</u>	<u>227,531</u>
Total salaries and benefits		
Services		
Computers and software	950	235
Professional consulting and engineering	38,750	5,594
Legal notices	2,500	104
Training	2,500	-
	<u>44,700</u>	<u>5,933</u>
Total services		
Supplies and materials		
Gasoline and oil for vehicles	4,000	2,768
Printing, postage, and office supplies	9,000	6,687
	<u>13,000</u>	<u>9,455</u>
Total supplies and materials		
Repairs and maintenance		
Elevator inspections	6,500	3,715
Equipment	10,400	9,178
Outside contractors	-	700
Vehicle	4,850	562
	<u>21,750</u>	<u>14,155</u>
Total repairs and maintenance		
Miscellaneous		
Dues and subscriptions	1,430	522
Meetings and seminars	1,000	463
Travel/transportation	100	-
Grant pass through exp	-	29,431
	<u>2,530</u>	<u>30,416</u>
Total miscellaneous		
Total building department	<u>358,730</u>	<u>287,490</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
General Government (Continued)		
Planning Department		
Salaries and benefits		
Full-time salaries	\$ 72,500	\$ 37,915
Illinois Municipal Retirement Fund	10,550	5,238
Payroll taxes-FICA and Medicare	5,550	2,993
	<u>88,600</u>	<u>46,146</u>
Total salaries and benefits		
Services		
Computers and software	560	235
Professional consulting and engineering	68,750	4,792
Training	450	500
	<u>69,760</u>	<u>5,527</u>
Total services		
Supplies and materials		
Printing, postage, and office supplies	1,400	99
	<u>1,400</u>	<u>99</u>
Total supplies and materials		
Miscellaneous		
Dues and subscriptions	1,776	539
Meetings and seminars	4,350	265
Pass through grant expenditures	100,000	1,240
Travel/transportation	1,250	110
	<u>107,376</u>	<u>2,154</u>
Total miscellaneous		
Total planning department	<u>267,136</u>	<u>53,926</u>
Insurance Department		
Employee insurance benefits		
Employee medical insurance	1,678,000	1,610,926
Life/unemployment insurance	11,000	10,528
	<u>1,689,000</u>	<u>1,621,454</u>
Total employee insurance benefits		

