

Comprehensive Annual Financial Report

May 1, 2012 to April 30, 2013



WAUKEGAN
City of Progress *Illinois*

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WAUKEGAN, ILLINOIS**
As of and for the Year Ended April 30, 2013

DEPARTMENT ISSUING REPORT

Tina M. Smigielski, CPA, Director of Finance and Administration

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CITY OF WAUKEGAN

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October 29, 2013

To the Mayor and Members of the City Council:

Transmittal of the Comprehensive Annual Financial Report

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Waukegan, Illinois for the fiscal year ended April 30, 2013. This letter of transmittal is designed to complement and be read in conjunction with the Management's Discussion and Analysis (MD&A) which begins on page 4.

The Comprehensive Annual Financial Report (CAFR) of the City of Waukegan for the year ended April 30, 2013 is submitted herewith. The CAFR is the management's annual report to its taxpayers, governing board, oversight bodies, investors and creditors.

The CAFR was prepared generally in accordance with Standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA) of the United States and Canada, the State Auditor's Office, State of Illinois and City Ordinances.

City management is responsible for all financial transactions of the City of Waukegan and for the content of this CAFR. We believe the data, as presented, are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City of Waukegan's financial activities have been included.

Management is responsible for its system of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial reports and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

The modified accrual basis of accounting is utilized for general governmental operations such as the General, Special Revenue and Capital Improvement Funds; while the Enterprise Funds (Water & Sewer and Motor Vehicle Parking) are accounted for on an accrual basis.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Baker Tilly Virchow Krause, LLP was selected for this purpose. Baker Tilly Virchow Krause, LLP audited the City's records and their opinion is included in this report.

Profile of the City of Waukegan

Historically a commercial port city and more recently an industrial center, the City of Waukegan is the seat of Lake County government and is home to flourishing business, educational and cultural organizations. In addition, the City features Lake Michigan recreational attractions highlighted by Waukegan Harbor and Marina, the only deep-water harbor between Milwaukee and Lake Calumet. Located 40 miles north of Chicago and 60 miles south of Milwaukee, Waukegan has an ethnically diverse population of 100,000+, with a strong base of Latino residents and businesses, and a labor force of more than 40,000. Corporations such as health care leader Abbott Laboratories, shipping specialist ULINE and gaming-machine maker WMS Gaming have a major presence in Waukegan. Academic and civic organizations including College of Lake County, Robert Morris University, Jack Benny Center for the Arts and the 2,400-seat Genesee Theater enrich the cultural life of the City.

The City boasts an award-winning master plan for its 1,400-acre downtown and lakefront redevelopment, designed to transform the city into a regional hub for the arts, retail, recreation, housing and business. This plan includes 400 acres of prime downtown space and three and a half miles of lakefront with a public beach and full-service marina. Improvements include streetscaping, building renovation, new parkland and better access to the lakefront, the \$23 million renovation of the historic Genesee Theatre, and future expansion of the Lakeshore Campus of the College of Lake County.

Factors Affecting Financial Condition

The City's finances experienced deterioration during the recent economic downturn due to negative variances in economically sensitive revenues and expenditure levels exceeding available resources. Before fiscal 2011, the City had experienced five consecutive operating deficits, as the demand on City services including police, fire and public works outpaced the growth in the City's revenues. Additionally, a \$10 million wrongful imprisonment claim for which insurance coverage was denied, along with worker's compensation related claims incurred over the past decade negatively impacted the city's cash reserve position. The City utilized bond issuances to allow for the liquidity necessary to continue operations. Since that time, the City prevailed in its litigation against our insurance company to recoup most of the costs associated with the wrongful imprisonment claim and implemented professional risk management practices to resolve existing worker's compensation claims and diminish

exposure going forward. Furthermore, by conservatively budgeting revenues and aggressively cutting expenditures the City was able to establish a Stabilization Fund and close the gap on operating expenses and revenues.

Despite the City's historically high unemployment and relatively weak economics, growth in taxable valuation will resume over the long term due to the relative health of the City's largest employers and long-term plans for extensive commercial redevelopment efforts. Great Lakes Naval Station's close proximity adds stability to the City and its businesses, particularly in the lodging industry. The City has initiated efforts to target the downtown and waterfront areas for expansive redevelopment, both of which are long-term development goals, and it continues to work with developers to take advantage of economic growth momentum on the City's north and west borders.

While it is expected that the City will remain fiscally pressured in the foreseeable future, the commitment throughout the City's leadership to increased accountability, transparency and professionalism has stabilized a previously degrading fiscal position.

Awards and Acknowledgements

The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) to encourage local governments to go beyond minimum reporting requirements and to prepare comprehensive annual financial reports that provide for increased transparency and disclosure. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

It has been several years since the City of Waukegan has participated in the program. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

On behalf of the entire Finance Department staff, I would like to thank the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. The preparation of the CAFR on a timely basis was made possible by the dedicated services of the Finance staff. Each member of the Finance Department has my sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

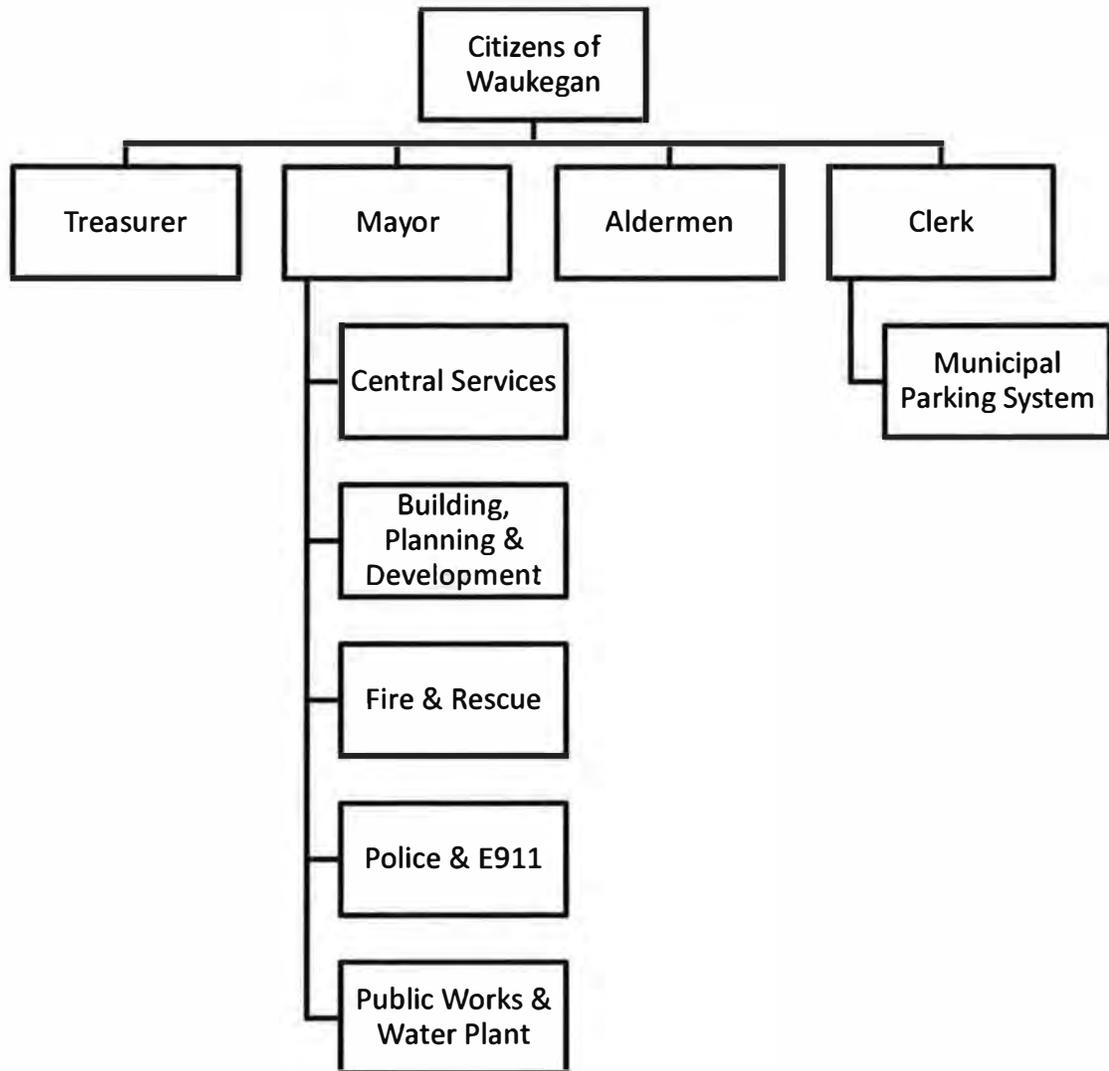
A handwritten signature in black ink, appearing to read "Tina M. Smigielski". The signature is written in a cursive, flowing style.

Tina M. Smigielski, C.P.A.
Director of Finance & Administration

CITY OF WAUKEGAN, ILLINOIS

ORGANIZATIONAL CHART

April 30, 2013



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CITY OF WAUKEGAN, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2013

Wayne Motley, Mayor
Dr. John R. Schwab, Treasurer
Artis Yancey, City Clerk

City Council

Sam Cunningham, 1st Ward Alderman
Tom J. Koncan, Jr., 2nd Ward Alderman
Greg Moasio, 3rd Ward Alderman
Harold Beadling, 4th Ward Alderman
Edith Newsome, 5th Ward Alderman
Larry TenPas, 6th Ward Alderman
Lisa May, 7th Ward Alderman
Bill Valko, 8th Ward Alderman
Rafael Rivera, 9th Ward Alderman

Tina M. Smigielski, C.P.A.
Director of Finance & Administration

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Waukegan
Waukegan, 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 Waukegan, Illinois, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Waukegan'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 over financial reporting relevant to the City of Waukegan'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 City of Waukegan'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.

To the Mayor and City Council
City of Waukegan

Opinions

In our opinion, 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 Waukegan, Illinois, as of April 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Waukegan adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective May 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukegan's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukegan's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

To the Mayor and City Council
City of Waukegan

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the City of Waukegan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Waukegan's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Robert Tilly Michon Kraus, LLP". The signature is written in a cursive style.

Oak Brook, Illinois
October 29, 2013

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CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

As the financial management of the City of Waukegan (City), we offer readers a discussion and analysis of the City's financial performance that provides an overview of the financial activities and identifies changes in the City's financial position for the years ended April 30, 2013 and April 30, 2012. Please read this analysis in conjunction with the City's financial statements, which begins with of the Basic Financial Statements and the Independent Auditor's Report for the fiscal year ended April 30, 2013.

FINANCIAL HIGHLIGHTS

- > The City's net position as a result of operations are \$85.3 million for fiscal year ending April 30, 2013, with \$94.9 million as the net investment in capital assets, \$10.7 million in restricted net position, and a negative balance of \$(20.3) million in unrestricted in net position.
 - Governmental activities net position is \$21 million, with \$38.5 as the net investment in capital assets, \$10.8 million in restricted net position, and a negative balance of \$(28.2) million in unrestricted net position.
 - Business-type activities net position total \$64.3 million, with \$56.4 million in net investment in capital assets, no restricted net position, and \$7.9 million in unrestricted net position.

- > Total general revenues and program revenues were \$95.8 million for the fiscal year and expenses totaled \$95.1 million. After transfers, net position increased by \$711,000.
 - During the fiscal year, the City had governmental activities revenues generated in taxes and other governmental programs totaling \$80.7 million, expenses totaling \$84.8 million, and transfers of \$1.9 million resulting in a decrease in net position of \$(2.2) million.
 - The City's business-type activities revenues were \$15.1 million and expenses were \$10.3 million. After \$1.9 million in transfers out, the net position increased \$2.9 million.

- > The total cost of all City programs was 99% of revenues.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

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) City-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.

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 the private sector. The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City'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 cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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, building and zoning, streets and public works, economic development, and community development. The business-type activities of the City include a water and sewer department as well as a motor vehicle parking system.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate library operation, known as the Waukegan Public Library, for which the City is financially accountable. Financial information on this *component unit* is reported separately from the financial information presented for the primary government itself. In addition, separately issued financial statements are available for the Library.

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 used 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.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

Governmental funds. *Governmental funds* are used to account for essentially the functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 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 several governmental funds. 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 (which is combined with the working cash fund for the purposes of this report), and the debt service fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining and individual statements* in this report.

The City adopts an annual appropriated budget for all funds of the City. Budgetary comparison statements have been provided in this report. The original budget was amended during the year.

The basic governmental fund financial statements can be found in this report.

Proprietary funds. The City maintains two different types of proprietary funds. *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 Waterworks and Sewer operations and for its Motor Vehicle Parking System. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insurance programs in its safety and risk management and employee benefit plan funds. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

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 Waterworks and Sewer Fund and for the Motor Vehicle Parking System, both of which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 accounting used for fiduciary funds is much like that used for 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 aforementioned budgetary comparisons for the General Fund, as well as the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in this report.

Combining statements presenting the financial statements of individual non-major funds are presented in this report.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

GOVERNMENT-WIDE STATEMENTS & ANALYSIS

Governmental Activities

CONDENSED STATEMENT OF NET POSITION, AS OF APRIL 30

<i>(in millions)</i>	Governmental Activities 2013	Governmental Activities 2012	Increase / (Decrease)
Assets:			
Current assets	\$ 65.1	\$ 69.6	\$ (4.5)
Internal balances	3.1	1.6	1.5
Deferred charges	0.7	0.8	(0.1)
Restricted assets	0.1	0.1	-
Land held for resale	5.5	5.5	-
Capital assets net of depreciation	102.4	107.6	(5.2)
Total Assets	177.0	185.3	(8.3)
Liabilities			
Current liabilities	5.9	5.4	0.6
Unearned revenue	30.1	27.1	3.0
Non-current liabilities	119.9	129.6	(9.7)
Total Liabilities	156.0	162.1	(6.1)
Net Position			
Net investment in capital assets	38.5	41.1	(2.6)
Restricted net position	10.8	13.3	(2.5)
Unrestricted net position	(28.2)	(31.2)	3.0
Total net position	21.0	23.2	(2.2)

*Note: numbers may not foot due to rounding.

The City's governmental activities current assets decreased by \$4.5 million during the fiscal year to \$65.1 million, as the City's cash position decreased to the prior year. Internal balances increased by \$1.5 million to \$3.1 million as the City continues to stabilize the intra-fund positions Citywide. Deferred charges decreased slightly to \$700 thousand. Capital assets, net of depreciation, decreased by \$5.2 million to \$102.4 million, as the rate of depreciation outpaced new and reinvestment in the City's governmental assets. Total governmental activities assets decreased by \$8.3 million to \$177 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

Governmental activities' current liabilities increased by \$600 thousand to \$5.9 million for the fiscal year. Unearned revenue increased \$3 million thousand to \$30.1 million associated with tax dollars recorded for accrual purposes. Non-current liabilities decreased \$9.7 million to \$119.9 million as the City's obligations in excess of one-year have declined due to a reduced debt position. Total governmental activities liabilities are \$156 million, down \$6.1 million over the prior fiscal year.

Total governmental activities net position decreased \$2.2 million to \$21 million for the fiscal year, as the City's net investment in capital assets decreased \$2.6 million to \$38.5 million; restricted net position decreased \$2.5 million to \$10.8 million; and, unrestricted net position remained in a negative yet improved balance for a total of \$(28.2) million at the close of the fiscal year.

Overall, the governmental activities statement of net position is showing improvement over the prior fiscal year; however the negative balance in unrestricted net position is a continuing concern.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30

<i>(in millions)</i>	Governmental Activities 2013	Governmental Activities 2012	Increase / (Decrease)
Revenues:			
Program Revenues			
Charges for services	\$ 12.4	\$ 13.1	\$ (0.7)
Operating grants & contributions	4.3	3.1	1.1
Capital grants & contributions	0.1	0.3	(0.2)
General Revenues			
Taxes	49.7	51.5	(1.8)
Intergovernmental	13.9	12.2	1.7
Investment income	0.2	0.2	0.0
Litigation proceeds	-	12.7	(12.7)
Miscellaneous	0.2	0.0	0.1
Total Revenues	<u>80.7</u>	<u>93.1</u>	<u>(12.4)</u>
Expenses:			
General government	5.9	7.6	(1.6)
Public safety	49.8	46.4	3.4
Building & zoning	1.2	1.3	(0.1)
Streets, bridges & public works	14.0	13.5	0.5
Sanitation & environment	5.9	5.1	0.8
Economic development	2.0	3.7	(1.6)
Culture & recreation	0.1	0.1	(0.0)
Community development	2.1	1.4	0.7
Interest & fiscal charges	3.8	6.6	(2.8)
Total Expenses	<u>84.8</u>	<u>85.5</u>	<u>\$ (0.7)</u>
Excess (Deficiency) Before Transfers and Extraordinary Items	(4.1)	7.6	
Extraordinary item - decline in value of property held for resale	-	(1.4)	
Net Transfers	<u>1.9</u>	<u>3.1</u>	
Change in net position	<u>(2.2)</u>	<u>9.3</u>	
Net position, beginning of year	23.2	13.8	
Net position, end of year	<u>\$ 21.0</u>	<u>\$ 23.2</u>	

*Note: numbers may not foot due to rounding.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

The City's governmental activities revenues decreased \$12.4 million versus the prior year to a total of \$80.7 million, and expenses decreased \$700 thousand versus the prior year to a total of \$84.8 million. The fiscal year ended with a deficit before transfers of \$(4.1) million. After net transfers of \$1.9 million, the City's net position decreased \$(2.2) million to 21 million.

Charges for service revenues declined 5% compared to the prior fiscal year due to continued economic pressures. Operating grants and contributions increased by 35% related to federal grants for hiring police officers and firefighters, and capital grants dropped from \$300 to \$100 thousand for the year. Taxes, the City's largest source of governmental activities decreased 3%, or \$1.8 million to \$49.7 million as those resources continue to struggle during the economic recovery. Intergovernmental revenues increased by \$1.7 million, up 14%, to a total of \$13.9 million as the State of Illinois makes payments from the local distribution fund in a more timely fashion compared to the prior year. Investment income and miscellaneous revenue remained relatively flat compared to the prior year. In the prior year, the City prevailed in a lawsuit against an insurance company that had originally denied coverage related to a wrongful incarceration judgment against the City. The City issued bonds to pay the damages in the claim, and the entire amount of litigation proceeds were used to retire the long-term bonds issued for that purpose. In the current fiscal year, there is no such revenue to record.

Total governmental activities expenses decreased by \$(700) thousand, or 1% to \$84.8 million. Holding staffing levels down and reducing contractual costs reduced General Government, Building & Zoning, Economic Development and Culture & Recreation areas of spending. Public Safety increased by 7% to a total of \$49.8 million most notably to the addition of federal grant funded police officer and firefighter position additions. Streets, Bridges & Public Works also realized an increased, growing 4% over the prior year, as a result of commodity and utility cost increases. The sanitation costs are associated with built-in contractual increases for refuse collection with the City's provider, Veolia, resulting in a year-over-year increase of \$800 thousand. Community Development costs grew by \$700 thousand as the City retained consultants to assist in the creation of a Tax Increment Financing (TIF) policy and to assist the City in establishment of new TIF Districts effective 2014. Interest and fiscal charges decreased as the City reduced its overall long-term bonded debt position.