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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
General Government (Continued)		
Insurance Department (Continued)		
Services		
Auto/property damage claims	\$ 30,000	\$ 14,788
Insurance-buildings/vehicles	85,000	67,391
Insurance fees	40,000	5,035
Liability claim expense	100,000	35,297
Personal injury claims	800,000	359,000
Workers compensation disability medical claims	150,000	766
	<u>1,205,000</u>	<u>482,277</u>
Total services	<u>1,205,000</u>	<u>482,277</u>
Total insurance department	<u>2,894,000</u>	<u>2,103,731</u>
Marketing Department		
Salaries and benefits		
Full-time salaries	55,000	-
Part-time salaries	27,000	22,632
Illinois Municipal Retirement Fund	8,000	3,178
Payroll taxes-FICA and Medicare	6,300	1,729
	<u>96,300</u>	<u>27,539</u>
Total salaries and benefits	<u>96,300</u>	<u>27,539</u>
Supplies and materials		
Printing, postage, and office supplies	3,800	-
Computers and software	750	-
	<u>4,550</u>	<u>-</u>
Total supplies and materials	<u>4,550</u>	<u>-</u>
Miscellaneous		
Advertising and marketing	5,000	-
Community promotions	65,000	35,431
Meetings and seminars	250	142
	<u>70,250</u>	<u>35,573</u>
Total miscellaneous	<u>70,250</u>	<u>35,573</u>
Total marketing department	<u>171,100</u>	<u>63,112</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
General Government (Continued)		
Rec Center Department		
Salaries and benefits		
Full-time salaries	\$ -	\$ 568
Part-time salaries	-	71
	<u>-</u>	<u>639</u>
Total salaries and benefits	<u>-</u>	<u>639</u>
Services		
Telephone	-	2,764
Utilities	-	1,188
	<u>-</u>	<u>3,952</u>
Total supplies and materials	<u>-</u>	<u>3,952</u>
Supplies and materials		
Printing, postage, and office supplies	-	847
Maintenance supplies	-	1,600
Operating supplies	-	289
Small equipment	-	1,173
	<u>-</u>	<u>3,909</u>
Total supplies and materials	<u>-</u>	<u>3,909</u>
Repairs and maintenance		
Equipment	-	126
Outside contractors	-	325
	<u>-</u>	<u>451</u>
Total repairs and maintenance	<u>-</u>	<u>451</u>
Miscellaneous		
Employee/office services	-	399
Rental and leasing	-	2,521
	<u>-</u>	<u>2,920</u>
Total miscellaneous	<u>-</u>	<u>2,920</u>
Total rec center department	<u>-</u>	<u>11,871</u>
Total general government	<u>6,202,301</u>	<u>5,022,779</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety		
Police Department		
Salaries and benefits		
Officers		
Full-time salaries	\$ 3,095,900	\$ 2,908,642
Overtime salaries	225,000	260,673
Records and desk clerks		
Full-time salaries	330,000	287,298
Part-time salaries	30,000	47,730
Overtime salaries	500	6,064
Part-time police	125,000	134,122
Part-time overtime salaries	-	26
Illinois Municipal Retirement Fund-police clerks	50,000	39,708
Payroll taxes-FICA and Medicare	91,250	79,125
Unemployment insurance	-	4,227
Illinois Municipal Retirement Fund	15,000	11,028
	<u>3,962,650</u>	<u>3,778,643</u>
Total salaries and benefits		
	<u>3,962,650</u>	<u>3,778,643</u>
Services		
Animal care	4,800	5,130
Computers and software	35,000	35,435
Legal Fees	22,000	16,535
Prisoner care	4,000	1,659
Professional consulting	6,500	10,710
Telephone	12,000	10,248
Training	15,000	11,599
Utilities	1,200	160
	<u>100,500</u>	<u>91,476</u>
Total services		
	<u>100,500</u>	<u>91,476</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety (Continued)		
Police Department (Continued)		
Supplies and materials		
Ammunition/guns	\$ 5,000	\$ 3,954
Gasoline and oil for vehicles	75,000	74,692
Maintenance supplies	4,000	2,433
Operating supplies	1,500	3,703
Printing, postage, and office supplies	24,500	17,941
Radios/radio equipment	2,000	2,780
Small equipment	1,500	-
Tools Expense	500	500
Uniforms	37,500	5,637
	<u>151,500</u>	<u>111,640</u>
Total supplies and materials		
Repairs and maintenance		
Building	15,000	6,997
Equipment	71,000	53,784
Vehicle	32,500	21,885
	<u>118,500</u>	<u>82,666</u>
Total repairs and maintenance		
Miscellaneous		
Collection services		
Community promotions	500	390
Dues and subscriptions	3,000	3,135
Employee/office services	1,000	-
Licenses/fees	7,000	6,038
Meetings and seminars	700	793
Travel/transportation	5,000	1,519
	<u>17,200</u>	<u>11,875</u>
Total miscellaneous		
Total police department	<u>4,350,350</u>	<u>4,076,300</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety (Continued)		
9-1-1 Department		
Salaries and benefits		
Full-time salaries	\$ 680,000	\$ 601,628
Part-time salaries	60,000	51,123
Overtime salaries	100,000	50,239
Illinois Municipal Retirement Fund	121,000	93,316
Payroll taxes-FICA and Medicare	64,500	51,978
	<u>1,025,500</u>	<u>848,284</u>
Total salaries and benefits		
Services		
Computers and software	1,500	47,908
Equipment maintenance contracts	44,900	6,601
Telephone	120,000	130,255
Training	6,500	110
Utilities	1,280	1,193
Other contractual services	-	97,976
	<u>174,180</u>	<u>284,043</u>
Total services		
Supplies and materials		
Maintenance supplies	1,500	563
Operating supplies	-	52
Printing, postage, and office supplies	1,000	592
Radios and other equipment	500	-
Uniforms	9,100	-
	<u>12,100</u>	<u>1,207</u>
Total supplies and materials		
Repairs and maintenance		
Building	5,000	2,686
Equipment	2,400	31,053
	<u>7,400</u>	<u>33,739</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety (Continued)		
9-1-1 Department (Continued)		
Miscellaneous		
Employee/office services	\$ 1,000	\$ -
Licenses and fees	-	7,000
Travel/transportation	500	86
	<u>1,500</u>	<u>7,086</u>
Total miscellaneous	<u>1,500</u>	<u>7,086</u>
Total 9-1-1 department	<u>1,220,680</u>	<u>1,174,359</u>
Fire Department		
Salaries and benefits		
Full-time salaries	1,800,000	1,711,243
Overtime salaries	60,000	86,541
Illinois Municipal Retirement Fund	5,700	5,619
Payroll taxes-FICA and Medicare	29,450	23,972
	<u>1,895,150</u>	<u>1,827,375</u>
Total salaries and benefits	<u>1,895,150</u>	<u>1,827,375</u>
Services		
Ambulance processing fee	55,000	43,225
Computers and software	10,950	3,210
Professional consulting	3,000	2,500
Telephone	1,000	1,101
Utilities	1,200	1,351
Training	3,500	617
	<u>74,650</u>	<u>52,004</u>
Total services	<u>74,650</u>	<u>52,004</u>
Supplies and materials		
Gasoline and oil for vehicles	4,000	3,139
Maintenance supplies	4,500	2,712
Operating supplies	3,500	2,459
Printing, postage, and office supplies	3,500	1,556
Small equipment	16,740	9,989
Uniforms	28,000	8,022
	<u>60,240</u>	<u>27,877</u>
Total supplies and materials	<u>60,240</u>	<u>27,877</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Safety (Continued)		
Fire Department (Continued)		
Repairs and maintenance		
Building	\$ 15,000	\$ 2,224
Equipment	7,600	5,638
Vehicle	40,250	62,329
	<u>62,850</u>	<u>70,191</u>
Total repairs and maintenance		
	<u>62,850</u>	<u>70,191</u>
Miscellaneous		
Community promotions	1,000	777
Dues and subscriptions	4,650	4,640
Employee/office services	1,500	163
Licenses/fees	400	245
Meetings and seminars	1,000	-
Physical exams	7,000	5,850
Rentals and leasing fees	1,500	204
Travel/transportation	250	-
Grant pass through expenditures	120,000	-
	<u>137,300</u>	<u>11,879</u>
Total miscellaneous		
	<u>137,300</u>	<u>11,879</u>
Total fire department	<u>2,230,190</u>	<u>1,989,326</u>
Civil Service Commission		
Professional consulting	1,000	-
Personnel hiring/exams	30,000	9,475
Legal fees	30,000	3,053
Legal notices	1,000	-
	<u>62,000</u>	<u>12,528</u>
Total civil service commission		
	<u>62,000</u>	<u>12,528</u>
Total public safety	<u>7,863,220</u>	<u>7,252,513</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Works		
Salaries and benefits		
Full-time salaries	\$ 487,250	\$ 463,696
Part-time salaries	45,000	17,173
Overtime salaries	42,000	16,370
Illinois Municipal Retirement Fund	83,000	76,020
Payroll taxes-FICA and Medicare	44,350	35,191
	<u>701,600</u>	<u>608,450</u>
Total salaries and benefits		
Services		
Computers and software	5,000	3,260
Engineering	40,000	415
Garbage and recycling	1,450,000	1,480,210
Snow removal	20,000	-
Utilities	268,250	277,328
	<u>1,783,250</u>	<u>1,761,213</u>
Total services		
Supplies and materials		
Building and street signs	12,000	3,999
Concrete/asphalt/stone	40,000	48,180
Salt	2,000	660
Gasoline and oil for vehicles	40,000	36,793
Maintenance supplies	20,000	12,493
Printing, postage, and office supplies	950	648
Small equipment	6,500	468
Tool expense	1,000	489
	<u>122,450</u>	<u>103,730</u>
Total supplies and materials		

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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Public Works (Continued)		
Repairs and maintenance		
Building	\$ 50,000	\$ 508
Equipment	22,800	14,504
Equipment rental	500	-
Parking lot maintenance	10,000	4,155
Outside contractors	500	65
Street lighting system	20,000	23,490
Traffic signals	25,000	26,220
Tree program	75,000	67,620
Vehicle	31,500	14,897
	<u>235,300</u>	<u>151,459</u>
Total repairs and maintenance		
	<u>235,300</u>	<u>151,459</u>
Miscellaneous		
Dues and subscriptions	50	140
Training	1,000	-
Employee/office services	700	647
Licenses/fees	100	-
Meetings and seminars	300	70
Travel/transportation	100	-
Pass through grant expenditures	265,000	-
	<u>267,250</u>	<u>857</u>
Total miscellaneous		
	<u>267,250</u>	<u>857</u>
Total public works department		
	<u>3,109,850</u>	<u>2,625,709</u>
Capital Outlay		
Administration	21,000	15,177
Marketing department	1,057,000	356,023
Police department	105,000	173,931
9-1-1 department	17,000	-
Fire department	60,000	-
Public works	40,000	-
	<u>1,300,000</u>	<u>545,131</u>
Total capital outlay		
	<u>1,300,000</u>	<u>545,131</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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Debt Service		
Principal	\$ 735,000	\$ 10,000
Interest and fiscal charges	63,400	12,912
	<u>798,400</u>	<u>22,912</u>
Total debt service		
	<u>19,273,771</u>	<u>15,469,044</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,681,205)</u>	<u>(981,988)</u>
OTHER FINANCING SOURCES (USES)		
Loan proceeds	500,000	242,610
Bond proceeds	75,000	32,194
Transfers in	700,000	347,541
Transfers out	<u>-</u>	<u>(140,075)</u>
	<u>1,275,000</u>	<u>482,270</u>
Net change in fund balance	<u><u>\$ (1,406,205)</u></u>	(499,718)
Fund balance (deficit) at beginning of year		<u>(3,621,391)</u>
Fund balance (deficit) at end of year		<u><u>\$ (4,121,109)</u></u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017