Last fiscal year, the City realized a loss in value of property held for resale, which is reflected under extraordinary items. The City continues to work toward a reduction in dependence on transfers-in of funds from non-governmental activities, reducing the transfer by 48% to \$1.9 million for the year. The result was a decrease in net position of \$(2.2) million for a total of \$21 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

Business-Type Activities

CONDENSED STATEMENT OF NET POSITION, AS OF APRIL 30

<i>(in millions)</i>	Business-type Activities 2013	Business-type Activities 2012	Increase / (Decrease)
Assets:			
Current assets	\$ 17.1	\$ 5.7	\$ 11.4
Internal balances	(3.1)	(1.6)	(1.5)
Deferred charges	0.2	0.1	0.1
Restricted assets	1.2	0.6	0.6
Capital assets net of depreciation	66.3	66.6	(0.3)
Total Assets	81.8	71.5	10.3
Liabilities			
Current liabilities	0.8	0.8	0.0
Non-current liabilities	16.7	9.3	7.4
Total Liabilities	17.5	10.0	7.4
Net Position			
Net investment in capital assets	56.4	58.0	(1.6)
Restricted net position	-	-	-
Unrestricted net position	7.9	3.4	4.5
Total Net Position	64.3	61.4	2.9

*Numbers may not foot due to rounding.

The City's business-type activities current assets increased \$11.4 million, largely due to in-flow of cash from a 2012 Water & Sewer Revenue Bond during the fiscal year that will be expended in future fiscal year on system improvements. Internal balances reflect balances due to the Business-Type activities from Governmental Type activities. Deferred charges and restricted assets both increased over the prior year. Capital assets, net of depreciation, decreased by decreased only slightly mostly attributed to depreciation expense outpacing new capital investments. Total business-type activities assets increased \$10.3 million for the fiscal year.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

Business-type activities current liabilities stayed consistent with the prior year. Non-current liabilities grew with the addition of the 2012 revenue bonds. Total business-type activities liabilities are \$17.5 million for the fiscal year.

Total business-type activities net position increased by \$2.9 million to \$64.3 million for the fiscal year. Net investment in capital assets declined by \$(1.6) million to \$56.4 million and unrestricted net position increased by \$4.5 million by fiscal year end. Total net position increased to \$64.3 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30

<i>(in millions)</i>	Business-type Activities 2013	Business-type Activities 2012	Increase / (Decrease)
Revenues:			
Program Revenues			
Charges for services	\$ 15.0	\$ 11.3	\$ 3.7
Operating grants & contributions	-	-	-
Capital grants & contributions	-	-	-
General Revenues			
Sales tax	0.1	0.1	(0.0)
Investment income	-	-	-
Miscellaneous	-	-	-
Total Revenues	15.1	11.4	3.6
Expenses:			
Water & sewer	9.4	9.4	0.0
Motor vehicle parking lot	0.9	0.9	(0.0)
Total Expenses	10.3	10.3	\$ 0.0
Excess/(Deficiency) Before Transfers	4.8	1.2	
Net transfers	(1.9)	(3.1)	
Change in Net Position	2.9	(2.0)	
Net Position, beginning of year	61.4	63.4	
Net Position, end of year	\$ 64.3	\$ 61.4	

*Numbers may not foot due to rounding.

The City's business-type activities revenues increased to \$15.1 million, an increase of \$3.6 million from the prior year. The largest revenue, charges for services, increased \$3.7 million to a total of \$15 million. This is in keeping with a system wide increase to water and sewer rates. Expenses are consistent with the prior year as management continues to hold the line on staffing levels and contractual costs in the Waterworks & Sewer and Motor Vehicle Parking systems. Revenues continued to outpace expenses resulting in an excess before transfers of \$4.8 million. After net transfers, the net position increased by \$2.9 million for the fiscal year to a total of \$64.3 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

BUDGET HIGHLIGHTS

The City adopts an annual budget on a fund basis consistent with generally accepting accounting principles.

General Fund

The General Fund is the major fund component of the governmental activities statements.

GENERAL FUND, FISCAL YEAR ENDED APRIL 30, 2013

<i>(in thousands)</i>	<u>Final Budget</u>	<u>Actual</u>	<u>Over / (Under) Budget</u>	
Revenues:				
Property taxes	\$ 13,306	\$ 13,162	\$ (144)	-1%
Other taxes	24,272	24,763	491	2%
Intergovernmental	9,642	12,399	2,757	29%
Licenses	3,069	2,735	(334)	-11%
Permits	1,423	912	(511)	-36%
Franchise fees	1,125	1,055	(70)	-6%
Fine & forfeitures	2,894	2,264	(630)	-22%
Charges for services	3,181	3,402	221	7%
Miscellaneous revenues	659	709	50	8%
Investment ncome	50	14	(36)	-71%
Total Revenues	<u>59,621</u>	<u>61,416</u>	<u>1,795</u>	<u>3%</u>
Expenditures:				
Central services	4,427	4,524	97	2%
Public safety - police & comm	27,277	29,169	1,892	7%
Public safety - fire	17,042	16,714	(328)	-2%
Building & zoning	1,050	1,084	34	3%
Streets, bridges & public works	5,431	5,285	(146)	-3%
Sanitation & environment	5,403	5,455	52	1%
Economic development	712	660	(52)	-7%
Capital outlay	65	158	93	142%
Debt service	182	178	(4)	-2%
Total Expenditures	<u>61,590</u>	<u>63,226</u>	<u>1,637</u>	<u>3%</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,969)</u>	<u>(1,811)</u>		
Net Transfers in / (out)		<u>1,824</u>		
Total Other Financing Sources (Uses)		<u>1,824</u>		
Excess (deficiency) after Other Financing Sources (Uses)		<u>\$ 13</u>		

*Numbers may not foot due to rounding.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

Total General Fund revenues finished \$1.8 million over the budget projections for a total of \$61.4 million. As expected, property taxes performed close to budgeted estimates. Utility tax and telecommunication tax performed poorly versus the budget estimates; however this was offset with the favorable variance in home rule sales tax, local use sales tax, and the food & beverage tax, which bring the "other taxes" category's actual figures over budget by 2%. The City's share of State of Illinois income tax and personal property replacement tax well exceeded budget at the State is making more timely payments to the City.

While license, permits, fines and franchise fees finished under budget due to continued economic pressures downward including a large number of foreclosed and vacant homes citywide. Fines and forfeitures missed budget targets across the board due to a change in the police patrol schedule and several intersections temporarily losing automatic red-light camera enforcement due to County road reconstruction projects. Charges for services outpaced budget due to increased collections on ambulance fees and an improved fire alarm subscription service. Miscellaneous revenues, including non-recurring reimbursements, finished over budget and investment income continues to lag due to a low interest rate environment.

General Fund expenses came in over budget by \$1.6 million, or 3%, for a total of \$63.2 million. While this is a reduction in overall expenses from the prior year, the primary driver of actual expenses over budget is significant overruns in the Police Department budget most notably overtime and payroll related benefits; and, payments to consultants and developers designed to kick-start economic development along the City's lakefront and downtown.

The General Fund's fiscal year excess of expenditures over revenues led to a \$(1.8) million deficit before transfers. After transfers-in from other funds, the General Fund realized a surplus of \$13 thousand.

The General Fund budgeted expenditures were amended during fiscal year 2013, although there were no supplemental appropriations made, therefore the overall budget did not change. Certain departmental budgets were amended to reflect actual activity in those departments during the year.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

Water & Sewer Fund

The Water & Sewer Fund is the major fund component of the business-type activities statements.

WATER & SEWER FUND, FISCAL YEAR ENDED APRIL 30, 2013

(in thousands)	Final Budget	Actual	Over / (Under) Budget	
Revenues:				
Charges for services	\$10,753	\$13,583	\$2,830	26%
Fine & forfeitures	227	266	39	17%
Permits	78	105	27	35%
Miscellaneous revenues	21	29	8	38%
Total Revenues	<u>11,079</u>	<u>13,983</u>	<u>2,904</u>	<u>26%</u>
Expenses:				
Personnel, contractual & commodities	\$7,057	\$7,037	(\$20)	0%
Depreciation	-	2,089	2,089	N/A
Capital outlay	9,352	14	(9,339)	-100%
Total Expenses	<u>16,410</u>	<u>9,139</u>	<u>(7,270)</u>	<u>-44%</u>
Operating Income (Loss)	<u>\$ (5,330)</u>	<u>4,844</u>		
Non-Operating Revenues (Expenses)		(241)		
Transfers and Contributions		<u>(1,908)</u>		
Income / (Loss)		<u>\$ 2,695</u>		

Total Water & Sewer revenues finished \$2.9 million, or 26%, over the budget projections for a total of \$14 million. The City budgeted water and sewer collections conservatively due to the increased number of vacant homes; however the citywide water and sewer rate increase performed better than expected. Water & Sewer expenses finished under budget by \$7.3 million. This is primarily due to the fact that the City issued Water & Sewer revenue bonds and included the entire amount of proceeds in the budget in the event contract would be let and projects complete by fiscal year end. The majority of those projects will be completed in the subsequent fiscal year. In addition, the City budgets on a cash basis, but records actual performance on an accrual basis including the recognition of depreciation expense. The fund generated an operating income of \$4.8 million, and after non-operating revenues and transfers ended with income of \$2.7 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

EMPLOYEES' RETIREMENT OBLIGATIONS

The City's obligations for the three employees' retirement systems as of April 30, 2013 are shown below. The City's non-sworn personnel participate in the Illinois Municipal Retirement Fund, sworn police personnel participate in the Waukegan Police Pension Fund, and sworn fire personnel participate in the Waukegan Firefighters' Pension Fund. Below please find the annual pension cost for the fiscal year and the contributions made for the fiscal year ending April 30, 2013. Also included is the net pension obligation at the end of the year that is the total of a net pension obligation from the current fiscal year plus any net pension obligations from prior years.

	Illinois Municipal Retirement Fund	Waukegan Police Pension Fund	Waukegan Firefighters' Pension Fund
Annual pension costs (APC)	\$2,091,801	\$6,973,170	\$4,853,495
Contributions made	\$1,805,541	\$5,561,347	\$3,669,200
Percentage of APC contributed	86%	80%	76%
Net pension obligation end of year	\$1,057,016	\$9,780,482	\$6,333,814

More detailed information about the City's pension obligations can be found in Note V.A. of the basic financial statements.

The City's group health insurance plan provides coverage to active and non-active employees at blended premium rates. Non-active employees include retirees or other qualified terminated employees. The cost of including the non-active employees in the plan(s) results in other postemployment benefit (OPEB) obligation. The OPEB as of April 30, 2013 is shown below.

Net OPEB Obligations Beginning of Year	Annual OPEB Cost	Contributions made (net of adjustments)	Net OPEB Obligations End of Year
\$8,098,026	\$4,110,858	\$(1,384,371)	\$10,824,513

More detailed information about the City's OPEB obligations can be found in Note V.D. of the basic financial statements.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2013 is shown below (net of accumulated depreciation).

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION, APRIL 30

<i>(in thousands)</i>	2013	2012	Increase / (Decrease)
	<u>Governmental Activities</u>		
Land <i>(not depreciated)</i>	\$ 6,265	\$ 6,265	\$ -
Construction in progress <i>(not depreciated)</i>	-	-	-
Land improvements	870	975	(105)
Buildings	33,370	34,099	(729)
Machinery, equipment and vehicles	3,712	4,154	(442)
Infrastructure	58,229	62,122	(3,892)
Total Net Capital Assets	<u>102,447</u>	<u>107,615</u>	<u>(5,168)</u>
	<u>Business-Type Activities</u>		
Land <i>(not depreciated)</i>	\$ 2,417	\$ 2,417	\$ -
Construction in progress <i>(not depreciated)</i>	-	-	-
Land improvements	85	91	(7)
Buildings	13,020	12,458	562
Machinery, equipment and vehicles	468	658	(190)
Infrastructure	50,326	51,004	(678)
Total Net Capital Assets	<u>66,315</u>	<u>66,628</u>	<u>(313)</u>
Grand Total	<u>\$ 168,762</u>	<u>\$ 174,243</u>	<u>\$ (5,481)</u>

*Numbers may not foot due to rounding.

The City's total capital assets, net of accumulated depreciation, decreased by \$(5.5) million from last fiscal year to the current fiscal year as the annual depreciation expense exceeded the value of the year's additions to the assets. More detailed information about capital assets can be found in Note IV.D. of the basic financial statements.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

DEBT ADMINISTRATION

The City's outstanding governmental general obligation debt as of April 30, 2013 is as follows:

2005A G.O. Refunding	18,840,000
2006 G.O. Note	326,880
2009A G.O. Bonds	24,290,000
2010A G.O. Bonds	3,680,000
2010B G.O. Refunding Bonds	820,000
2010C G.O. Bonds	7,180,000
2012A G.O. Refunding Bonds	23,490,000
2012B G.O. TIF (Woodland Foods Project) Bonds	<u>1,675,000</u>
Total	<u>\$ 80,301,880</u>

The City's outstanding business-type revenue debt as of April 30, 2013 is as follows:

2004A Parking Fees and Sales Tax Revenue Bonds	5,650,000
2010D Water and Sewer Utility Revenue Bonds	1,695,000
2012C Water and Sewer Utility Revenue Bonds	<u>8,180,000</u>
Total	<u>\$ 15,525,000</u>

More detailed information on long term general obligation and business-type activities revenue debt can be found in Note IV.F. of the basic financial statements.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

FUTURE EVENTS

Management is not aware of any currently known facts, decisions, or conditions that would have a significant impact on the City's financial position (net position) or results of operations (revenues, expense, and other changes in net position).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, investors and creditors with a general knowledge of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or request for additional financial information should be directed to the City's Director of Finance and Administration, 100 N. Martin Luther King Jr. Ave., Waukegan, IL 60085.

CITY OF WAUKEGAN

STATEMENT OF NET POSITION

As of April 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Public Library
ASSETS				
Cash and investments	\$ 25,194,703	\$ 13,608,473	\$ 38,803,176	\$ 2,720,538
Receivables (net)				
Taxes receivable	29,027,596	-	29,027,596	3,841,322
Other taxes	4,055,159	-	4,055,159	23,509
Intergovernmental	2,598,824	-	2,598,824	-
Accounts	1,601,817	3,451,039	5,052,856	-
Special assessments	1,493,390	43,690	1,537,080	-
Grants	-	-	-	91,541
Prepaid items	762,211	34,398	796,609	-
Inventories	320,320	-	320,320	-
Internal balances	3,104,102	(3,104,102)	-	-
Deferred charges	711,171	218,538	929,709	-
Restricted assets				
Cash and investments	109,286	1,227,256	1,336,542	-
Land held for resale	5,535,000	-	5,535,000	-
Capital assets				
Land	6,265,110	2,416,728	8,681,838	71,486
Land improvements	1,340,058	131,780	1,471,838	-
Buildings	49,982,079	19,546,376	69,528,455	7,431,870
Machinery, equipment, and vehicles	27,533,255	7,474,964	35,008,219	1,715,271
Infrastructure	201,991,923	86,927,981	288,919,904	-
Less: Accumulated depreciation	<u>(184,665,585)</u>	<u>(50,182,415)</u>	<u>(234,848,000)</u>	<u>(4,507,596)</u>
Total Assets	<u>176,960,419</u>	<u>81,794,706</u>	<u>258,755,125</u>	<u>11,387,941</u>
LIABILITIES				
Accounts payable	2,185,090	281,131	2,466,221	78,482
Accrued payroll	2,141,543	209,667	2,351,210	21,000
Other liabilities	543,561	7,541	551,102	17,103
Interest payable	864,943	220,822	1,085,765	45,253
Unearned revenue	30,139,516	-	30,139,516	3,994,756
Deposits	180,397	63,323	243,720	-
Noncurrent liabilities				
Due within one year	10,647,481	1,059,907	11,707,388	286,361
Due in more than one year	<u>109,268,177</u>	<u>15,628,944</u>	<u>124,897,121</u>	<u>3,563,610</u>
Total Liabilities	<u>155,970,708</u>	<u>17,471,335</u>	<u>173,442,043</u>	<u>8,006,565</u>
NET POSITION				
Net investment in capital assets	38,460,653	56,409,274	94,869,927	1,251,867
Restricted for				
TIF development	3,457,614	-	3,457,614	-
Police activities	2,154,602	-	2,154,602	-
Debt service	2,310,000	-	2,310,000	-
Cemetery care	775	-	775	-
Highway and streets	994,328	-	994,328	-
911 communications	1,637,813	-	1,637,813	-
Firefighter activities	19,054	-	19,054	-
Housing rehabilitation	178,324	-	178,324	-
Library	-	-	-	42,598
Unrestricted (deficit)	<u>(28,223,452)</u>	<u>7,914,097</u>	<u>(20,309,355)</u>	<u>2,086,911</u>
TOTAL NET POSITION	<u>\$ 20,989,711</u>	<u>\$ 64,323,371</u>	<u>\$ 85,313,082</u>	<u>\$ 3,381,376</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF ACTIVITIES For the Year Ended April 30, 2013

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 5,923,534	\$ 5,844,829	\$ -	\$ -
Public safety	49,782,462	4,979,910	2,151,522	-
Building and zoning	1,167,237	38,670	-	-
Streets, bridges and public works	14,026,538	251,288	46,839	84,059
Sanitation and environment	5,888,741	1,247,190	-	-
Economic development	2,046,995	-	-	-
Culture and recreation	90,310	-	-	-
Community development	2,099,402	12,992	2,072,324	-
Interest and fiscal charges	3,781,507	-	-	-
Total Governmental Activities	<u>84,806,726</u>	<u>12,374,879</u>	<u>4,270,685</u>	<u>84,059</u>
Business-type Activities				
Water and sewer	9,422,576	13,982,953	-	-
Motor vehicle parking lot	893,152	988,434	-	-
Total Business-type Activities	<u>10,315,728</u>	<u>14,971,387</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 95,122,454</u>	<u>\$ 27,346,266</u>	<u>\$ 4,270,685</u>	<u>\$ 84,059</u>
Component Unit				
Public Library	<u>\$ 4,053,014</u>	<u>\$ 103,726</u>	<u>\$ 175,130</u>	<u>\$ -</u>

General Revenues

Taxes

- Property taxes
- Sales taxes
- Telecommunications taxes
- Local use taxes
- Utility taxes
- Other taxes

Intergovernmental

- Income taxes
- Personal property replacement tax
- Motor fuel taxes

Public gifts and grants

Investment income

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Public Library
\$ (78,705)	\$ -	\$ (78,705)	\$ -
(42,651,030)	-	(42,651,030)	-
(1,128,567)	-	(1,128,567)	-
(13,644,352)	-	(13,644,352)	-
(4,641,551)	-	(4,641,551)	-
(2,046,995)	-	(2,046,995)	-
(90,310)	-	(90,310)	-
(14,086)	-	(14,086)	-
(3,781,507)	-	(3,781,507)	-
<u>(68,077,103)</u>	<u>-</u>	<u>(68,077,103)</u>	<u>-</u>
-	4,560,377	4,560,377	-
-	95,282	95,282	-
-	<u>4,655,659</u>	<u>4,655,659</u>	<u>-</u>
<u>(68,077,103)</u>	<u>4,655,659</u>	<u>(63,421,444)</u>	<u>-</u>
-	-	-	(3,774,158)
26,401,544	-	26,401,544	3,829,217
12,798,471	-	12,798,471	-
2,642,305	120,000	2,762,305	-
1,305,369	-	1,305,369	-
4,054,120	-	4,054,120	-
2,514,485	-	2,514,485	-
8,027,755	-	8,027,755	-
3,319,359	-	3,319,359	-
2,557,073	-	2,557,073	-
-	-	-	85,193
202,181	2,759	204,940	2,146
<u>152,892</u>	<u>34,001</u>	<u>186,893</u>	<u>21,464</u>
63,975,554	156,760	64,132,314	3,938,020
<u>1,924,000</u>	<u>(1,924,000)</u>	<u>-</u>	<u>-</u>
<u>65,899,554</u>	<u>(1,767,240)</u>	<u>64,132,314</u>	<u>3,938,020</u>
(2,177,549)	2,888,419	710,870	163,862
<u>23,167,260</u>	<u>61,434,952</u>	<u>84,602,212</u>	<u>3,217,514</u>
<u>\$ 20,989,711</u>	<u>\$ 64,323,371</u>	<u>\$ 85,313,082</u>	<u>\$ 3,381,376</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

BALANCE SHEET GOVERNMENTAL FUNDS As of April 30, 2013

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 12,673,990	\$ 1,562,918	\$ 9,390,607
Receivables (net)			
Property taxes	15,523,235	11,201,122	2,303,239
Other taxes	4,055,159	-	-
Intergovernmental	1,961,872	-	636,952
Accounts	1,206,504	17,288	368,747
Special assessments	-	1,493,390	-
Due from other funds	10,674,510	1,494,697	171,873
Prepaid items	30,113	-	-
Inventories	-	-	320,320
Restricted cash and investments	-	109,286	-
TOTAL ASSETS	<u>\$ 46,125,383</u>	<u>\$ 15,878,701</u>	<u>\$ 13,191,738</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,242,821	\$ -	\$ 356,526
Accrued payroll	1,977,729	-	163,814
Other current liabilities	6,434	-	537,127
Deposits	180,397	-	-
Due to other funds	1,699,046	495	714,273
Deferred revenues	16,748,836	12,703,263	2,691,185
Total Liabilities	<u>21,855,263</u>	<u>12,703,758</u>	<u>4,462,925</u>
Fund Balances			
Nonspendable	7,403,995	-	321,095
Restricted	-	3,174,943	7,797,485
Committed	4,926,380	-	-
Assigned	-	-	736,524
Unassigned (deficit)	11,939,745	-	(126,291)
Total Fund Balances	<u>24,270,120</u>	<u>3,174,943</u>	<u>8,728,813</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,125,383</u>	<u>\$ 15,878,701</u>	<u>\$ 13,191,738</u>

See accompanying notes to financial statements.