	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	\$ 856,770	\$ 344,623	\$ 17,301	\$ 214,143	\$ -	\$ 19,949
Receivables						
Property taxes-net	-	-	-	-	-	-
Other taxes	175,878	-	-	-	-	27,819
Due from other funds	-	-	-	-	-	-
Due from other governments	-	52,382	-	-	-	-
Total assets	<u>\$ 1,032,648</u>	<u>\$ 397,005</u>	<u>\$ 17,301</u>	<u>\$ 214,143</u>	<u>\$ -</u>	<u>\$ 47,768</u>
LIABILITIES						
Accounts payable	\$ 2,743	\$ -	\$ -	\$ -	\$ 438	\$ -
Due to other funds	3,014	1,370	26,752	37,975	48,981	-
Due to other government units	-	-	-	-	-	-
Total liabilities	<u>5,757</u>	<u>1,370</u>	<u>26,752</u>	<u>37,975</u>	<u>49,419</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for subsequent year	-	-	-	-	-	-
Unavailable revenue	58,862	-	-	-	-	-
Total deferred inflows of resources	<u>58,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted						
Economic development	968,029	-	-	176,168	-	-
Street maintenance	-	395,635	-	-	-	-
Public safety	-	-	-	-	-	47,768
Unassigned (deficit)	-	-	(9,451)	-	(49,419)	-
Total fund balances (deficits)	<u>968,029</u>	<u>395,635</u>	<u>(9,451)</u>	<u>176,168</u>	<u>(49,419)</u>	<u>47,768</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,032,648</u>	<u>\$ 397,005</u>	<u>\$ 17,301</u>	<u>\$ 214,143</u>	<u>\$ -</u>	<u>\$ 47,768</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
DECEMBER 31, 2017