Totals
\$ 23,627,515
29,027,596
4,055,159
2,598,824
1,592,539
1,493,390
12,341,080
30,113
320,320
109,286
\$ 75,195,822

\$ 1,599,347
2,141,543
543,561
180,397
2,413,814
32,143,284
39,021,946

7,725,090
10,972,428
4,926,380
736,524
11,813,454
36,173,876
\$ 75,195,822

See accompanying notes to financial statements.

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CITY OF WAUKEGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

As of April 30, 2013

Total Fund Balances - Governmental Funds	\$	36,173,876
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not financial resources (less internal service fund assets of \$890) and, therefore, are not reported in the funds. See Note IV. D.		102,445,950
Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		2,003,768
Land purchased for resale in the governmental funds is not a financial resource and therefore, is not reported in the funds.		5,535,000
Internal service funds are reported in the statement of net position as governmental activities.		(5,099,453)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II A.		<u>(120,069,430)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>20,989,711</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended April 30, 2013

	General Fund	Debt Service	Nonmajor Governmental Funds
REVENUES			
Property taxes	\$ 13,162,048	\$ 11,552,219	\$ 1,687,277
Other taxes	24,762,742	-	-
Intergovernmental	12,398,502	-	6,788,180
Licenses	2,735,407	-	-
Permits	911,897	-	-
Franchise fees	1,055,428	-	-
Fines and forfeitures	2,263,571	110,016	140,499
Charges for services	3,402,292	-	778,904
Miscellaneous	709,177	80,000	148,922
Investment income	14,491	185,803	1,281
Total Revenues	<u>61,415,555</u>	<u>11,928,038</u>	<u>9,545,063</u>
EXPENDITURES			
Current			
Central services	4,523,576	-	-
Public safety - police and communication services	29,168,999	-	1,483,279
Public safety - fire services	16,713,652	-	763,787
Streets, bridges and public works	5,284,744	-	2,496,464
Building and zoning	1,083,741	-	-
Sanitation and environment	5,454,619	-	-
Economic development	660,376	-	912,472
Culture and recreation	-	-	25
Community development	-	-	1,642,919
Capital Outlay	158,319	-	3,478,918
Debt Service			
Principal	158,669	8,531,000	92,558
Interest and fiscal charges	19,771	2,802,477	13,334
Total Expenditures	<u>63,226,466</u>	<u>11,333,477</u>	<u>10,883,756</u>
Excess (deficiency) of revenues over expenditures	<u>(1,810,911)</u>	<u>594,561</u>	<u>(1,338,693)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,924,000	-	145,169
Transfers out	(100,000)	-	(45,169)
Payment to escrow agent	-	(3,575,080)	-
Sale of capital assets	-	-	970
Total Other Financing Sources (Uses)	<u>1,824,000</u>	<u>(3,575,080)</u>	<u>100,970</u>
Net Change in Fund Balances	13,089	(2,980,519)	(1,237,723)
FUND BALANCES - Beginning of Year	<u>24,257,031</u>	<u>6,155,462</u>	<u>9,966,536</u>
FUND BALANCES - END OF YEAR	<u>\$ 24,270,120</u>	<u>\$ 3,174,943</u>	<u>\$ 8,728,813</u>

See accompanying notes to financial statements.

Totals
\$ 26,401,544
24,762,742
19,186,682
2,735,407
911,897
1,055,428
2,514,086
4,181,196
938,099
201,575
82,888,656

4,523,576
30,652,278
17,477,439
7,781,208
1,083,741
5,454,619
1,572,848
25
1,642,919
3,637,237

8,782,227
2,835,582
85,443,699

(2,555,043)

2,069,169
(145,169)
(3,575,080)
970
(1,650,110)

(4,205,153)

40,379,029

\$ 36,173,876

See accompanying notes to financial statements.

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CITY OF WAUKEGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2013**

Net change in fund balances - total governmental funds \$ (4,205,153)

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

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	3,637,237
Some items reported as capital outlay were not capitalized	(494,900)
Depreciation is reported in the government-wide financial statements	(8,310,421)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments	(77,096)
Grants	(398,297)
Taxes	(2,218,865)
Accounts receivable	80,842

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	8,782,227
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Advance refundings of bond issuances are reported as an other financing use in the governmental funds. However, advance refundings are considered a change in long-term liabilities in the statement of net position.

3,085,000

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt issuance costs	(123,778)
Debt discount, premium, and refunding loss	(12,666)

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

Compensated absences	(1,036,123)
Net pension obligation	(2,596,118)
IMRF net pension obligation	(286,260)
Other postemployment benefits liability	(2,504,768)
Environmental clean up liabilities	(434,122)
Claims payable	4,710,539
Accrued interest on debt	92,051

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities.

133,122

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (2,177,549)

CITY OF WAUKEGAN

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of April 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Motor Vehicle Parking Lot</u>	<u>Totals</u>	<u>Internal Service Funds</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 13,194,292	\$ 414,181	\$ 13,608,473	\$ 1,567,188
Receivables (net)				
Accounts	3,389,642	61,397	3,451,039	9,278
Due from other funds	-	-	-	100,508
Prepaid items	<u>19,877</u>	<u>14,521</u>	<u>34,398</u>	<u>732,098</u>
Total Current Assets	<u>16,603,811</u>	<u>490,099</u>	<u>17,093,910</u>	<u>2,409,072</u>
Noncurrent Assets				
Restricted Assets				
Restricted cash and investments	600,925	626,331	1,227,256	-
Special assessment receivable	43,690	-	43,690	-
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	1,158,748	1,257,980	2,416,728	-
Capital assets, being depreciated	55,214,817	8,683,869	63,898,686	890
Other Assets				
Deferred charges	<u>162,793</u>	<u>55,745</u>	<u>218,538</u>	<u>-</u>
Total Noncurrent Assets	<u>57,180,973</u>	<u>10,623,925</u>	<u>67,804,898</u>	<u>890</u>
Total Assets	<u>73,784,784</u>	<u>11,114,024</u>	<u>84,898,808</u>	<u>2,409,962</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 254,338	\$ 26,793	\$ 281,131	\$ 585,743
Accrued payroll	197,625	12,042	209,667	-
Interest payable	147,021	73,801	220,822	-
Other current liabilities	445	7,096	7,541	-
Due to other funds	2,871,412	15,765	2,887,177	7,140,597
Current portion of long term debt	686,933	372,974	1,059,907	-
Deposits	<u>63,323</u>	-	<u>63,323</u>	-
Total Current Liabilities	<u>4,221,097</u>	<u>508,471</u>	<u>4,729,568</u>	<u>7,726,340</u>
Noncurrent Liabilities				
Long-Term Debt				
Noncurrent portion of long term debt	<u>10,340,024</u>	<u>5,288,920</u>	<u>15,628,944</u>	-
Total Noncurrent Liabilities	<u>10,340,024</u>	<u>5,288,920</u>	<u>15,628,944</u>	-
Total Liabilities	<u>14,561,121</u>	<u>5,797,391</u>	<u>20,358,512</u>	<u>7,726,340</u>
NET POSITION				
Net investment in capital assets	52,117,425	4,291,849	56,409,274	-
Unrestricted (deficit)	<u>7,106,238</u>	<u>1,024,784</u>	<u>8,131,022</u>	<u>(5,316,378)</u>
TOTAL NET POSITION	<u>\$ 59,223,663</u>	<u>\$ 5,316,633</u>	64,540,296	(5,316,378)
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.			<u>(216,925)</u>	<u>216,925</u>
Net Position Business-type Activities			<u>\$ 64,323,371</u>	
Net internal service funds reported in the statement of net position as governmental activities				<u>\$ (5,099,453)</u>

See accompanying notes to financial statements.

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CITY OF WAUKEGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended April 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water & Sewer</u>	<u>Motor Vehicle Parking Lot</u>	<u>Totals</u>	<u>Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ 13,582,677	\$ 777,134	\$ 14,359,811	\$ 6,331,753
Fines and forfeitures	266,024	-	266,024	-
Permits	105,480	-	105,480	-
Miscellaneous	<u>28,772</u>	<u>211,300</u>	<u>240,072</u>	<u>614,735</u>
Total Operating Revenues	<u>13,982,953</u>	<u>988,434</u>	<u>14,971,387</u>	<u>6,946,488</u>
OPERATING EXPENSES				
Personnel services	2,936,822	117,052	3,053,874	-
Personnel benefits	2,170,818	61,079	2,231,897	14,521
Contractual services	1,228,642	137,624	1,366,266	11,422
Commodities	700,765	8,434	709,199	-
Claims and judgments	-	-	-	69,897
Insurance premiums	-	-	-	6,759,690
Depreciation	2,088,610	327,465	2,416,075	-
Professional services	<u>13,559</u>	<u>-</u>	<u>13,559</u>	<u>-</u>
Total Operating Expenses	<u>9,139,216</u>	<u>651,654</u>	<u>9,790,870</u>	<u>6,855,530</u>
Operating Income	<u>4,843,737</u>	<u>336,780</u>	<u>5,180,517</u>	<u>90,958</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,697	62	2,759	-
Other miscellaneous revenue	-	34,001	34,001	-
Home rule sales tax	-	120,000	120,000	-
Debt issuance costs	(2,505)	(10,200)	(12,705)	-
Interest expense	<u>(240,784)</u>	<u>(229,204)</u>	<u>(469,988)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(240,592)</u>	<u>(85,341)</u>	<u>(325,933)</u>	<u>-</u>
Income Before Transfers	<u>4,603,145</u>	<u>251,439</u>	<u>4,854,584</u>	<u>90,958</u>
TRANSFERS				
Transfers out	<u>(1,908,000)</u>	<u>(16,000)</u>	<u>(1,924,000)</u>	<u>-</u>
Total Transfers	<u>(1,908,000)</u>	<u>(16,000)</u>	<u>(1,924,000)</u>	<u>-</u>
Change in Net Position	2,695,145	235,439	2,930,584	90,958
NET POSITION - Beginning of Year	<u>56,528,518</u>	<u>5,081,194</u>		<u>(5,407,336)</u>
NET POSITION - END OF YEAR	<u>\$ 59,223,663</u>	<u>\$ 5,316,633</u>		<u>\$ (5,316,378)</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			<u>(42,165)</u>	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES			<u>\$ 2,888,419</u>	

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended April 30, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 12,914,267	\$ 1,102,010	\$ 14,016,277	\$ 6,956,438
Paid to suppliers for goods and services	(2,459,510)	(202,154)	(2,661,664)	(6,452,963)
Paid to employees for services	(2,936,822)	(127,031)	(3,063,853)	-
Net Cash Flows From Operating Activities	<u>7,517,935</u>	<u>772,825</u>	<u>8,290,760</u>	<u>503,475</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	2,697	62	2,759	-
Investments purchased	(600,925)	-	(600,925)	-
Net Cash Flows From Investing Activities	<u>(598,228)</u>	<u>62</u>	<u>(598,166)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	(1,908,000)	(16,000)	(1,924,000)	-
Interfund borrowings	-	134	134	254,893
Net Cash Flows From Noncapital Financing Activities	<u>(1,908,000)</u>	<u>(15,866)</u>	<u>(1,923,866)</u>	<u>254,893</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	8,180,000	-	8,180,000	-
Debt retired	(697,123)	(360,000)	(1,057,123)	-
Interest paid	(115,606)	(233,104)	(348,710)	-
Debt issuance costs	(134,246)	-	(134,246)	-
Special assessments received	50,107	-	50,107	-
Acquisition and construction of capital assets	(2,103,446)	-	(2,103,446)	-
Net Cash Flows From Capital and Related Financing Activities	<u>5,179,686</u>	<u>(593,104)</u>	<u>4,586,582</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	10,191,393	163,917	10,355,310	758,368
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,002,899</u>	<u>250,264</u>	<u>3,253,163</u>	<u>808,820</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 13,194,292</u>	<u>\$ 414,181</u>	<u>\$ 13,608,473</u>	<u>\$ 1,567,188</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			Governmental
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 4,843,737	\$ 336,780	\$ 5,180,517	\$ 90,958
Nonoperating revenue	-	154,001	154,001	-
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	2,088,610	327,465	2,416,075	-
Changes in assets and liabilities				
Accounts receivable	(1,096,232)	(40,424)	(1,136,656)	9,950
Prepaid items	18,002	(11,401)	6,601	(48,827)
Accounts payable	(120,050)	(8,308)	(128,358)	579,054
Accrued salaries	110,338	8,613	118,951	-
Other current liabilities	(108,738)	(4,431)	(113,169)	-
Compensated absences	(70,775)	10,530	(60,245)	-
Claims payable	270,883	-	270,883	(127,660)
Customer deposits	27,546	-	27,546	-
Due to/from other funds	1,421,707	-	1,421,707	-
Deferred charges	(88,812)	-	(88,812)	-
Other postemployment benefits	221,719	-	221,719	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 7,517,935	\$ 772,825	\$ 8,290,760	\$ 503,475
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 13,194,292	\$ 414,181	\$ 13,608,473	\$ 1,567,188
Restricted cash and investments - statement of net position	600,925	626,331	1,227,256	-
Total Cash and Investments	13,795,217	1,040,512	14,835,729	1,567,188
Less: Noncash equivalents	(600,925)	(626,331)	(1,227,256)	-
CASH AND CASH EQUIVALENTS	\$ 13,194,292	\$ 414,181	\$ 13,608,473	\$ 1,567,188
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of April 30, 2013

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 423,272
Investments	
Money markets	1,878,560
State and local obligations	2,686,024
US Government and agency obligations	18,626,171
Common and preferred stocks	4,123,957
Mutual funds	61,078,425
Corporate bonds	16,381,734
Annuities	11,952,078
Accrued interest	309,502
Prepaid items	<u>7,533</u>
Total Assets	<u>117,467,256</u>
LIABILITIES	
Accounts payable	<u>20,952</u>
Total Liabilities	<u>20,952</u>
NET POSITION	
Held in trust for pension benefits (a schedule of funding progress is presented in the required supplementary information)	<u>\$ 117,446,304</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended April 30, 2013

	<u>Pension Trusts</u>
ADDITIONS	
Contributions	
Employer	\$ 9,230,547
Plan members	2,072,016
Other	<u>27,612</u>
Total Contributions	<u>11,330,175</u>
Investment income	
Investment income	3,870,367
Net appreciation in the fair value of investments	<u>5,910,888</u>
Total Investment Income	9,781,255
Less: Investment expense	<u>241,276</u>
Net Investment Income	<u>9,539,979</u>
Total Additions	<u>20,870,154</u>
DEDUCTIONS	
Benefits	10,951,964
Contractual services	129,425
Administrative	<u>126,428</u>
Total Deductions	<u>11,207,817</u>
Change in Net Position	9,662,337
NET POSITION - Beginning of Year	<u>107,783,967</u>
NET POSITION - END OF YEAR	<u>\$ 117,446,304</u>

See accompanying notes to financial statements.

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CITY OF WAUKEGAN

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CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waukegan, Illinois (the City) was incorporated in 1859. The City is a home-rule municipality, under the 1970 Illinois Constitution, located in Lake County, Illinois. The City is governed by a Mayor and a nine member City Council, each elected to four year terms of office. Also elected are the City Treasurer and City Clerk. The Mayor heads the administration of the City and with their consent of the City Council appoints the various department heads.

The accounting policies of the City of Waukegan, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the City of Waukegan. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Blended Component Units

The Police Pension Employees Retirement System (PPERS) is established for the City's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the PPERS.

The Firefighters' Pension Employees Retirement System (FPERS) is established for the City's firefighters. FPERS functions for the benefit of these employees and is governed by a nine-member pension board. The City's Mayor, Treasurer, Clerk, Attorney, and Fire Chief; one pension beneficiary elected by the membership; and three fire employees elected by the membership constitute the pension board. The City and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's firefighters because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the FPERS.

Discretely Presented Component Unit

Waukegan Public Library

The government-wide financial statements include the Waukegan Public Library (Library) as a component unit. The Library is a legally separate organization. The board of the Library is appointed by the Mayor with the approval of the City Council. The Library's budget and tax levy is subject to approval by the City Council. See Note IV.J. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended April 30, 2013. Separately issued financial statements of the Waukegan Public Library may be obtained from the Library's office.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Related Organization

Housing Authority

The City's Mayor and Council are also responsible for appointing and approving the members of the Board of the Waukegan Housing Authority. However the City's accountability for the Authority does not extend beyond making the appointments. The Authority's operating, capital and debt service expenditures are financed entirely from federal grants and rentals. The City of Waukegan has no involvement in the determination of the Authority's budget and rental rates and no obligation for the Authority's outstanding debts, if any.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2011, the GASB issued Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities. The City implemented this standard effective May 1, 2012.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. 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 included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- General fund - accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt service fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TIF or enterprise debt.