	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	\$ 220,091	\$ 90,935	\$ -	\$ -	\$ -	\$ 126	\$ 1,763,938
Receivables							
Property taxes-net	-	-	1,837,643	1,127,210	270,629	-	3,235,482
Other taxes	-	-	-	-	-	-	203,697
Due from other funds	-	-	28,881	20,350	-	-	49,231
Due from other governments	-	-	-	-	-	-	52,382
Total assets	<u>\$ 220,091</u>	<u>\$ 90,935</u>	<u>\$ 1,866,524</u>	<u>\$ 1,147,560</u>	<u>\$ 270,629</u>	<u>\$ 126</u>	<u>\$ 5,304,730</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 28,881	\$ 20,350	\$ -	\$ -	\$ 52,412
Due to other funds	-	-	-	-	16,957	15,000	150,049
Due to other government units	121,448	-	-	-	-	-	121,448
Total liabilities	<u>121,448</u>	<u>-</u>	<u>28,881</u>	<u>20,350</u>	<u>16,957</u>	<u>15,000</u>	<u>323,909</u>
DEFERRED INFLOWS OF RESOURCES							
Property taxes levied for subsequent year	-	-	1,837,643	1,127,210	270,629	-	3,235,482
Unavailable revenue	-	-	-	-	-	-	58,862
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,837,643</u>	<u>1,127,210</u>	<u>270,629</u>	<u>-</u>	<u>3,294,344</u>
FUND BALANCES							
Restricted							
Economic development	-	-	-	-	-	-	1,144,197
Street maintenance	-	-	-	-	-	-	395,635
Public safety	98,643	90,935	-	-	-	-	237,346
Unassigned (deficit)	-	-	-	-	(16,957)	(14,874)	(90,701)
Total fund balances (deficits)	<u>98,643</u>	<u>90,935</u>	<u>-</u>	<u>-</u>	<u>(16,957)</u>	<u>(14,874)</u>	<u>1,686,477</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 220,091</u>	<u>\$ 90,935</u>	<u>\$ 1,866,524</u>	<u>\$ 1,147,560</u>	<u>\$ 270,629</u>	<u>\$ 126</u>	<u>\$ 5,304,730</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, 2017

	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	\$ -	\$ -	\$ 557	\$ 214,206	\$ -	\$ -
Personal property replacement taxes	-	-	-	-	-	-
Other taxes	664,453	-	-	-	-	27,819
Motor fuel tax allotments	-	604,659	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest	-	2,871	50	288	-	-
Total revenues	664,453	607,530	607	214,494	-	27,819
EXPENDITURES						
Current						
General government	3,000	-	4,985	1,171	24,681	-
Public safety	-	-	-	-	-	21,262
Street maintenance	-	56,239				-
Capital outlay	145,347	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	148,347	56,239	4,985	1,171	24,681	21,262
Excess (Deficiency) of Revenues over (under) Expenditures	516,106	551,291	(4,378)	213,323	(24,681)	6,557
OTHER FINANCING SOURCES (USES)						
Transfer in	-	3,190	-	-	-	-
Transfer out	-	(347,541)	-	-	-	-
Total Other Financing Sources (Uses)	-	(344,351)	-	-	-	-
Net changes in fund balances	516,106	206,940	(4,378)	213,323	(24,681)	6,557
Fund balances (deficits) at beginning of year	451,923	188,695	(5,073)	(37,155)	(24,738)	41,211
Fund balances (deficits) at end of year	\$ 968,029	\$ 395,635	\$ (9,451)	\$ 176,168	\$ (49,419)	\$ 47,768

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, 2017

	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	\$ -	\$ -	\$ 1,512,776	\$ 921,262	\$ 235,262	\$ -	\$ 2,884,063
Personal property replacement taxes	-	-	28,881	20,350	-	-	49,231
Other taxes	-	-	-	-	-	-	692,272
Motor fuel tax allotments	-	-	-	-	-	-	604,659
Fines and forfeitures	9,663	50,311	-	-	-	-	59,974
Interest	28	17	-	-	-	10	3,264
Total revenues	9,691	50,328	1,541,657	941,612	235,262	10	4,293,463
EXPENDITURES							
Current							
General government	-	-	-	-	-	-	33,837
Public safety	255	12,068	1,541,657	941,612	-	-	2,516,854
Street maintenance	-	-	-	-	-	-	56,239
Capital outlay	-	-	-	-	-	-	145,347
Debt service							
Principal	-	-	-	-	223,161	-	223,161
Interest and fiscal charges	-	-	-	-	35,895	-	35,895
Total Expenditures	255	12,068	1,541,657	941,612	259,056	-	3,011,333
Excess (Deficiency) of Revenues over (under) Expenditures	9,436	38,260	-	-	(23,794)	10	1,282,130
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	-	-	-	1,340	4,530
Transfer out	-	-	-	-	-	-	(347,541)
Total Other Financing Sources (Uses)	-	-	-	-	-	1,340	(343,011)
Net changes in fund balances	9,436	38,260	-	-	(23,794)	1,350	939,119
Fund balances (deficits) at beginning of year	89,207	52,675	-	-	6,837	(16,224)	747,358
Fund balances (deficits) at end of year	\$ 98,643	\$ 90,935	\$ -	\$ -	\$ (16,957)	\$ (14,874)	\$ 1,686,477