The City reports the following major enterprise funds:

- Water and sewer fund - accounts for operations of the water and sewerage operations
- Motor vehicle parking system fund - accounts for operations of the City's on and off-street parking garages, lots, and other facilities.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The City reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Motor fuel tax	Lewis Avenue TIF #2
Community development block grant	Belvidere Mall Redevelopment TIF #3
Narcotics forfeiture	Lakefront Redevelopment TIF #1
911 emergency system	Home rehab assistance
Public safety grants - police	Neighborhood stabilization
Fountain square TIF #5	Downtown Waterfront TIF #4
Public safety grants - fire	Prisoner review/DUI SB 740
Sunset/Delany TIF #6	

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital equipment replacement
Street and sidewalk rehabilitation
Fountain square special assessment

Permanent Fund - used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Cemetery trust

In addition, the City reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Employee benefit plan
Safety and risk management

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Pension (and other employee benefit) trust funds are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Police pension
Firefighters' pension

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's business type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The 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 Water and Sewerage Utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses 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.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Illinois Statutes authorize the City to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net position in excess of \$10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

The City has adopted an investment policy. That policy follows the state statute for allowable investments. The Waukegan Public Library follows the City of Waukegan's investment policy.

Interest Rate Risk

The City's investment policy seeks to ensure preservation of capital in the City's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The City's policy requires the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Pensions' investment policy limits certificates of deposits to a maturity no longer than two years.

Credit Risk

State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The City's and Pensions' investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Concentration of Credit Risk

The City's and Pensions' investment policies require diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity. The Pensions' investment policies further limit the concentration of credit risk by stating that no single government security should comprise more than 10% of the portfolio's overall allocation, and that no single equity item will comprise more than 10% of the equity allocation of the portfolio.

Custodial Credit Risk - Deposits

The City's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit. The Pensions' investment policies do not directly address this risk.

Custodial Credit Risk - Investments

The City's investment policies require all securities to be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts. The Pensions' investment require all securities to be held by a third party custodian who will comply with all of the provisions of the Illinois Pension Code relating to custody of investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investments could be sold.

See Note IV. A. for further information.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

2. Receivables

Property taxes for levy year 2012 attaches as an enforceable lien on January 1, 2012, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2013 tax levy, which attached as an enforceable lien on the property as of January 1, 2013, has not been recorded as a receivable as of April 30, 2013, as the tax has not yet been levied by the City and will not be levied until December 2013, and therefore, the levy is not measurable at April 30, 2013.

Tax bills for the levy year are prepared by Lake County and issued on or about June 1, and are payable in two installments, on or about July 1 and September 1, or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2012 property tax levy is recognized as a receivable and deferral in fiscal 2013, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2013, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2012 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to .33 percent (\$90,309) of outstanding property taxes at April 30, 2013. The City did collect taxes within 60 days of year-end for which a revenue was not recorded. It is the City's intention to use those funds for the 2013 fiscal year. The City also shows ambulance receivable net of allowance for uncollectibles. The allowance is equal to 63.69 percent (\$648,547) of outstanding ambulance receivable at April 30, 2013.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$50,000 for general capital assets and infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Land improvements	30 Years
Buildings	50 Years
Machinery and equipment	5-25 Years
Vehicles	5-20 Years
Infrastructure	25-100 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave 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, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at April 30, 2013, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

The City may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were no IRB's outstanding at year end.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. Refer to Note V. C. on commitments and contingencies.

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balance as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints place on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The City has adopted a financial policy authorizing the Council to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those purposes.

Under Resolution #12-R-67, the City Council formally established a stabilization fund beginning with the fiscal year 2012 budget. The stabilization fund contained a committed balance within the general fund and is included in each annual budget. The stabilization fund shall not be used except in the following circumstances: temporary loans to other City funds to address projected cash shortfalls related to the anticipated receipt of grant fund, tax receipts or claim settlements, to mitigate damage caused by natural disaster, to address an urgent event that jeopardizes the safety of the public or to provide permanent funding for the repair and replacement of capital projects with short useful lives which are not appropriate for long-term bond financing, to use as the City "match" for one-time grants associated with infrastructure improvements, economic development, or other projects which provide a positive return on investment to City, or to reduce the City's liabilities related to long-term bonded debt, employer pension obligations, or other postemployment benefit obligations. Additions to the stabilization fund are required when the fund balance declines below 8% of the General Fund's annual appropriated expenditures. The balance in the account at year end was \$4,926,380.

Proprietary fund equity is classified as the same as in the government-wide statements.

See Note IV. I. for further information.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

Fiduciary fund equity is classified as held in trust for the Police and Fire Pensions on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the village believes it is in compliance with all significant restrictions.

11. Land Held for Resale

The City has purchased certain properties with the intention of reselling the property. The balance of land held for resale at April 30, 2013 is \$5,535,000 and is included on the Statement of Net Position. Land held for resale is valued at the lower of cost or net realizable value.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

General obligation bonds and notes payable	\$	79,975,000
Special assessment b-bonds		2,204,000
Compensated absences		3,866,537
Capital leases		624,252
Environmental cleanup liabilities		1,652,416
Other postemployment benefits liability		10,274,526
Net pension obligation		16,114,296
IMRF net pension obligation		1,057,016
Claims payable		4,853,849
Accrued interest		864,943
Unamortized debt discount, premium, refunding losses, and issue costs		<u>(1,417,405)</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>120,069,430</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget is as amended by the City Council. All annual appropriations lapse at fiscal year end.

Prior to April 30, the City's Director of Finance and Administrative Services submits to the City Council a proposed budget for the fiscal year commencing May 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to July 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function, and department. The City's Director of Finance and the Mayor is authorized to transfer budget amounts between departments within any fund; however, the City Council must approve revisions that alter the total expenditures of any fund. All appropriations lapse at year end.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General	\$ 61,579,750	\$ 63,226,466	\$ 1,646,716
Debt service fund	11,722,875	14,908,557	3,185,682
Motor fuel tax	2,269,172	2,532,180	263,008
Lakefront redevelopment TIF #1	155,000	177,052	22,052
Cemetery trust	-	25	25
Motor vehicle parking system	-	891,058	891,058
Safety and risk management	2,000	14,521	12,521
Police pension	6,209,000	6,378,531	169,531

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of April 30, 2013, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Community Development Block Grant	\$ 30,692	Grant reimbursement timing
Public safety grants - fire	64,016	Grant reimbursement timing
Neighborhood stabilization	31,583	Grant reimbursement timing
Employee benefit plan	233,196	Excess of expenses over revenues
Safety and risk management	5,083,182	Excess of expenses over revenues

Fund deficits are anticipated to be funded with federal and state grant reimbursements and future contributions.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The City's deposits and investments at year end were comprised of the following:

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits with financial institutions	\$ 29,363,664	\$ 29,969,621	Custodial
Money markets	7,296,803	6,771,615	Custodial
Money market mutual funds	2,218,418	2,218,418	Credit, interest rate
State and local bonds	2,686,024	2,686,024	Credit, custodial, concentration, interest rate
US treasuries	9,109,715	9,109,715	Custodial, interest rate
US agencies	9,516,458	9,516,458	Credit, custodial, concentration, interest rate
Corporate bonds	16,381,734	16,381,734	Credit, custodial, concentration, interest rate
Stocks	4,123,957	4,123,957	Custodial, concentration
Equity mutual funds	61,078,425	61,078,425	Custodial, concentration
Illinois funds	3,558,704	3,558,704	Credit
Annuities	11,952,078	11,952,078	Credit, interest rate
Petty cash	3,959	-	N/A
Total Deposits and Investments	\$157,289,939	\$157,366,749	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 38,803,176		
Restricted cash and investments	1,336,542		
Per statement of net position - fiduciary funds			
Cash and cash equivalents	423,272		
Money markets	1,878,560		
State and local obligations	2,686,024		
US Government and agency obligations	18,626,171		
Common and preferred stocks	4,123,957		
Mutual funds	61,078,425		
Corporate bonds	16,381,734		
Annuities	11,952,078		
Total Deposits and Investments	\$157,289,939		

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Demand deposits (interest-bearing and noninterest-bearing) in each local and area bank are insured by the FDIC for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer, subject to a \$500 million aggregate firm limit. \$118,420,180 of the City's investments are covered by SIPC.

The City maintains collateral agreements with its banks. At April 30, 2013, the banks had pledged various government securities in the amount of \$38,129,333 to secure the City's deposits.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

The City does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of April 30, 2013, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>
Firefighters' Pension	
State and local bonds	AAA, AA+, AA, AA-, A+, A
Corporate bonds	AAA, AA-, AA, A+, A, A-, BBB+, BBB
U.S. agencies - implicitly guaranteed	AAA, BBB
Police Pension	
State and local bonds	AAA, AA+, AA, AA-
Corporate bonds	AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-
U.S. agencies - implicitly guaranteed	AAA

The City's money market mutual fund and Illinois funds are rated AAAM. The Police and Fire Pension Funds' annuities are not rated.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of April 30, 2013, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>			
		<u>Less than one year</u>	<u>One to five years</u>	<u>Six to ten years</u>	<u>More than ten years</u>
Money market mutual funds	\$ 2,218,418	\$ 2,218,418	\$ -	\$ -	\$ -
Totals	<u>\$ 2,218,418</u>	<u>\$ 2,218,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

Firefighters' Pension Fund

Investment Type	Fair Value	Maturity			
		Less than one year	One to five years	Six to ten years	More than ten years
State and local obligations	\$ 608,847	\$ -	\$ 457,892	\$ 150,955	\$ -
U.S. Treasuries	5,282,688	429,908	2,277,633	2,575,147	-
U.S. agencies	4,682,356	381,385	2,963,103	1,003,527	334,341
Corporate bonds	5,708,713	537,590	3,823,728	1,243,030	104,365
Annuities	5,270,708	-	5,270,708	-	-
Totals	\$ 21,553,312	\$ 1,348,883	\$ 14,793,064	\$ 4,972,659	\$ 438,706

Police Pension Fund

Investment Type	Fair Value	Maturity			
		Less than one year	One to five years	Six to ten years	More than ten years
State and local obligations	\$ 2,077,177	\$ -	\$ 1,323,219	\$ 569,028	\$ 184,930
US treasuries	3,827,027	174,794	1,387,842	2,264,391	-
U.S. agencies	4,834,102	354,506	2,539,219	716,340	1,224,037
Corporate bonds	10,673,021	855,027	7,393,833	2,424,161	-
Annuities	6,681,370	-	-	-	6,681,370
Totals	\$ 28,092,697	\$ 1,384,327	\$ 12,644,113	\$ 5,973,920	\$ 8,090,337

See Note I.D.1. for further information on deposit and investment policies.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Internal Service	Nonmajor Funds	Totals
Receivables					
Taxes	\$15,573,564	\$11,238,259	\$ -	\$ 2,306,082	\$ 29,117,905
Sales tax	2,310,990	-	-	-	2,310,990
Utility	850,590	-	-	-	850,590
Local use	203,070	-	-	-	203,070
Telecom	493,018	-	-	-	493,018
Hotel/motel	81,545	-	-	-	81,545
Food/beverage	115,946	-	-	-	115,946
Income	1,296,700	-	-	-	1,296,700
Replacement	665,172	-	-	-	665,172
Accounts	1,855,051	17,288	9,278	368,747	2,250,364
Motor fuel tax	-	-	-	153,190	153,190
Grants	-	-	-	483,762	483,762
Special assessment	-	1,493,390	-	-	1,493,390
Gross receivables	23,445,646	12,748,937	9,278	3,311,781	39,515,642
Less: Allowance for uncollectibles	(698,876)	(37,137)	-	(2,843)	(738,856)
Net Total Receivables	\$22,746,770	\$12,711,800	\$ 9,278	\$ 3,308,938	\$ 38,776,786

All of the receivables on the balance sheet are expected to be collected within one year, other than the special assessments in the debt service fund.

Revenues of the water and sewer fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water and sewer billing	\$ <u>80,183</u>
Total Uncollectibles of the Current Fiscal Year	\$ <u><u>80,183</u></u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 29,027,596	\$ 29,027,596
Vehicle licenses	-	1,064,863	1,064,863
Utility	160,738	-	160,738
Grants	83,070	47,057	130,127
Special assessment	1,502,141	-	1,502,141
911 surcharge	257,819	-	257,819
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 2,003,768	 \$ 30,139,516	 \$ 32,143,284

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Following is a list of restricted assets at April 30, 2013:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond reserve account	\$ 1,336,542	\$ 1,227,256	\$ 109,286
 Total Restricted Assets	 \$ 1,336,542	 \$ 1,227,256	 \$ 109,286

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,265,110	\$ -	\$ -	\$ 6,265,110
Total Capital Assets Not Being Depreciated	6,265,110	-	-	6,265,110
Capital assets being depreciated				
Land improvements	1,324,058	16,000	-	1,340,058
Buildings	49,329,034	653,045	-	49,982,079
Machinery, equipment, and vehicles	27,368,158	437,492	272,395	27,533,255
Infrastructure	199,956,123	2,035,800	-	201,991,923
Total Capital Assets Being Depreciated	277,977,373	3,142,337	272,395	280,847,315
Total Capital Assets	284,242,483	3,142,337	272,395	287,112,425
Less: Accumulated depreciation for				
Land improvements	(348,862)	(120,733)	-	(469,595)
Buildings	(15,230,050)	(1,382,457)	-	(16,612,507)
Machinery, equipment, and vehicles	(23,214,029)	(879,167)	272,395	(23,820,801)
Infrastructure	(137,834,618)	(5,928,064)	-	(143,762,682)
Total Accumulated Depreciation	(176,627,559)	(8,310,421)	272,395	(184,665,585)
Net Capital Assets Being Depreciated	101,349,814	(5,168,084)	-	96,181,730
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 107,614,924	\$(5,168,084)	\$ -	\$ 102,446,840

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 1,437,241
Public safety	800,625
Streets, bridges and public works, which includes the depreciation of infrastructure	5,984,977
Culture and recreation	<u>87,578</u>

Total Governmental Activities Depreciation Expense \$ 8,310,421

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciation				
Land	\$ 2,416,728	\$ -	\$ -	\$ 2,416,728
Total Capital Assets Not Being Depreciated	<u>2,416,728</u>	<u>-</u>	<u>-</u>	<u>2,416,728</u>
Capital assets being depreciated				
Land improvements	131,780	-	-	131,780
Buildings and improvements	18,504,450	1,041,926	-	19,546,376
Machinery, equipment, and vehicles	7,533,726	-	58,762	7,474,964
Infrastructure	<u>85,916,512</u>	<u>1,061,520</u>	<u>50,051</u>	<u>86,927,981</u>
Total Capital Assets Being Depreciated	<u>112,086,468</u>	<u>2,103,446</u>	<u>108,813</u>	<u>114,081,101</u>
Total Capital Assets	<u>114,503,196</u>	<u>2,103,446</u>	<u>108,813</u>	<u>116,497,829</u>
Less: Accumulated depreciation for				
Land improvements	(40,495)	(6,589)	-	(47,084)
Buildings and improvements	(6,046,266)	(480,207)	-	(6,526,473)
Machinery, equipment, and vehicles	(6,875,900)	(189,908)	58,762	(7,007,046)
Infrastructure	<u>(34,912,492)</u>	<u>(1,739,371)</u>	<u>50,051</u>	<u>(36,601,812)</u>
Total Accumulated Depreciation	<u>(47,875,153)</u>	<u>(2,416,075)</u>	<u>108,813</u>	<u>(50,182,415)</u>
Net Capital Assets Being Depreciated	<u>64,211,315</u>	<u>(312,629)</u>	<u>-</u>	<u>63,898,686</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 66,628,043</u>	<u>\$ (312,629)</u>	<u>\$ -</u>	<u>\$ 66,315,414</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water and sewer	\$ 2,088,610
Motor vehicle parking	<u>327,465</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 2,416,075</u>

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General	Water and sewer	\$ 2,803,380
General	Motor vehicle parking lot	15,765
General	Nonmajor funds	714,273
General	Internal service funds	7,140,597
General	Debt service	495
Debt service	General	1,489,466
Debt service	Water and sewer	5,231
Non-major funds	General fund	171,873
Internal service funds	General fund	37,707
Internal service funds	Water and sewer	<u>62,801</u>
 Total - Fund Financial Statements		 12,441,588
Add: Interfund receivables created with internal service fund eliminations		216,925
Less: Government-wide eliminations		<u>(9,554,411)</u>
 Total Internal Balances - Government-Wide Statement of Net Position		 <u>\$ 3,104,102</u>

All amounts are due within one year, except for amounts due to the General Fund from the internal service funds.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Interfund Receivables/Payables (cont.)

The principal purpose of these interfunds is to cover temporary cash overdrafts. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Water and sewer	\$ 1,908,000	To repay services provided by the general fund
General	Motor vehicle parking lot	16,000	Parking lot admin reimbursement
Nonmajor funds	General	100,000	To repay expenditures
Nonmajor funds	Nonmajor funds	<u>45,169</u>	To close out funds and move expenditures to the proper fund
Total - Fund Financial Statements		2,069,169	
Less: Government-wide eliminations		<u>(145,169)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 1,924,000</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 91,520,000	\$ -	\$ 11,545,000	\$ 79,975,000	\$ 8,180,000
Special assessment b-bonds	2,275,000	-	71,000	2,204,000	76,000
Add/(Subtract) Deferred					
Amounts For					
(Discounts)/Premiums	3,131,902	-	362,790	2,769,112	-
Refundings -					
Gains/(Losses)	<u>(3,850,802)</u>	<u>-</u>	<u>(375,456)</u>	<u>(3,475,346)</u>	<u>-</u>
Sub-totals	<u>93,076,100</u>	<u>-</u>	<u>11,603,334</u>	<u>81,472,766</u>	<u>8,256,000</u>
Other Liabilities					
Vested compensated					
absences	2,830,414	1,261,184	225,061	3,866,537	966,634
Capital leases	875,479	-	251,227	624,252	211,385
Environmental cleanup					
liabilities	1,218,294	434,122	-	1,652,416	-
Net OPEB obligation	7,769,758	3,776,561	1,271,793	10,274,526	-
Net pension obligation	13,518,178	11,826,663	9,230,545	16,114,296	-
IMRF net pension obligation	770,756	286,260	-	1,057,016	-
Claims payable	<u>9,564,388</u>	<u>(1,318,452)</u>	<u>3,392,087</u>	<u>4,853,849</u>	<u>1,213,462</u>
Total Other Liabilities	<u>36,547,267</u>	<u>16,266,338</u>	<u>14,370,713</u>	<u>38,442,892</u>	<u>2,391,481</u>
Total Governmental					
Activities Long-Term	<u>\$ 129,623,367</u>	<u>\$ 16,266,338</u>	<u>\$ 25,974,047</u>	<u>\$ 119,915,658</u>	<u>\$ 10,647,481</u>
Liabilities					
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 959,003	\$ -	\$ 632,123	\$ 326,880	\$ 326,880
Revenue bonds	7,770,000	8,180,000	425,000	15,525,000	685,000
Add/(Subtract) Deferred					
Amounts For					
(Discounts)/Premiums	<u>(44,263)</u>	<u>(134,246)</u>	<u>(2,505)</u>	<u>(176,004)</u>	<u>-</u>
Sub-totals	<u>8,684,740</u>	<u>8,045,754</u>	<u>1,054,618</u>	<u>15,675,876</u>	<u>1,011,880</u>
Other Liabilities					
Vested compensated					
absences	252,350	10,871	71,116	192,105	48,027
Claims payable	-	607,360	336,477	270,883	-
Other postemployment					
benefits	<u>328,268</u>	<u>334,297</u>	<u>112,578</u>	<u>549,987</u>	<u>-</u>
Total Other Liabilities	<u>580,618</u>	<u>952,528</u>	<u>520,171</u>	<u>1,012,975</u>	<u>48,027</u>
Total Business-type					
Activities Long-Term	<u>\$ 9,265,358</u>	<u>\$ 8,998,282</u>	<u>\$ 1,574,789</u>	<u>\$ 16,688,851</u>	<u>\$ 1,059,907</u>
Liabilities					

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

The City is a home rule municipality, there is no legal debt limit. Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin and allows the state General Assembly to set certain debt limits home rule units. To date, the General Assembly has set no limits for home rule municipalities.

Estimated payments of compensated absences, other post employment benefits obligation and net pension obligations are not included in the debt service requirement schedules. The compensated absences liability, other post employment benefits obligation and net pension obligations attributable to governmental activities will be liquidated primarily by the General Fund. The capital leases will be paid from the General Fund and the environmental remediation liability will be paid for from the Environment and Risk Management Fund.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

<u>Governmental Activities</u> <u>General Obligation Debt</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>April 30, 2013</u>
2005A G.O. Refunding	September 14, 2005	2024	3.25 - 5.00%	\$ 24,760,000	\$ 18,840,000
2009A G.O. Bonds	December 1, 2009	2020	4.25 - 5.25%	30,000,000	24,290,000
2010A G.O. Bonds	July 1, 2010	2016	2.50 - 4.00%	7,650,000	3,680,000
2010B G.O. Refunding Bonds	June 9, 2010	2022	3.00 - 4.00%	11,620,000	820,000
2010C G.O. Bonds	September 7, 2010	2031	3.00 - 4.25%	7,180,000	7,180,000
2012A G.O. Bonds	July 19, 2012	2023	3.00 - 5.00%	23,490,000	23,490,000
2012B G.O. Bonds	April 17, 2012	2023	2.75 - 4.51%	1,675,000	<u>1,675,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 79,975,000</u>
<u>Business-type Activities</u> <u>General Obligation Debt</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>April 30, 2013</u>
2006 G.O. Note	April 4, 2006	2014	4.09%	\$ 4,000,000	<u>\$ 326,880</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 326,880</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2014	\$ 8,180,000	\$ 2,995,372	\$ 326,880	\$ 6,662
2015	7,570,000	3,233,797	-	-
2016	7,980,000	2,914,822	-	-
2017	8,515,000	2,579,934	-	-
2018	8,430,000	2,207,086	-	-
2019-2023	32,415,000	5,459,175	-	-
2024-2028	4,005,000	1,111,663	-	-
2029-2032	2,880,000	248,625	-	-
Totals	<u>\$ 79,975,000</u>	<u>\$ 20,750,474</u>	<u>\$ 326,880</u>	<u>\$ 6,662</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the Motor Vehicle Parking System and the Water and Sewer Utility.

The City has pledged future Motor Vehicle Parking System revenues, net of specified operating expenses, to repay \$8.2 million in parking fees and sales tax revenue bonds issued in 2004. Proceeds from the bonds provided financing for the parking garage. The bonds are payable solely from Motor Vehicle Parking System of the City and the City's portion of the parking fee revenues and are payable through 2025. Annual principal and interest payments on the bonds are expected to require 53% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$7,253,419. Principal and interest paid for the current year and total customer gross revenues were \$593,104 and \$818,308, respectively.

The City has pledged future Water and Sewer Utility revenues, net of specified operating expenses, to repay \$1.8 million in water and sewer system improvements revenue bonds issued in 2010 and \$8.2 million issued in 2013. Proceeds from the bonds provided financing for the water and sewer systems. The bonds are payable solely from water and sewer revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require 5% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$21,015,935. Principal and interest paid for the current year and total customer gross revenues were \$142,525 and \$6,935,044, respectively.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at April 30, 2013, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2013</u>
<u>Water and Sewer Utility</u>					
2010D Revenue Bonds	September 7, 2010	2031	3.00 - 5.00%	\$ 1,825,000	\$ 1,695,000
2012C Revenue Bonds	October 15, 2012	2032	2.00 - 3.25%	8,180,000	<u>8,180,000</u>
			Total Water and Sewer Utility		<u>9,875,000</u>
<u>Motor Vehicle Parking Lot Fund</u>					
2004A Parking Fees and Sales Tax Revenue Bonds	April 5, 2004	2025	2.25 - 3.85%	8,245,000	<u>5,650,000</u>
			Total Motor Vehicle Parking Lot Fund		<u>5,650,000</u>
					<u>\$ 15,525,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 685,000	\$ 574,080
2015	755,000	506,354
2016	780,000	484,079
2017	810,000	460,879
2018	835,000	436,249
2019-2023	4,620,000	1,759,118
2024-2028	3,660,000	919,263
2029-2033	<u>3,380,000</u>	<u>350,913</u>
Totals	<u>\$ 15,525,000</u>	<u>\$ 5,490,935</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Special Assessment B-Bonds

B-Bonds are payable only from special assessments levied on affected properties.

Special assessment B-Bonds at April 30, 2013, consists of the following:

<u>Governmental Activities</u> <u>Special Assessment B-Bonds</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>April 30, 2013</u>
Special Assessment Improvement Bond, Series 2005	June 1, 2005	2030	6.125%	\$ 3,695,000	<u>\$ 2,204,000</u>
Total Governmental Activities Special Assessment B-Bonds					<u>\$ 2,204,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>Special Assessment B-Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 76,000	\$ 134,995
2015	81,000	130,340
2016	86,000	125,379
2017	91,000	120,111
2018	97,000	114,538
2019-2023	586,000	475,545
2024-2028	795,000	272,073
2029-2030	<u>392,000</u>	<u>36,382</u>
Totals	<u>\$ 2,204,000</u>	<u>\$ 1,409,363</u>

Capital Leases

Refer to Note IV. G.

Advance Refunding

In April 2012, the City received \$3,575,080 of insurance company litigation proceeds to advance refund \$3,085,000 of outstanding bonds with an average interest rate of 3%. The proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Advance Refunding (cont.)

The cash flow requirements on the refunded bonds prior to the advance refunding was \$3,821,125 from 2014 through 2020.

Prior-Year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At April 30, 2013, \$42,530,000 of bonds outstanding are considered defeased. The bonds are callable on June 30, 2013 and April 1, 2015.

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2004-2012 the City acquired capital assets through lease/purchase agreements. The gross amount of these assets under capital leases is \$1,554,733, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of April 30, 2013, are as follows:

<u>Years</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 211,385	\$ 21,207	\$ 232,592
2015	220,427	12,936	233,363
2016	84,048	4,292	88,340
2017	86,419	1,921	88,340
2018	21,973	102	22,075
Totals	<u>\$ 624,252</u>	<u>\$ 40,458</u>	<u>\$ 664,710</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. POLLUTION REMEDIATION OBLIGATIONS

At year end April 30, 2013, the City was obligated to address the future pollution cleanup activities at the Yeoman Creek superfund site, due to federal or state laws and regulations. The City's obligation originated to address the pollution remediation because the government is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs. Examples of expected future remediation activity costs include legal services, site investigation, and required post-remediation monitoring costs. The amount reported as a pollution remediation obligation represents the current value of the cash flows expected to be paid for these activities. Any expected recoveries would be treated separately as a receivable when such reimbursements become measurable. As of April 30, 2013, the obligation and net liability was \$1,652,416. The City will recognize these liabilities and related expenses as an operating expense in the government-wide financial statements only when such costs become measurable. Because of this, the liability is subject to change as the City becomes aware of new information which may affect its estimate. Only when actual outlays are made are they recognized in the governmental fund financial statements as expenditures. This will also reduce the amount of the liability on the government-wide financial statements. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

I. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at April 30, 2013, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 6,265,110
Other capital assets, net of accumulated depreciation	96,181,730
Less: Long-term capital-related debt outstanding (excluding unspent capital related debt proceeds)	(63,279,953)
Plus: Unamortized premiums, discounts, and refunding gains and losses	<u>(706,234)</u>
Total Net Investment in Capital Assets	<u>\$ 38,460,653</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

I. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at April 30, 2013, include the following:

	General Fund	Debt Service Fund	Nonmajor Funds	Totals
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 30,113	\$ -	\$ -	\$ 30,113
Inventories	-	-	320,320	320,320
Noncurrent interfunds	7,373,882	-	-	7,373,882
Permanent fund principal	-	-	775	775
Restricted for:				
Debt service	-	3,174,943	-	3,174,943
Highways and streets	-	-	674,008	674,008
Police	-	-	2,107,545	2,107,545
911 communication	-	-	1,379,994	1,379,994
Housing rehabilitation	-	-	178,324	178,324
TIF development	-	-	3,457,614	3,457,614
Committed to:				
Stabilization	4,926,380	-	-	4,926,380
Assigned to:				
Highways and streets	-	-	736,524	736,524
Unassigned (deficit):	<u>11,939,745</u>	<u>-</u>	<u>(126,291)</u>	<u>11,813,454</u>
Total Fund Balances	<u>\$ 24,270,120</u>	<u>\$ 3,174,943</u>	<u>\$ 8,728,813</u>	<u>\$ 36,173,876</u>

Business-type Activities

Net Investment in Capital Assets

Land	\$ 2,416,728
Other capital assets, net of accumulated depreciation	63,898,686
Less: Long-term capital-related debt outstanding	(15,851,880)
Plus: Unspent capital related debt proceeds	6,121,744
Plus: Unamortized premiums, discounts, and refunding gains and losses	(176,004)

Total Net Investment in Capital Assets \$ 56,409,274

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNIT

WAUKEGAN PUBLIC LIBRARY

This report contains the Waukegan Public Library (Library), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The Library follows the modified accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits with financial institutions	\$ 2,005,109	\$ 2,100,331	Custodial
Illinois Funds	714,929	714,929	Credit
Petty cash	500	500	N/A
 Total Deposits and Investments	 \$ 2,720,538	 \$ 2,815,760	

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Library's deposits may not be returned to the Library.

Uninsured and uncollateralized	\$ 1,538,421
 Total	 \$ 1,538,421

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk (cont.)

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Library does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of April 30, 2013, the Library's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>
Illinois Funds	AAAm

See Note I.D.1. for further information on deposit and investment policies.

c. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Land	\$ 71,486	\$ -	\$ -	\$ 71,486	
Buildings and Improvements	7,239,069	192,801	-	7,431,870	20-40
Furniture and equipment	1,616,104	114,667	15,500	1,715,271	5-20
Less: Accumulated depreciation	<u>(4,240,207)</u>	<u>(282,889)</u>	<u>15,500</u>	<u>(4,507,596)</u>	
Totals	<u>\$ 4,686,452</u>	<u>\$ 24,579</u>	<u>\$ 31,000</u>	<u>\$ 4,711,031</u>	

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

d. Long-Term Obligations

Long-term obligations activity for the year ended April 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation debt	\$ 3,690,000	\$ -	\$ 150,000	\$ 3,540,000	\$ 155,000
Capital leases	204,488	-	46,626	157,862	48,795
Compensated absences	<u>148,175</u>	<u>3,934</u>	<u>-</u>	<u>152,109</u>	<u>82,566</u>
Totals	<u>\$ 4,042,663</u>	<u>\$ 3,934</u>	<u>\$ 196,626</u>	<u>\$ 3,849,971</u>	<u>\$ 286,361</u>

2010 General Obligation Debt Certificates

The 2010 general obligation debt certificates is a direct obligation and pledges the full faith and credit of the Library. The debt certificates were issued to finance construction of a new roof of the Library's existing building. Library debt certificates currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Carrying Amount</u>
Series 2010 General Obligation Debt Certificates dated September 30, 2012 are due in annual installments through January 1, 2030.	2.00% - 4.38%	<u>\$ 4,000,000</u>	<u>\$ 3,540,000</u>
Total		<u>\$ 4,000,000</u>	<u>\$ 3,540,000</u>

Annual sinking fund redemptions begin January 1, 2030.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

d. Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 155,000	\$ 136,512	\$ 291,512
2015	160,000	132,638	292,638
2016	165,000	127,838	292,838
2017	170,000	122,887	292,887
2018	175,000	117,788	292,788
2019-2023	980,000	482,913	1,462,913
2024-2028	1,185,000	270,422	1,455,422
2029-2030	<u>550,000</u>	<u>36,313</u>	<u>586,313</u>
 Totals	 <u>\$ 3,540,000</u>	 <u>\$ 1,427,311</u>	 <u>\$ 4,967,311</u>

The annual debt service on the notes will be met through a portion of the Library's share of the City of Waukegan's annual property tax levy. Compensated absences will be liquidated out of the General Fund.

Capital Lease

On May 30, 2011, the Library entered into a lease agreement as lessee for financing the acquisition of equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. At April 30, 2013, \$245,376 of amounts included in capital assets were acquired via this capital lease. The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2013 are as follows:

	<u>Total</u>
2014	\$ 54,974
2015	54,974
2016	54,974
2017	4,581
Less: Amount representing interest	<u>(11,641)</u>
Present Value of Minimum Lease Payments	<u>\$ 157,862</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

e. Employee Retirement System

The Library contributes to the Illinois Municipal Retirement Fund (IMRF) an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois through the City of Waukegan. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2012 was 13.75 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on an open basis). The amortization period at December 31, 2012 was 30 years.

The employees of the Library are pooled with the employees of City of Waukegan for purposes of actuarial valuation. Therefore, the amount of accumulated retirement liability and normal costs related specifically to Library personnel is not available.

f. Operating Leases

The Library leases equipment under a non-cancelable operating lease. Total costs for such leases were \$30,372 for the year ended April 30, 2013. At April 30, 2013, the future minimum lease payments for the lease are as follows:

	<u>Total</u>
2014	\$ 25,310

g. Commitments and Contingencies

At April 30, 2013, the Library had a line of credit of \$500,000 with a maturity of May 14, 2013. The line bears interest at prime plus .5% per year. The Library did not utilize the line during the year, and therefore, owed \$0 at the year end of the line. The Library did not renew the line of credit.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan Descriptions

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a 2 tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months's earnings during the last 10 years) of earnings up to 15 years and 2% for each year thereafter. For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit payable monthly for life equal to 1 2/3% of their final rate (average of the highest 96 consecutive month's earnings during the last 10 years, capped at \$106,000) of earnings for credited service up to 15 years and 2% for each year thereafter. However, the total pension cannot exceed 75% of the final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less then 30 years of service credit, the pension will be reduced by 1/2% for each month that you are under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and have between 30 and 35 years of service credit, the pension will be reduced by the lessor of 1/2% for each month the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund the coverage of its own employees in IMRF, as specified by statute. For calendar year 2013, the City's required contribution rate was 15.93%.

Police Pension

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

At April 30, 2013, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	150
Current employees:	
Vested	109
Non vested	<u>24</u>
Total	<u><u>283</u></u>

As provided for in the Illinois Compiled Statutes, the Police Pension Fund provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more 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 on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police officer shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. For the year ended April 30, 2013, the City's contribution was 44.80% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

Firefighters' Pension

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At April 30, 2013, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	123
Current employees:	
Vested	84
Non vested	<u>26</u>
Total	<u><u>233</u></u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Fund provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Firefighters' Pension Fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a firefighter shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Participants contribute a fixed percentage of their base salary to the plans. At April 30, 2013, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. For the year ended April 30, 2013, the City's contribution was 37.25% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Summary of Significant Accounting Policies

Police and Firefighters' Pension Plans

Basis of Accounting. The financial statements of the pension fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

Annual Pension Cost

The City annual required contribution for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2012	May 1, 2012	May 1, 2012
Contribution rates:			
Employer	13.75%	44.80%	37.25%
Employee	4.50%	9.91%	9.46%
Annual required contribution	\$2,091,801	\$6,906,176	\$4,801,785
Contributions made	\$1,805,541	\$5,561,347	\$3,669,200
Actuarial cost method	Entry-age normal 5 year smoothed market	Entry-age normal 5 year smoothed market	Entry-age normal 5 year smoothed market
Asset valuation method	Level percentage of payroll, open	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization method	30 years	21 years, 2 months	21 years, 2 months
Amortization period			
Actuarial assumptions:			
Investment rate of return	7.50% Compounded annually	7.00% Compounded annually	7.00% Compounded annually
Projected salary increases	0.40 - 10.00%	1.12 - 4.86%	1.12 - 4.86%
Inflation rate included	4.00%	2.50%	2.50%
Cost-of-living adjustments	3.00%	3.00%	3.00%

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Net Pension Obligation

The following is the net pension obligation calculation from the most recent actuarial report:

Net Pension Obligation	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual required contribution	\$ 2,091,801	\$ 6,906,176	\$ 4,801,785
Interest on net pension obligation	-	585,806	360,466
Adjustment to annual required contribution	-	(518,812)	(308,756)
Annual pension cost	2,091,801	6,973,170	4,853,495
Contributions made	(1,805,541)	(5,561,347)	(3,669,200)
Change in net pension obligation	286,260	1,411,823	1,184,295
Net pension obligation, beginning of year	770,756	8,368,659	5,149,519
Net Pension Obligation, End of Year	<u>\$ 1,057,016</u>	<u>\$ 9,780,482</u>	<u>\$ 6,333,814</u>

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2013	\$ 2,091,801	\$ 6,973,170	\$ 4,853,495
	2012	1,859,037	6,500,207	4,359,292
	2011	1,610,256	5,847,112	4,201,691
Contributions made	2013	\$ 1,805,541	\$ 5,561,347	\$ 3,669,200
	2012	1,455,839	5,670,179	4,083,106
	2011	1,242,698	3,566,929	2,617,459
Percentage of APC contributed	2013	86%	80%	76%
	2012	78%	87%	94%
	2011	77%	61%	62%
Net pension obligation	2013	\$ 1,057,016	\$ 9,780,482	\$ 6,333,814
	2012	770,756	8,368,659	5,149,519
	2011	367,558	7,538,631	4,873,333

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Funded Status and Funding Progress

The village's actuarial value of plan assets for the current year and related information is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
	December 31, 2012	May 1, 2012	May 1, 2012
Actuarial Valuation Date			
Actuarial Valuation of Assets (a)	\$ 26,605,740	\$ 61,815,522	\$ 48,865,578
Actuarial Accrued Liability (AAL) - Entry Age (b)	\$ 40,727,690	\$ 141,526,141	\$ 99,786,352
Unfunded AAL (UAAL) (b - a)	\$ 14,121,950	\$ 79,710,619	\$ 50,920,774
Funded Ratio (a/b)	65 %	44 %	49 %
Covered Payroll (c)	13,131,204	12,414,144	9,849,514
UAAL as a Percentage of Covered Payroll ((b-a)/c)	108 %	642 %	517 %

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Assets			
Cash and cash equivalents	\$ 164,173	\$ 259,099	\$ 423,272
Investments			
Money Markets	920,252	958,308	1,878,560
State and local obligations	2,077,177	608,847	2,686,024
US Government and agency obligations	8,661,127	9,965,044	18,626,171
Common and preferred stocks	-	4,123,957	4,123,957
Mutual funds	36,379,395	24,699,030	61,078,425
Corporate Bonds	10,673,021	5,708,713	16,381,734
Annuities	6,681,370	5,270,708	11,952,078
Receivables			
Accrued interest	169,894	139,608	309,502
Prepaid items	7,016	517	7,533
Total Assets	<u>65,733,425</u>	<u>51,733,831</u>	<u>117,467,256</u>
Liabilities			
Accounts payable	1,690	19,262	20,952
Total Liabilities	<u>1,690</u>	<u>19,262</u>	<u>20,952</u>
Net Position			
Held in trust for pension benefits	<u>\$ 65,731,735</u>	<u>\$ 51,714,569</u>	<u>\$ 117,446,304</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Additions			
Contributions			
Employer	\$ 5,561,347	\$ 3,669,200	\$ 9,230,547
Plan members	1,176,233	895,783	2,072,016
Other	<u>24,655</u>	<u>2,957</u>	<u>27,612</u>
Total Contributions	<u>6,762,235</u>	<u>4,567,940</u>	<u>11,330,175</u>
Investment income	5,585,813	4,195,442	9,781,255
Less: Investment expense	<u>140,193</u>	<u>101,083</u>	<u>241,276</u>
Net Investment Income	<u>5,445,620</u>	<u>4,094,359</u>	<u>9,539,979</u>
Total Additions	<u>12,207,855</u>	<u>8,662,299</u>	<u>20,870,154</u>
Deductions			
Administration and contractual services	96,552	159,301	255,853
Benefits	<u>6,141,786</u>	<u>4,810,178</u>	<u>10,951,964</u>
Total Deductions	<u>6,238,338</u>	<u>4,969,479</u>	<u>11,207,817</u>
Net change in net position	5,969,517	3,692,820	9,662,337
Net Position, beginning of the year	<u>59,762,218</u>	<u>48,021,749</u>	<u>107,783,967</u>
Net Position, End of the Year	<u>\$ 65,731,735</u>	<u>\$ 51,714,569</u>	<u>\$ 117,446,304</u>

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City purchases commercial insurance to provide coverage for losses from theft of, damage to, or destructions of assets, errors and omissions, and health care of its employees. However, other risks, such as torts and workers compensation are accounted for and financed by the City in an internal service fund.