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, 2017

	Original and Final Budget	Actual
REVENUES		
Other taxes		
Business district taxes	\$ 588,000	\$ 664,453
Total Revenues	588,000	664,453
EXPENDITURES		
Current		
General government	50,000	3,000
Capital outlay	2,220,000	145,347
Total Expenditures	2,270,000	148,347
Net change in fund balance	\$ (1,682,000)	516,106
Fund balance at beginning of year		451,923
Fund balance at end of year		\$ 968,029

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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, 2017

	Original and Final Budget	Actual
REVENUES		
Motor fuel tax allotments	\$ 650,000	\$ 604,659
Interest	1,000	2,871
Total Revenues	651,000	607,530
EXPENDITURES		
Current		
Street maintenance	800,000	56,239
Capital outlay	200,000	-
Total Expenditures	1,000,000	56,239
Excess (Deficiency) of Revenues over (under) Expenditures	(349,000)	551,291
OTHER FINANCING SOURCES (USES)		
Transfer in	-	3,190
Transfer out	-	(347,541)
Total Other Financing Sources (Uses)	-	(344,351)
Net change in fund balance	\$ (349,000)	206,940
Fund balance at beginning of year		188,695
Fund balance at end of year		\$ 395,635

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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, 2017

	Original and Final Budget	Actual
REVENUES		
Property taxes-net	\$ 1,745,597	\$ 1,512,776
Personal property replacement taxes	30,700	28,881
	<u>1,776,297</u>	<u>1,541,657</u>
Total Revenues	<u>1,776,297</u>	<u>1,541,657</u>
EXPENDITURES		
Public Safety		
Pension contributions	<u>1,776,297</u>	<u>1,541,657</u>
	<u>1,776,297</u>	<u>1,541,657</u>
Total Expenditures	<u>1,776,297</u>	<u>1,541,657</u>
Net change in fund balance	<u><u>\$ -</u></u>	-
Fund balance at beginning of year		<u>-</u>
Fund balance at end of year		<u><u>\$ -</u></u>

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, 2017

	Original and Final Budget	Actual
REVENUES		
Property taxes-net	\$ 1,057,768	\$ 921,262
Personal property replacement taxes	21,750	20,350
	<u>1,079,518</u>	<u>941,612</u>
Total Revenues	<u>1,079,518</u>	<u>941,612</u>
EXPENDITURES		
Public Safety		
Pension contributions	1,079,518	941,612
	<u>1,079,518</u>	<u>941,612</u>
Total Expenditures	<u>1,079,518</u>	<u>941,612</u>
Net change in fund balance	<u><u>\$ -</u></u>	-
Fund balance at beginning of year		<u>-</u>
Fund balance at end of year		<u><u>\$ -</u></u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2017

	Police Pension Fund	Firefighters' Pension Fund	Total
ASSETS			
Cash and cash equivalents	\$ 10,000	\$ 177,598	\$ 187,598
Accrued interest receivable	20,354	23,169	43,523
Due from City	28,881	20,350	49,231
Due from members	12,826	-	12,826
Investments			
US treasury	440,695	883,771	1,324,466
US government securities	1,964,544	449,751	2,414,295
US government agencies	8,627	368,270	376,897
Mutual funds	7,958,505	2,064,267	10,022,772
Corporate obligations	885,919	1,027,528	1,913,447
Common stock	-	194,457	194,457
Money market mutual funds	727,145	-	727,145
Prepaid expenses	795	-	795
	<u>12,058,291</u>	<u>5,209,161</u>	<u>17,267,452</u>
LIABILITIES			
Accounts payable	8,339	-	8,339
	<u>8,339</u>	<u>-</u>	<u>8,339</u>
NET POSITION			
Net position held in trust for pension benefit	<u>\$ 12,049,952</u>	<u>\$ 5,209,161</u>	<u>\$ 17,259,113</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, 2017