Self Insurance

For workers compensation claims, the uninsured risk of loss is \$750,000 per incident. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

For crime claims, the uninsured risk of loss is \$10,000 per incident, while pollution has an uninsured risk of loss of \$25,000 per event, commercial auto liability has a \$50,000 deductible, and property has a \$100,000 deductible. All other coverages have an uninsured risk of loss of \$250,000 per incident. There is an aggregate stop loss of \$1.75 million combined for General Liability, Liquor Liability, Employee Benefit Plan Administration Liability, Law Enforcement Liability, Public Entity Management Liability and Auto Liability. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the City participate in the risk management program. Amounts payable to the risk management fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability.

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims - Beginning of Year	\$ 11,864,701	\$ 9,564,388
Current year claims and changes in estimates	4,039,725	(711,092)
Claim payments	<u>(6,340,038)</u>	<u>(3,728,564)</u>
Unpaid Claims - End of Year	<u>\$ 9,564,388</u>	<u>\$ 5,124,732</u>

C. COMMITMENTS AND CONTINGENCIES

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City has active construction projects as of April 30, 2013. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The City has a line of credit with First Midwest Bank in the amount of \$2,500,000. The maturity date is July 18, 2013. The line of credit carries an interest rate of 7.25%. No amounts have been drawn on the line of credit as of April 30, 2013.

In 2012, the City issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$400,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 5.

The obligation matures in 2023, and carries an interest rate of 8%. The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of the future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$113,959.

D. OTHER POSTEMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan. The City's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Summary of Significant Accounting Policies

Basis of Accounting. The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value, which is determined by the mean of the most recent bid and asked provides as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian under the direction of the plan board of trustees, with the assistance of a valuation service.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. For pensioners who began collecting a Fire, Police or IMRF pension prior to June 1, 2006, the City contributes 25% of the total premium for health care coverage. For pensioners who began collecting a Fire, Police or IMRF pension after June 1, 2006, the City contributes 10% of their total premium. For fiscal year 2012, total member contributions was zero.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	4,091,611
Interest on net OPEB obligation		364,411
Adjustment to annual required contribution		<u>(345,164)</u>
Annual OPEB cost		4,110,858
Contributions made		<u>(1,384,371)</u>
Increase in net OPEB obligation		2,726,487
Net OPEB Obligation - Beginning of Year		<u>8,098,026</u>
Net OPEB Obligation - End of Year	\$	<u>10,824,513</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two years prior were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
April 30, 2011	\$ 3,262,001	36%	\$ 5,976,298
April 30, 2012	3,422,658	38%	8,098,026
April 30, 2013	4,110,858	34%	10,824,513

The funded status of the plan as of April 30, 2013, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 54,273,492
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 54,273,492</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 30,574,981
UAAL as a percentage of covered payroll	178%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence 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 annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 8% after 5 years. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at April 30, 2013, was 30 years.

E. SUBSEQUENT EVENTS

Subsequent to April 30, 2013, the investment markets have experienced significant volatility. It is highly likely that the values of the City's investments have changed by material amounts since year end.

F. TAX INCREMENT FINANCING DISTRICT

The City of Waukegan has established several Tax Increment Redevelopment Project Areas (RPA's) to encourage redevelopment of certain sites for more market oriented commercial uses of the properties that will enhance their value and improve their contributions to the City and its surrounding areas. As part of the redevelopment plans, the City has made significant improvements to utilities, public parking, intersections, and traffic signalization, streets and landscaping. The redevelopment plans also include site preparation, land acquisition and assembly, and demolition/clearance.

Construction and development in the RPA's were the responsibility of developers and are substantially complete. To entice development of the areas, the City created tax increment financing (TIF) districts to finance public improvements made within the RPA's.

Several funds have been established to record the revenues generated in the RPA's that relate directly to servicing the debt issued to make public improvements in the RPA's.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2013

NOTE V - OTHER INFORMATION (cont.)

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 13,306,030	\$ 13,306,030	\$ 13,162,048	\$ (143,982)
Other taxes	24,272,000	24,272,000	24,762,742	490,742
Intergovernmental	9,642,000	9,642,000	12,398,502	2,756,502
Licenses	3,068,920	3,068,920	2,735,407	(333,513)
Permits	1,422,850	1,422,850	911,897	(510,953)
Franchise fees	1,125,000	1,125,000	1,055,428	(69,572)
Fines and forfeitures	2,893,500	2,893,500	2,263,571	(629,929)
Charges for services	3,181,450	3,181,450	3,402,292	220,842
Miscellaneous	659,000	659,000	709,177	50,177
Investment income	50,000	50,000	14,491	(35,509)
Total Revenues	59,620,750	59,620,750	61,415,555	1,794,805
EXPENDITURES				
Current:				
Central services	3,949,989	4,426,784	4,523,576	(96,792)
Public safety - police and communication services	27,305,822	27,267,487	29,168,999	(1,901,512)
Public safety - fire services	17,368,150	17,041,511	16,713,652	327,859
Streets, bridges and public works	5,563,684	5,430,890	5,284,744	146,146
Building and zoning	1,105,626	1,050,058	1,083,741	(33,683)
Sanitation and environment	5,403,000	5,403,000	5,454,619	(51,619)
Economic development	492,350	712,232	660,376	51,856
Capital Outlay	208,820	65,479	158,319	(92,840)
Debt Service	182,309	182,309	178,440	3,869
Total Expenditures	61,579,750	61,579,750	63,226,466	(1,646,716)
Deficiency of revenues under expenditures	(1,959,000)	(1,959,000)	(1,810,911)	148,089
OTHER FINANCING SOURCES (USES)				
Transfers in	1,924,000	1,924,000	1,924,000	-
Transfers out	(100,000)	(100,000)	(100,000)	-
Sale of capital assets	35,000	35,000	-	(35,000)
Total Other Financing Sources (Uses)	1,859,000	1,859,000	1,824,000	(35,000)
Net Change in Fund Balance	\$ (100,000)	\$ (100,000)	13,089	\$ 113,089
FUND BALANCE - Beginning of Year			24,257,031	
FUND BALANCE - END OF YEAR			\$ 24,270,120	

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF WAUKEGAN

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDED PROGRESS As of April 30, 2013

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
04/30/2013	\$ 2,091,801	86.31%	\$ 1,057,016
04/30/2012	1,859,037	78.00%	770,756
04/30/2011	1,610,256	100.00%	367,558

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2012	\$ 26,605,740	\$ 40,727,690	\$14,121,950	65.33%	\$13,131,204	107.54%
12/31/2011	24,554,176	39,275,148	14,720,972	62.52%	13,530,108	108.80%
12/31/2010	23,454,600	37,677,247	14,222,647	62.25%	14,585,653	97.51%
12/31/2009	28,706,060	42,077,924	13,371,864	68.22%	17,526,803	76.29%
12/31/2008	37,098,051	44,678,076	7,580,025	83.03%	16,479,069	46.00%
12/31/2007	43,581,006	41,630,123	(1,950,883)	104.69%	16,423,725	-%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	December 31, 2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	0.40 - 10.00%
Inflation factor	4.00%
Cost of living adjustments	3.00%

CITY OF WAUKEGAN

**POLICE PENSION FUND
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDED PROGRESS
As of April 30, 2013**

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
04/30/2013	\$ 6,906,176	80.53%	\$ 9,780,483
04/30/2012	6,629,144	85.53%	8,368,659
04/30/2011	5,661,011	63.01%	7,538,631

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
05/01/2012	\$ 61,815,522	\$ 141,526,141	\$ 79,710,619	43.68%	\$12,414,144	642.10%
05/01/2011	58,046,246	134,309,936	76,263,690	43.22%	11,369,401	670.78%
05/01/2009	53,103,438	118,064,243	64,960,805	44.98%	12,094,598	537.11%
04/30/2009	47,996,571	118,064,243	70,067,672	40.65%	11,979,501	584.90%
04/30/2008	56,355,072	102,910,629	46,555,557	54.76%	12,065,474	385.86%
04/30/2007	56,314,511	97,508,642	41,194,131	57.75%	11,043,518	373.02%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	May 1, 2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	21 years, 2 months
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	1.12 - 4.86%
Inflation factor	2.50%
Cost of living adjustments	3.00%

CITY OF WAUKEGAN

FIREFIGHTERS' PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS As of April 30, 2013

<u>Actuarial Valuation Date</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
04/30/2013	\$ 4,801,785	76.41%	\$ 6,333,814
04/30/2012	4,451,904	91.72%	5,149,519
04/30/2011	4,072,774	64.27%	4,873,333

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
05/01/2012	\$ 48,865,578	\$ 99,786,352	\$ 50,920,774	48.97%	\$ 9,849,514	516.99%
05/01/2011	45,653,784	92,564,935	46,911,151	49.32%	9,107,658	515.07%
05/01/2009	42,076,398	85,245,143	43,168,745	49.36%	8,954,045	482.11%
04/30/2009	38,711,111	85,245,143	46,534,032	45.41%	9,191,138	506.29%
04/30/2008	44,580,636	73,715,485	29,134,849	60.48%	8,601,446	338.72%
04/30/2007	43,530,091	70,573,418	27,043,327	61.68%	7,745,032	349.17%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	May 1, 2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	21 years, 2 months
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	1.12 - 4.86%
Inflation factor	2.50%
Cost of living adjustments	3.00%

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF WAUKEGAN

RETIREE'S HEALTH PLAN
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND FUNDED PROGRESS
As of April 30, 2013

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
04/30/2013	\$ 4,091,611	33.83%	\$ 10,824,513
04/30/2012	3,408,454	38.17%	8,098,026
04/30/2011	3,252,776	36.61%	5,976,298

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
05/01/2012	\$ -	\$ 54,273,492	\$ 54,273,492	-%	\$30,574,981	177.51%
05/01/2011	-	45,376,524	45,376,524	-%	33,861,194	134.01%
05/01/2010	-	43,213,650	43,213,650	-%	32,874,946	131.45%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	May 1, 2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level % of pay, open
Remaining amortization period	30
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increases	3.00%
Inflation factor	3.00%
Cost of living adjustments	3.00%

CITY OF WAUKEGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended April 30, 2013

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

	<u>Final Budget</u>	<u>Expenditures and Other Financing Sources</u>	<u>Excess</u>
General Fund	\$ 61,679,750	\$ 63,326,466	\$ 1,646,716

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SUPPLEMENTARY INFORMATION

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CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PROPERTY TAXES				
Property taxes - general	\$ 3,474,409	\$ 3,474,409	\$ 3,515,284	\$ 40,875
Property taxes - pension	9,261,621	9,261,621	9,230,545	(31,076)
Property taxes - road and bridge	<u>570,000</u>	<u>570,000</u>	<u>416,219</u>	<u>(153,781)</u>
Total Property Taxes	<u>13,306,030</u>	<u>13,306,030</u>	<u>13,162,048</u>	<u>(143,982)</u>
OTHER TAXES				
Sales	8,400,000	8,400,000	8,396,731	(3,269)
Home rule sales	5,400,000	5,400,000	5,535,953	135,953
Local use	1,100,000	1,100,000	1,412,274	312,274
Utility taxes	4,200,000	4,200,000	4,015,041	(184,959)
Telecommunication taxes	3,200,000	3,200,000	2,888,258	(311,742)
Hotel/Motel	1,000,000	1,000,000	917,633	(82,367)
Municipal auto rental	22,000	22,000	19,308	(2,692)
Food and beverage tax	950,000	950,000	1,567,061	617,061
Gaming video tax revenue	-	-	10,483	10,483
Total Other Taxes	<u>24,272,000</u>	<u>24,272,000</u>	<u>24,762,742</u>	<u>490,742</u>
INTERGOVERNMENTAL				
Income tax	6,900,000	6,900,000	8,798,628	1,898,628
Personal property replacement tax	2,560,000	2,560,000	3,319,359	759,359
Federal grants	182,000	182,000	279,178	97,178
State grants	-	-	1,337	1,337
Total Intergovernmental	<u>9,642,000</u>	<u>9,642,000</u>	<u>12,398,502</u>	<u>2,756,502</u>
LICENSES				
Vehicle	1,750,000	1,750,000	1,450,280	(299,720)
Liquor	10,000	10,000	197,705	187,705
Determined by square feet	570,000	570,000	427,125	(142,875)
Amusement devices	36,000	36,000	26,371	(9,629)
Car dealers	-	-	(19)	(19)
Car wash	-	-	100	100
Animal	16,000	16,000	20,637	4,637
Juke box	4,200	4,200	4,650	450
Taxi company	3,600	3,600	(43)	(3,643)
Tobacco dealer	28,300	28,300	27,750	(550)
Vending machine	41,000	41,000	36,473	(4,527)
Bicycle	-	-	5	5
Contractor's registration	48,000	48,000	61,850	13,850
Pawn shop	13,500	13,500	15,000	1,500
Rental property	440,000	440,000	380,764	(59,236)
Sales door	5,000	5,000	4,350	(650)
Billiard	2,000	2,000	1,943	(57)
Public transportation	5,320	5,320	7,230	1,910
Raffle ordinance	-	-	200	200

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
LICENSES (cont.)				
Garbage stickers	\$ 32,000	\$ 32,000	\$ 34,309	\$ 2,309
Day care	23,000	23,000	26,075	3,075
Business flat fee	6,000	6,000	15,125	9,125
Business general	35,000	35,000	(2,473)	(37,473)
Total Licenses	<u>3,068,920</u>	<u>3,068,920</u>	<u>2,735,407</u>	<u>(333,513)</u>
PERMITS				
Building	841,000	841,000	584,879	(256,121)
Electrical	154,000	154,000	83,196	(70,804)
Plumbing	60,000	60,000	52,505	(7,495)
Heating (HVAC)	200,000	200,000	72,612	(127,388)
Occupancy/residential	11,000	11,000	10,850	(150)
Signs	10,000	10,000	4,496	(5,504)
Food handlers	50	50	20	(30)
City drivers	2,500	2,500	3,215	715
Alarms	-	-	10	10
Fire protection construction work	24,000	24,000	8,534	(15,466)
Elevator	75,000	75,000	1,410	(73,590)
Roadway damage	23,000	23,000	20,690	(2,310)
Hazardous materials	22,000	22,000	67,360	45,360
Water shed development	300	300	2,120	1,820
Total Permits	<u>1,422,850</u>	<u>1,422,850</u>	<u>911,897</u>	<u>(510,953)</u>
FRANCHISE FEES				
Cable television	885,000	885,000	836,103	(48,897)
Off-track betting	200,000	200,000	192,132	(7,868)
Video service	40,000	40,000	27,193	(12,807)
Total Franchise Fees	<u>1,125,000</u>	<u>1,125,000</u>	<u>1,055,428</u>	<u>(69,572)</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
FINE AND FORFEITURES				
Parking	\$ 1,500,000	\$ 1,500,000	\$ 1,355,217	\$ (144,783)
Tobacco enforcement violation	5,000	5,000	29,100	24,100
Court ordered fines	15,000	15,000	4,065	(10,935)
Seizures	400,000	400,000	240,310	(159,690)
Code enforcement	125,000	125,000	32,908	(92,092)
Judgement bond	150,000	150,000	8,245	(141,755)
Municipal prosecution	11,200	11,200	60,862	49,662
Prison review agency	-	-	18,535	18,535
Automated traffic enforcement	90,000	90,000	-	(90,000)
Arrest fines	1,000	1,000	2,295	1,295
Judgement bond	500	500	(2,662)	(3,162)
DUI fines	400,000	400,000	371,218	(28,782)
Pace shelter advertising income	5,000	5,000	-	(5,000)
State route highway maintenance	70,000	70,000	76,045	6,045
State route traffic maintenance	5,800	5,800	389	(5,411)
Unit school district police security	55,000	55,000	-	(55,000)
Waukegan housing authority security	60,000	60,000	43,450	(16,550)
IL training reimbursement - fire	-	-	10,109	10,109
Police Investigation Unit	-	-	13,485	13,485
Total Fine and Forfeitures	<u>2,893,500</u>	<u>2,893,500</u>	<u>2,263,571</u>	<u>(629,929)</u>
CHARGES FOR SERVICES				
Subpoena	800	800	719	(81)
Board-up service	50	50	-	(50)
Plans and specifications review	69,000	69,000	63,159	(5,841)
Weed cutting	7,600	7,600	-	(7,600)
Recycle bins	2,000	2,000	2,422	422
Conservation	-	-	(73)	(73)
Fire reports	-	-	340	340
Ambulance service	990,000	990,000	1,098,162	108,162
Vital statistics	33,000	33,000	37,882	4,882
Liquor license filing	1,950	1,950	4,039	2,089
False fire alarm	23,000	23,000	15,295	(7,705)
False burglar alarm	55,000	55,000	2,635	(52,365)
Burglar alarm subscribe	22,000	22,000	30,823	8,823
Fire alarm subscribe	92,000	92,000	253,801	161,801
Photo copy	4,250	4,250	135	(4,115)
Elevator inspection	-	-	25,250	25,250
Registrar's services	3,700	3,700	150	(3,550)
Ambulance inspection	200	200	-	(200)