	Police Pension Fund	Firefighters' Pension Fund	Total
ADDITIONS			
Contributions			
Employee contributions	\$ 272,180	\$ 151,166	\$ 423,346
Employer contributions	1,549,657	949,612	2,499,269
	<u>1,821,837</u>	<u>1,100,778</u>	<u>2,922,615</u>
Investment income			
Investment income	1,376,536	527,634	1,904,170
Investment fees	(27,675)	(20,388)	(48,063)
	<u>1,348,861</u>	<u>507,246</u>	<u>1,856,107</u>
Other income	<u>1,403</u>	<u>1</u>	<u>1,404</u>
Total additions	<u>3,172,101</u>	<u>1,608,025</u>	<u>4,780,126</u>
DEDUCTIONS			
Benefits and refunds	1,665,189	1,261,624	2,926,813
Administrative costs	31,842	33,282	65,124
	<u>1,697,031</u>	<u>1,294,906</u>	<u>2,991,937</u>
Net change in plan net position	1,475,070	313,119	1,788,189
Net position held in trust for pension benefits at beginning of year	<u>10,574,882</u>	<u>4,896,042</u>	<u>15,470,924</u>
Net position held in trust for pension benefits at end of year	<u><u>\$ 12,049,952</u></u>	<u><u>\$ 5,209,161</u></u>	<u><u>\$ 17,259,113</u></u>

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, 2017

<u>Tax Levy Year</u>	<u>Assessed Valuation</u>	<u>Extended Tax Rate</u>
2007	\$ 253,651,868	2.2158
2008	301,871,416	2.4988
2009	303,600,890	2.4019
2010	302,729,252	2.5914
2011	245,174,072	3.0379
2012	223,319,634	3.3069
2013	209,449,861	3.9485
2014	201,553,201	3.0730
2015	197,423,852	3.2280
2016	204,634,824	3.2900

The 2016 gross tax levy is analyzed below:

	<u>Rate</u>	<u>Percent</u>	<u>Amount</u>
General:			
Corporate	0.2940	8.94	\$ 602,317
Garbage	0.1496	4.55	306,133
Illinois Municipal Retirement Fund	0.1703	5.18	348,493
Liability insurance	0.0463	1.40	94,132
Street and bridge	0.0789	2.40	161,456
Fire protection	0.3235	9.83	661,993
Police protection	0.4833	14.69	989,000
Social Security	0.1359	4.13	278,098
Auditing	0.0119	0.36	24,351
Workers' compensation	0.1021	3.10	208,932
Total general	1.7958	54.58	3,674,905
Bond and interest	0.1508	4.58	308,518
Police pension	0.8365	25.43	1,711,770
Firefighters' pension	0.5069	15.41	1,037,293
Total	<u>3.2900</u>	<u>100.00</u>	<u>\$ 6,732,486</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION DEBT TO MATURITY
DECEMBER 31, 2017

Fiscal Year Ended December 31,	Total		General Obligation Illinois Finance Authority General Obligation Bond		General Obligation Judgment Bonds Series 2011 Dated December 16, 2011	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 226,608	\$ 51,555	\$ 116,608	\$ 36,605	\$ 110,000	\$ 14,950
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 *	(762,362)	-	(762,362)	-	-	-
	<u>\$ 919,477</u>	<u>\$ 228,671</u>	<u>\$ 424,477</u>	<u>\$ 186,139</u>	<u>\$ 495,000</u>	<u>\$ 42,532</u>

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

Fiscal Year Ended December 31,	Total		2013 Illinois Environmental Protection Agency Public Water Supply Loan Program Business-type activities		General Obligations Bonds 2006 Waterworks & Sewerage Bonds Business-type activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 333,302	\$ 117,471	\$ 43,302	\$ 8,708	\$ 290,000	\$ 108,763
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>\$ 3,037,396</u>	<u>\$ 528,719</u>	<u>\$ 707,396</u>	<u>\$ 70,386</u>	<u>\$ 2,330,000</u>	<u>\$ 458,333</u>

See independent auditor's report.

CITY OF BLUE ISLAND, ILLINOIS
LEGAL DEBT MARGIN
DECEMBER 31, 2017

	<u>2016 Tax Levy Year</u>
Assessed valuation	<u>\$ 204,634,824</u>
Statutory debt limitation (8.625% of assessed valuation)	17,649,754
Total debt:	
General Obligation debt outstanding at December 31, 2017	<u>919,477</u>
Legal Debt Margin	<u>\$ 16,730,277</u>

See independent auditor's report.