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CHARGES FOR SERVICES (cont.)				
Taxi inspections	\$ 4,400	\$ 4,400	\$ 3,250	\$ (1,150)
City animal control	-	-	100	100
Zoning subdivision annexation	19,000	19,000	148	(18,852)
Zoning letters and certifications	59,000	59,000	115,900	56,900
Grave openings/lots	500	500	3,825	3,325
Street openings	10,000	10,000	7,890	(2,110)
Parking lot maintenance	-	-	8,000	8,000
Zoning ordinance and maps	200	200	745	545
Fire prevention/BOCA	15,000	15,000	-	(15,000)
License fee - fire department	16,000	16,000	37,591	21,591
Finger print - liquor license	5,200	5,200	531	(4,669)
Animal impoundment	8,000	8,000	2,100	(5,900)
Animal veterinary	6,000	6,000	1,900	(4,100)
Animal surrendering	1,000	1,000	650	(350)
Animal transportation	150	150	-	(150)
Finger print - walk-ins	120	120	121	1
Rental reinspection fee	1,200	1,200	(201)	(1,401)
Job applications - fire and police	-	-	(6,600)	(6,600)
Fire Inspection	150	150	100	(50)
Rental unit inspection	500	500	390	(110)
Employee wage lien	2,100	2,100	2,150	50
Annual sign fee	4,300	4,300	109,473	105,173
Miscellaneous code enforcement	-	-	(725)	(725)
Vacant structure register	143,000	143,000	221,602	78,602
Walk thru inspection	27,000	27,000	51,507	24,507
E-Citations	5,000	5,000	6,907	1,907
NSF check processing	2,200	2,200	774	(1,426)
License fee business license	75,000	75,000	8,307	(66,693)
Rental license	75	75	14,858	14,783
Police registration fee	-	-	(20)	(20)
Cellular telecom/tower	11,000	11,000	14,015	3,015
Garbage collection	1,260,000	1,260,000	1,160,268	(99,732)
Business registration	75	75	-	(75)
Kennel boarding	1,100	1,100	325	(775)
Special events - police reimbursement	25,000	25,000	36,083	11,083
Special events - public works reimbursement	630	630	185	(445)
Special events - fire reimbursement	150,000	150,000	32,938	(117,062)
Beach parking	24,000	24,000	32,216	8,216
Debris removal	-	-	250	250
Total Charges for Services	<u>3,181,450</u>	<u>3,181,450</u>	<u>3,402,292</u>	<u>220,842</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
MISCELLANEOUS REVENUES				
Rental income	\$ 58,000	\$ 58,000	\$ 42,584	\$ (15,416)
Donations	18,200	18,200	8,057	(10,143)
Recyclables	10,000	10,000	33,753	23,753
Sale of gas and oil	235,000	235,000	206,868	(28,132)
Reimbursements	19,000	19,000	(8,836)	(27,836)
Sale of city ordinance books	-	-	145	145
Sale of labor and materials	49,000	49,000	78,939	29,939
Sale of miscellaneous items	-	-	22,863	22,863
Restitution payments	-	-	5,376	5,376
Special police duty events	180,000	180,000	139,023	(40,977)
Liens	51,000	51,000	86,211	35,211
Commissions	1,000	1,000	334	(666)
Special events	6,700	6,700	9,496	2,796
Other miscellaneous revenue	<u>31,100</u>	<u>31,100</u>	<u>84,364</u>	<u>53,264</u>
Total Miscellaneous Revenues	<u>659,000</u>	<u>659,000</u>	<u>709,177</u>	<u>50,177</u>
INVESTMENT INCOME				
Investment income	<u>50,000</u>	<u>50,000</u>	<u>14,491</u>	<u>(35,509)</u>
TOTAL REVENUES	<u>\$ 59,620,750</u>	<u>\$ 59,620,750</u>	<u>\$ 61,415,555</u>	<u>\$ 1,794,805</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
CENTRAL SERVICES				
Personnel services	\$ 1,933,151	\$ 2,063,447	\$ 2,063,933	\$ (486)
Personnel benefits	920,141	1,238,044	1,268,677	(30,633)
Contractual services	1,029,863	1,063,269	1,128,682	(65,413)
Commodities	66,834	62,024	62,284	(260)
Total Central Services	<u>3,949,989</u>	<u>4,426,784</u>	<u>4,523,576</u>	<u>(96,792)</u>
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Personnel services	14,785,068	14,785,068	15,869,602	(1,084,534)
Personnel benefits	5,595,462	5,527,146	6,099,401	(572,255)
Contractual services	798,562	911,217	1,049,452	(138,235)
Commodities	546,787	464,113	589,197	(125,084)
Pension contribution	5,579,943	5,579,943	5,561,347	18,596
Capital outlay	-	9,850	9,822	28
Total Public Safety - Police and Communication Services	<u>27,305,822</u>	<u>27,277,337</u>	<u>29,178,821</u>	<u>(1,901,484)</u>
PUBLIC SAFETY - FIRE SERVICES				
Personnel services	9,935,220	9,715,825	9,409,143	306,682
Personnel benefits	2,889,316	2,874,872	2,951,592	(76,720)
Contractual services	468,443	335,463	300,190	35,273
Commodities	393,523	433,703	383,529	50,174
Pension contribution	3,681,648	3,681,648	3,669,198	12,450
Total Public Safety - Fire Services	<u>17,368,150</u>	<u>17,041,511</u>	<u>16,713,652</u>	<u>327,859</u>
STREETS, BRIDGES AND PUBLIC WORKS				
Personnel services	2,276,601	2,231,601	2,259,999	(28,398)
Personnel benefits	1,039,117	1,025,723	1,205,302	(179,579)
Contractual services	1,004,590	952,690	811,541	141,149
Commodities	1,243,376	1,220,876	1,007,902	212,974
Total Streets, Bridges and Public Works	<u>5,563,684</u>	<u>5,430,890</u>	<u>5,284,744</u>	<u>146,146</u>
BUILDING AND ZONING				
Personnel services	613,235	562,857	615,220	(52,363)
Personnel benefits	324,541	272,187	222,517	49,670
Contractual services	150,935	198,220	228,731	(30,511)
Commodities	16,915	16,794	17,273	(479)
Total Building and Zoning	<u>1,105,626</u>	<u>1,050,058</u>	<u>1,083,741</u>	<u>(33,683)</u>
SANITATION AND ENVIRONMENT				
Contractual services	<u>5,403,000</u>	<u>5,403,000</u>	<u>5,454,619</u>	<u>(51,619)</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
ECONOMIC DEVELOPMENT				
Personnel services	\$ 189,974	\$ 257,061	\$ 276,467	\$ (19,406)
Personnel benefits	101,611	100,615	92,168	8,447
Contractual services	198,775	351,366	289,500	61,866
Commodities	1,990	3,190	2,241	949
Capital outlay	<u>208,820</u>	<u>55,629</u>	<u>148,497</u>	<u>(92,868)</u>
Total Economic Development	<u>701,170</u>	<u>767,861</u>	<u>808,873</u>	<u>(41,012)</u>
DEBT SERVICE				
Principal	158,669	158,669	158,669	-
Interest and fiscal charges	<u>23,640</u>	<u>23,640</u>	<u>19,771</u>	<u>3,869</u>
Total Debt Service	<u>182,309</u>	<u>182,309</u>	<u>178,440</u>	<u>3,869</u>
TOTAL EXPENDITURES	<u>\$ 61,579,750</u>	<u>\$ 61,579,750</u>	<u>\$ 63,226,466</u>	<u>\$ (1,646,716)</u>

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CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE - MAJOR DEBT SERVICE FUND
For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 11,477,531	\$ 11,477,531	\$ 11,552,219	\$ 74,688
Home rule sales taxes	210,344	210,344	110,016	(100,328)
Miscellaneous	-	-	80,000	80,000
Investment income	<u>35,000</u>	<u>35,000</u>	<u>185,803</u>	<u>150,803</u>
Total Revenues	<u>11,722,875</u>	<u>11,722,875</u>	<u>11,928,038</u>	<u>205,163</u>
EXPENDITURES				
Debt Service				
Principal	8,531,000	8,531,000	8,531,000	-
Interest and fiscal charges	<u>3,191,875</u>	<u>3,191,875</u>	<u>2,802,477</u>	<u>389,398</u>
Total Expenditures	<u>11,722,875</u>	<u>11,722,875</u>	<u>11,333,477</u>	<u>389,398</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>594,561</u>	<u>594,561</u>
OTHER FINANCING USES				
Payment to escrow agent	<u>-</u>	<u>-</u>	<u>(3,575,080)</u>	<u>(3,575,080)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(3,575,080)</u>	<u>(3,575,080)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,980,519)</u>	<u>\$ (2,980,519)</u>
FUND BALANCE - Beginning of Year			<u>6,155,462</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,174,943</u>	

CITY OF WAUKEGAN

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

As of April 30, 2013

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System
ASSETS				
Cash and cash equivalents	\$ 826,977	\$ 781	\$ 1,876,670	\$ 1,470,209
Investments	-	-	-	-
Receivables (net)				
Property taxes	-	-	-	-
Intergovernmental	153,190	-	-	-
Accounts	970	750	3,050	361,690
Due from other funds	-	6,601	165,272	-
Inventories	320,320	-	-	-
TOTAL ASSETS	<u>\$ 1,301,457</u>	<u>\$ 8,132</u>	<u>\$ 2,044,992</u>	<u>\$ 1,831,899</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 230,606	\$ 9,280	\$ 2,280	\$ 28,149
Accrued salaries	18,626	14,561	-	28,211
Other current liabilities	1	-	534,609	2,517
Due to other funds	57,896	14,983	-	135,209
Deferred revenues	-	-	-	257,819
Total Liabilities	<u>307,129</u>	<u>38,824</u>	<u>536,889</u>	<u>451,905</u>
Fund Balances				
Nonspendable	320,320	-	-	-
Restricted	674,008	-	1,508,103	1,379,994
Assigned	-	-	-	-
Unassigned (deficit)	-	(30,692)	-	-
Total Fund Balances (Deficit)	<u>994,328</u>	<u>(30,692)</u>	<u>1,508,103</u>	<u>1,379,994</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,301,457</u>	<u>\$ 8,132</u>	<u>\$ 2,044,992</u>	<u>\$ 1,831,899</u>

Special Revenue

<u>Public Safety Grants - Police</u>	<u>Fountain Square TIF #5</u>	<u>Public Safety Grants - Fire</u>	<u>Sunset/Delany TIF #6</u>	<u>Lewis Avenue TIF #2</u>	<u>Belvidere Mall Redevelop- ment TIF #3</u>	<u>Lakefront Redevelop- ment TIF #1</u>
\$ 549,685	\$ 3,071,726	\$ -	\$ -	\$ 50,000	\$ 50,001	\$ 11,089
-	-	-	-	-	-	-
450,683	1,435,936	406,714	9,906	-	-	-
47,057	-	414,801	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,047,425</u>	<u>\$ 4,507,662</u>	<u>\$ 821,515</u>	<u>\$ 9,906</u>	<u>\$ 50,000</u>	<u>\$ 50,001</u>	<u>\$ 11,089</u>
\$ 3,407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
57,899	-	44,517	-	-	-	-
-	-	-	-	-	-	-
123,372	-	351,230	-	-	-	-
<u>497,740</u>	<u>1,435,936</u>	<u>489,784</u>	<u>9,906</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>682,418</u>	<u>1,435,936</u>	<u>885,531</u>	<u>9,906</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
365,007	3,071,726	-	-	50,000	50,001	11,089
-	-	-	-	-	-	-
-	-	(64,016)	-	-	-	-
<u>365,007</u>	<u>3,071,726</u>	<u>(64,016)</u>	<u>-</u>	<u>50,000</u>	<u>50,001</u>	<u>11,089</u>
<u>\$ 1,047,425</u>	<u>\$ 4,507,662</u>	<u>\$ 821,515</u>	<u>\$ 9,906</u>	<u>\$ 50,000</u>	<u>\$ 50,001</u>	<u>\$ 11,089</u>

CITY OF WAUKEGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of April 30, 2013

	<u>Special Revenue</u>			
	<u>Home Rehab Assistance</u>	<u>Neighborhood Stabilization</u>	<u>Downtown Waterfront TIF #4</u>	<u>Prisoner Review/DUI SB 740</u>
ASSETS				
Cash and cash equivalents	\$ 205,456	\$ -	\$ 289,048	\$ 232,152
Investments	-	-	-	-
Receivables (net)				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Accounts	-	-	-	2,283
Due from other funds	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	<u>\$ 205,456</u>	<u>\$ -</u>	<u>\$ 289,048</u>	<u>\$ 234,435</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 27,132	\$ -	\$ 14,250	\$ -
Accrued salaries	-	-	-	-
Other current liabilities	-	-	-	-
Due to other funds	-	31,583	-	-
Deferred revenues	-	-	-	-
Total Liabilities	<u>27,132</u>	<u>31,583</u>	<u>14,250</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	178,324	-	274,798	234,435
Assigned	-	-	-	-
Unassigned (deficit)	-	(31,583)	-	-
Total Fund Balances (Deficit)	<u>178,324</u>	<u>(31,583)</u>	<u>274,798</u>	<u>234,435</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 205,456</u>	<u>\$ -</u>	<u>\$ 289,048</u>	<u>\$ 234,435</u>

Capital Projects			Permanent	Total Nonmajor Governmental Funds
Capital Equipment Replacement	Street & Sidewalk Rehabilitation	Fountain Square Special Assessment	Cemetery Trust	
\$ 459,903	\$ 81,879	\$ 214,260	\$ 71	\$ 9,389,907
-	-	-	700	700
-	-	-	-	2,303,239
21,904	-	-	-	636,952
-	-	-	4	368,747
-	-	-	-	171,873
-	-	-	-	320,320
<u>\$ 481,807</u>	<u>\$ 81,879</u>	<u>\$ 214,260</u>	<u>\$ 775</u>	<u>\$ 13,191,738</u>
\$ 35,466	\$ -	\$ 5,956	\$ -	\$ 356,526
-	-	-	-	163,814
-	-	-	-	537,127
-	-	-	-	714,273
-	-	-	-	2,691,185
<u>35,466</u>	<u>-</u>	<u>5,956</u>	<u>-</u>	<u>4,462,925</u>
-	-	-	775	321,095
-	-	-	-	7,797,485
446,341	81,879	208,304	-	736,524
-	-	-	-	(126,291)
<u>446,341</u>	<u>81,879</u>	<u>208,304</u>	<u>775</u>	<u>8,728,813</u>
<u>\$ 481,807</u>	<u>\$ 81,879</u>	<u>\$ 214,260</u>	<u>\$ 775</u>	<u>\$ 13,191,738</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended April 30, 2013

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,557,073	690,891	437,554	-
Fines and forfeitures	-	-	66,448	-
Charges for services	-	-	-	778,561
Miscellaneous	95,050	7,086	-	40,274
Investment income	678	-	48	-
Total Revenues	2,652,801	697,977	504,050	818,835
EXPENDITURES				
Current				
Public safety - police and communication services	-	-	134,959	685,919
Public safety - fire services	-	-	-	-
Streets, bridges and public works	2,496,464	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	672,288	-	-
Capital Outlay	35,716	110,820	-	78,826
Principal	-	-	-	92,558
Interest and fiscal charges	-	-	-	13,334
Total Expenditures	2,532,180	783,108	134,959	870,637
Excess (deficiency) of revenues over expenditures	120,621	(85,131)	369,091	(51,802)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	45,169	-	-
Transfers out	-	-	-	-
Sale of capital assets	970	-	-	-
Total Other Financing Sources (Uses)	970	45,169	-	-
Net Change in Fund Balances	121,591	(39,962)	369,091	(51,802)
FUND BALANCES (DEFICIT) - Beginning of Year	872,737	9,270	1,139,012	1,431,796
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 994,328	\$ (30,692)	\$ 1,508,103	\$ 1,379,994

Special Revenue

Public Safety Grants - Police	Fountain Square TIF #5	Public Safety Grants - Fire	Sunset/Delany TIF #6	Lewis Avenue TIF #2	Belvidere Mall Redevelop- ment TIF #3	Lakefront Redevelop- ment TIF #1
\$ -	\$ 1,392,800	\$ -	\$ -	\$ -	\$ -	\$ 6,059
567,774		1,173,537				
-						
-						
344					1	
<u>568,118</u>	<u>1,392,800</u>	<u>1,173,537</u>			<u>1</u>	<u>6,059</u>
654,554						
-		763,787				
-	602,328					177,052
-						
-						
<u>654,554</u>	<u>602,328</u>	<u>763,787</u>				<u>177,052</u>
<u>(86,436)</u>	<u>790,472</u>	<u>409,750</u>			<u>1</u>	<u>(170,993)</u>
100,000						
-						
<u>100,000</u>						
13,564	790,472	409,750			1	(170,993)
<u>351,443</u>	<u>2,281,254</u>	<u>(473,766)</u>		<u>50,000</u>	<u>50,000</u>	<u>182,082</u>
<u>\$ 365,007</u>	<u>\$ 3,071,726</u>	<u>\$ (64,016)</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,001</u>	<u>\$ 11,089</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended April 30, 2013

	Special Revenue			
	Home Rehab Assistance	Neighborhood Stabilization	Downtown Waterfront TIF #4	Prisoner Review/DUI SB 740
REVENUES				
Property taxes	\$ -	\$ -	\$ 288,418	\$ -
Intergovernmental	1,331,433	-	-	-
Fines and forfeitures	-	-	-	74,051
Charges for services	-	-	-	343
Miscellaneous	-	6,512	-	-
Investment income	-	-	20	-
Total Revenues	1,331,433	6,512	288,438	74,394
EXPENDITURES				
Current				
Public safety - police and communication services	-	-	-	7,847
Public safety - fire services	-	-	-	-
Streets, bridges and public works	-	-	-	-
Economic development	-	-	133,092	-
Culture and recreation	-	-	-	-
Community development	970,631	-	-	-
Capital Outlay	165,063	-	1,142,704	75,319
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,135,694	-	1,275,796	83,166
Excess (deficiency) of revenues over expenditures	195,739	6,512	(987,358)	(8,772)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(45,169)	-	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	(45,169)	-	-	-
Net Change in Fund Balances	150,570	6,512	(987,358)	(8,772)
FUND BALANCES (DEFICIT) - Beginning of Year	27,754	(38,095)	1,262,156	243,207
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 178,324	\$ (31,583)	\$ 274,798	\$ 234,435

Capital Projects			Permanent	Total Nonmajor Governmental Funds
Capital Equipment Replacement	Street & Sidewalk Rehabilitation	Fountain Square Special Assessment	Cemetery Trust	
\$ -	\$ -	\$ -	\$ -	\$ 1,687,277
21,904	8,014	-	-	6,788,180
-	-	-	-	140,499
-	-	-	-	778,904
-	-	-	-	148,922
119	-	6	65	1,281
<u>22,023</u>	<u>8,014</u>	<u>6</u>	<u>65</u>	<u>9,545,063</u>
-	-	-	-	1,483,279
-	-	-	-	763,787
-	-	-	-	2,496,464
-	-	-	-	912,472
-	-	-	25	25
1,337,536	532,934	-	-	1,642,919
-	-	-	-	3,478,918
-	-	-	-	92,558
-	-	-	-	13,334
<u>1,337,536</u>	<u>532,934</u>	<u>-</u>	<u>25</u>	<u>10,883,756</u>
<u>(1,315,513)</u>	<u>(524,920)</u>	<u>6</u>	<u>40</u>	<u>(1,338,693)</u>
-	-	-	-	145,169
-	-	-	-	(45,169)
-	-	-	-	970
-	-	-	-	<u>100,970</u>
(1,315,513)	(524,920)	6	40	(1,237,723)
<u>1,761,854</u>	<u>606,799</u>	<u>208,298</u>	<u>735</u>	<u>9,966,536</u>
<u>\$ 446,341</u>	<u>\$ 81,879</u>	<u>\$ 208,304</u>	<u>\$ 775</u>	<u>\$ 8,728,813</u>

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CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX - NONMAJOR SPECIAL REVENUE FUND
For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Motor fuel tax	\$ 2,270,911	\$ 2,270,911	\$ 2,557,073	\$ 286,162
MISCELLANEOUS				
Service reimbursements	-	-	95,050	95,050
INVESTMENT INCOME				
Investment income	-	-	678	678
Total Revenues	<u>2,270,911</u>	<u>2,270,911</u>	<u>2,652,801</u>	<u>381,890</u>
EXPENDITURES				
STREETS, BRIDGES AND PUBLIC WORKS				
Personnel services	796,907	796,907	777,696	19,211
Personnel benefits	392,265	392,265	339,761	52,504
Contractual services	490,000	490,000	691,928	(201,928)
Commodities	560,000	560,000	687,079	(127,079)
Capital outlay	30,000	30,000	35,716	(5,716)
Total Expenditures	<u>2,269,172</u>	<u>2,269,172</u>	<u>2,532,180</u>	<u>(263,008)</u>
Excess of revenues over expenditures	<u>1,739</u>	<u>1,739</u>	<u>120,621</u>	<u>118,882</u>
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	970	970
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>970</u>	<u>970</u>
Net Change in Fund Balance	<u>\$ 1,739</u>	<u>\$ 1,739</u>	121,591	<u>\$ 119,852</u>
FUND BALANCE - Beginning of Year			<u>872,737</u>	
FUND BALANCE - END OF YEAR			<u>\$ 994,328</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT - NONMAJOR
SPECIAL REVENUE FUND
For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Intergovernmental	\$ 855,514	\$ 855,514	\$ 690,891	\$ (164,623)
MISCELLANEOUS				
Liens	148,847	148,847	7,086	(141,761)
Total Revenues	<u>1,004,361</u>	<u>1,004,361</u>	<u>697,977</u>	<u>(306,384)</u>
EXPENDITURES				
COMMUNITY DEVELOPMENT				
Personnel services	278,729	331,416	231,957	99,459
Personnel benefits	141,383	136,385	89,952	46,433
Contractual services	319,188	324,188	346,034	(21,846)
Commodities	6,215	6,215	4,345	1,870
Capital outlay	110,000	110,000	110,820	(820)
Total Expenditures	<u>855,515</u>	<u>908,204</u>	<u>783,108</u>	<u>125,096</u>
Excess (deficiency) of revenues over (under) expenditures	<u>148,846</u>	<u>96,157</u>	<u>(85,131)</u>	<u>(181,288)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	45,169	45,169
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>45,169</u>	<u>45,169</u>
Net Change in Fund Balance	<u>\$ 148,846</u>	<u>\$ 96,157</u>	(39,962)	<u>\$ (136,119)</u>
FUND BALANCE - Beginning of Year			<u>9,270</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (30,692)</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - NARCOTICS FORFEITURE - NONMAJOR SPECIAL
REVENUE FUND
For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 320,000	\$ 320,000	\$ 411,277	\$ 91,277
State grants	35,000	35,000	26,277	(8,723)
FINES AND FORFEITURES				
Code enforcement/zoning	10,000	10,000	2,349	(7,651)
Customs/border patrol	30,000	30,000	64,099	34,099
INVESTMENT INCOME				
Investment income	-	-	48	48
Total Revenues	<u>395,000</u>	<u>395,000</u>	<u>504,050</u>	<u>109,050</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICE				
Contractual services	65,000	57,800	39,025	18,775
Commodities	<u>100,000</u>	<u>107,200</u>	<u>95,934</u>	<u>11,266</u>
Total Expenditures	<u>165,000</u>	<u>165,000</u>	<u>134,959</u>	<u>30,041</u>
Excess of revenues over expenditures	<u>230,000</u>	<u>230,000</u>	<u>369,091</u>	<u>139,091</u>
OTHER FINANCING SOURCES				
Transfers out	-	(201,787)	-	201,787
Total Other Financing Sources	<u>-</u>	<u>(201,787)</u>	<u>-</u>	<u>201,787</u>
Net Change in Fund Balance	<u>\$ 230,000</u>	<u>\$ 28,213</u>	369,091	<u>\$ 340,878</u>
FUND BALANCE - Beginning of Year			<u>1,139,012</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,508,103</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - 911 EMERGENCY SYSTEM - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
CHARGES FOR SERVICES				
911 emergency surcharge	\$ 891,760	\$ 891,760	\$ 778,561	\$ (113,199)
MISCELLANEOUS				
Other miscellaneous revenue	-	-	40,274	40,274
Total Revenues	<u>891,760</u>	<u>891,760</u>	<u>818,835</u>	<u>(72,925)</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Personnel services	172,344	172,344	154,204	18,140
Personnel benefits	80,728	80,728	50,421	30,307
Contractual services	511,466	511,179	471,619	39,560
Commodities	9,000	9,287	9,675	(388)
Capital outlay	202,500	202,500	78,826	123,674
Total Public Safety - Police and Communication Services	<u>976,038</u>	<u>976,038</u>	<u>764,745</u>	<u>211,293</u>
DEBT SERVICE				
Principal	92,558	92,558	92,558	-
Interest and fiscal charges	13,334	13,334	13,334	-
Total Debt Service	<u>105,892</u>	<u>105,892</u>	<u>105,892</u>	<u>-</u>
Total Expenditures	<u>1,081,930</u>	<u>1,081,930</u>	<u>870,637</u>	<u>211,293</u>
Net Change in Fund Balance	<u>\$ (190,170)</u>	<u>\$ (190,170)</u>	(51,802)	<u>\$ 138,368</u>
FUND BALANCE - Beginning of Year			1,431,796	
FUND BALANCE - END OF YEAR			<u>\$ 1,379,994</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - PUBLIC SAFETY GRANTS - POLICE - NONMAJOR SPECIAL
REVENUE FUND
For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 802,560	\$ 948,393	\$ 539,585	\$ (408,808)
State grants	-	-	28,189	28,189
INVESTMENT INCOME				
Investment income	-	-	344	344
Total Revenues	<u>802,560</u>	<u>948,393</u>	<u>568,118</u>	<u>(380,275)</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Personnel services	462,016	664,148	505,154	158,994
Personnel benefits	248,544	357,282	83,112	274,170
Contractual services	192,000	228,350	61,088	167,262
Commodities	-	400	5,200	(4,800)
Total Expenditures	<u>902,560</u>	<u>1,250,180</u>	<u>654,554</u>	<u>595,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,000)</u>	<u>(301,787)</u>	<u>(86,436)</u>	<u>215,351</u>
OTHER FINANCING SOURCES				
Transfers in	<u>100,000</u>	<u>301,787</u>	<u>100,000</u>	<u>(201,787)</u>
Total Other Financing Sources	<u>100,000</u>	<u>301,787</u>	<u>100,000</u>	<u>(201,787)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	13,564	<u>\$ 13,564</u>
FUND BALANCE - Beginning of Year			<u>351,443</u>	
FUND BALANCE - END OF YEAR			<u>\$ 365,007</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - FOUNTAIN SQUARE TIF #5 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property taxes	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,392,800</u>	<u>\$ 392,800</u>
Total Revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,392,800</u>	<u>392,800</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Contractual services	<u>1,000,000</u>	<u>1,000,000</u>	<u>602,328</u>	<u>397,672</u>
Total Expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>602,328</u>	<u>397,672</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>790,472</u>	<u>\$ 790,472</u>
FUND BALANCE - Beginning of Year			<u>2,281,254</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,071,726</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - PUBLIC SAFETY GRANTS - FIRE - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INTERGOVERNMENTAL				
Intergovernmental	\$ 1,237,101	\$ 1,237,101	\$ 1,173,537	\$ (63,564)
Total Revenues	1,237,101	1,237,101	1,173,537	(63,564)
EXPENDITURES				
PUBLIC SAFETY - FIRE SERVICES				
Personnel services	811,000	811,000	627,759	183,241
Personnel benefits	282,501	282,501	135,478	147,023
Contractual services	50,000	50,000	550	49,450
Total Expenditures	1,143,501	1,143,501	763,787	379,714
Net Change in Fund Balance	\$ 93,600	\$ 93,600	409,750	\$ 316,150
FUND BALANCE (DEFICIT) - Beginning of Year			(473,766)	
FUND BALANCE (DEFICIT) - END OF YEAR			\$ (64,016)	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - LEWIS AVE. TIF #2 - NONMAJOR SPECIAL REVENUE FUND
 For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total Expenditures	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE - Beginning of Year			<u>50,000</u>	
FUND BALANCE - END OF YEAR			<u>\$ 50,000</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - BELVIDERE MALL REDEVELOPMENT TIF #3 - NONMAJOR
 SPECIAL REVENUE FUND
 For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INVESTMENT INCOME	\$ -	\$ -	\$ 1	\$ 1
Total Revenues	-	-	1	1
EXPENDITURES				
Total Expenditures	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
FUND BALANCE - Beginning of Year			<u>50,000</u>	
FUND BALANCE - END OF YEAR			<u>\$ 50,001</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - LAKEFRONT REDEVELOPMENT TIF #1 - NONMAJOR
 SPECIAL REVENUE FUND
 For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property taxes - TIF	\$ 55,000	\$ 55,000	\$ 6,059	\$ (48,941)
Total Revenues	<u>55,000</u>	<u>55,000</u>	<u>6,059</u>	<u>(48,941)</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Contractual services	100,000	115,000	177,052	(62,052)
Capital outlay	55,000	40,000	-	40,000
Total Expenditures	<u>155,000</u>	<u>155,000</u>	<u>177,052</u>	<u>(22,052)</u>
Net Change in Fund Balance	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	(170,993)	<u>\$ (70,993)</u>
FUND BALANCE - Beginning of Year			<u>182,082</u>	
FUND BALANCE - END OF YEAR			<u>\$ 11,089</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - HOME REHAB ASSISTANCE - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 907,119	\$ 907,119	\$ 1,331,433	\$ 424,314
Total Revenues	<u>907,119</u>	<u>907,119</u>	<u>1,331,433</u>	<u>424,314</u>
EXPENDITURES				
COMMUNITY DEVELOPMENT				
Contractual services	907,619	850,068	970,631	(120,563)
Capital Outlay	-	4,864	165,063	(160,199)
Total Expenditures	<u>907,619</u>	<u>854,932</u>	<u>1,135,694</u>	<u>(280,762)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(500)</u>	<u>52,187</u>	<u>195,739</u>	<u>143,552</u>
OTHER FINANCING USES				
Transfers out	-	-	(45,169)	(45,169)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(45,169)</u>	<u>(45,169)</u>
Net Change in Fund Balance	<u>\$ (500)</u>	<u>\$ 52,187</u>	150,570	<u>\$ 98,383</u>
FUND BALANCE - Beginning of Year			<u>27,754</u>	
FUND BALANCE - END OF YEAR			<u>\$ 178,324</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - NEIGHBORHOOD STABILIZATION - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
MISCELLANEOUS				
Miscellaneous	\$ -	\$ -	\$ 6,512	\$ 6,512
Total Revenues	<u>-</u>	<u>-</u>	<u>6,512</u>	<u>6,512</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	6,512	<u>\$ 6,512</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(38,095)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (31,583)</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - DOWNTOWN WATERFRONT TIF #4 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property taxes	\$ 500,000	\$ 500,000	\$ 288,418	\$ (211,582)
INVESTMENT INCOME				
Investment income	-	-	20	20
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>288,438</u>	<u>(211,562)</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Contractual services	850,000	287,000	133,092	153,908
Capital outlay	<u>500,000</u>	<u>1,063,000</u>	<u>1,142,704</u>	<u>(79,704)</u>
Total Expenditures	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,275,796</u>	<u>74,204</u>
Net Change in Fund Balance	<u>\$ (850,000)</u>	<u>\$ (850,000)</u>	(987,358)	<u>\$ (137,358)</u>
FUND BALANCE - Beginning of Year			<u>1,262,156</u>	
FUND BALANCE - END OF YEAR			<u>\$ 274,798</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - PRISONER REVIEW/DUI SB 740 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
FINES AND FORFEITURES				
Prison review agency	\$ 64,000	\$ 64,000	\$ 34,781	\$ (29,219)
Late payment/penalties	23,000	23,000	39,270	16,270
CHARGES FOR SERVICES				
Special events - police reimbursement	<u>3,000</u>	<u>3,000</u>	<u>343</u>	<u>(2,657)</u>
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>74,394</u>	<u>(15,606)</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Contractual services	10,000	10,000	7,847	2,153
Capital outlay	<u>80,000</u>	<u>80,000</u>	<u>75,319</u>	<u>4,681</u>
Total Expenditures	<u>90,000</u>	<u>90,000</u>	<u>83,166</u>	<u>6,834</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(8,772)</u>	<u>\$ (8,772)</u>
FUND BALANCE - Beginning of Year			<u>243,207</u>	
FUND BALANCE - END OF YEAR			<u>\$ 234,435</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL EQUIPMENT REPLACEMENT - NONMAJOR
 CAPITAL PROJECTS FUND
 For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 101,600	\$ 101,600	\$ -	\$ (101,600)
State grants	-	-	21,904	21,904
INVESTMENT INCOME				
Investment income	-	-	119	119
Total Revenues	<u>101,600</u>	<u>101,600</u>	<u>22,023</u>	<u>(79,577)</u>
EXPENDITURES				
EQUIPMENT REPLACEMENT				
Capital Outlay	<u>1,351,600</u>	<u>1,351,600</u>	<u>1,337,536</u>	<u>14,064</u>
Total Expenditures	<u>1,351,600</u>	<u>1,351,600</u>	<u>1,337,536</u>	<u>14,064</u>
Net Change in Fund Balance	<u>\$ 4,400,000</u>	<u>\$ (1,250,000)</u>	(1,315,513)	<u>\$ (65,513)</u>
FUND BALANCE - Beginning of Year			<u>1,761,854</u>	
FUND BALANCE - END OF YEAR			<u>\$ 446,341</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - STREET/SIDEWALK REHABILITATION - NONMAJOR
 CAPITAL PROJECTS FUND
 For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 800,000	\$ 800,000	\$ 8,014	\$ (791,986)
Total Revenues	<u>800,000</u>	<u>800,000</u>	<u>8,014</u>	<u>(791,986)</u>
EXPENDITURES				
STREETS, BRIDGES AND PUBLIC WORKS				
Capital outlay	1,350,000	1,350,000	532,934	817,066
Total Expenditures	<u>1,350,000</u>	<u>1,350,000</u>	<u>532,934</u>	<u>817,066</u>
Net Change in Fund Balance	<u>\$ (550,000)</u>	<u>\$ (550,000)</u>	(524,920)	<u>\$ 25,080</u>
FUND BALANCE - Beginning of Year			<u>606,799</u>	
FUND BALANCE - END OF YEAR			<u>\$ 81,879</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - FOUNTAIN SQUARE SPECIAL ASSESSMENT - NONMAJOR
 CAPITAL PROJECTS FUND
 For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INVESTMENT INCOME	\$ -	\$ -	\$ 6	\$ 6
Total Revenues	-	-	6	6
EXPENDITURES				
Total Expenditures	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	6	\$ 6
FUND BALANCE - Beginning of Year			208,298	
FUND BALANCE - END OF YEAR			\$ 208,304	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - CEMETERY TRUST - NONMAJOR
 PERMANENT TRUST FUND
 For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INVESTMENT INCOME				
Investment income	\$ -	\$ -	\$ 65	\$ 65
Total Revenues	-	-	65	65
EXPENDITURES				
CULTURE AND RECREATION				
Contractual services	-	-	25	(25)
Total Expenditures	-	-	25	(25)
Excess of revenues over expenditures	-	-	40	40
Net Change in Fund Balance	\$ -	\$ -	40	\$ 40
FUND BALANCE - Beginning of Year			735	
FUND BALANCE - END OF YEAR			\$ 775	

CITY OF WAUKEGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL WATER AND SEWER FUND - MAJOR ENTERPRISE FUND

For the Year Ended April 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 10,752,786	\$ 10,752,786	\$ 13,582,677	\$ 2,829,891
Fines and forfeitures	227,065	227,065	266,024	38,959
Permits	78,419	78,419	105,480	27,061
Miscellaneous	20,865	20,865	28,772	7,907
Total Operating Revenues	<u>11,079,135</u>	<u>11,079,135</u>	<u>13,982,953</u>	<u>2,903,818</u>
OPERATING EXPENSES				
Personnel services	2,860,603	2,860,603	2,936,822	76,219
Personnel benefits	1,383,383	1,382,083	2,170,818	788,735
Contractual services	2,019,782	2,021,082	1,228,642	(792,440)
Commodities	793,481	793,481	700,765	(92,716)
Professional services	9,352,381	9,352,381	13,559	(9,338,822)
Depreciation	-	-	2,088,610	2,088,610
Total Operating Expenses	<u>16,409,630</u>	<u>16,409,630</u>	<u>9,139,216</u>	<u>(7,270,414)</u>
Operating Income (Loss)	<u>(5,330,495)</u>	<u>(5,330,495)</u>	<u>4,843,737</u>	<u>10,174,232</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	2,697	2,697
Debt issued	7,350,000	7,350,000	-	(7,350,000)
Interest and fiscal charges	(111,505)	(111,505)	(240,784)	(129,279)
Debt issuance costs	-	-	(2,505)	(2,505)
Total Nonoperating Revenues (Expenses)	<u>7,238,495</u>	<u>7,238,495</u>	<u>(240,592)</u>	<u>(7,479,087)</u>
Net Income Before Transfers	<u>1,908,000</u>	<u>1,908,000</u>	<u>4,603,145</u>	<u>2,695,145</u>
TRANSFERS				
Transfers out	(1,908,000)	(1,908,000)	(1,908,000)	-
Net Transfers	<u>(1,908,000)</u>	<u>(1,908,000)</u>	<u>(1,908,000)</u>	<u>-</u>
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>2,695,145</u>	<u>\$ 2,695,145</u>
NET POSITION - Beginning of Year			<u>56,528,518</u>	
NET POSITION - END OF YEAR			<u>\$ 59,223,663</u>	

CITY OF WAUKEGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL MOTOR VEHICLE PARKING LOT FUND - MAJOR ENTERPRISE FUND For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 660,000	\$ 660,000	\$ 777,134	\$ 117,134
Miscellaneous	<u>151,000</u>	<u>151,000</u>	<u>211,300</u>	<u>60,300</u>
Total Operating Revenues	<u>811,000</u>	<u>811,000</u>	<u>988,434</u>	<u>177,434</u>
OPERATING EXPENSES				
Personnel services	101,210	101,210	117,052	15,842
Personnel benefits	52,503	52,503	61,079	8,576
Contractual services	518,629	518,629	137,624	(381,005)
Commodities	9,554	9,554	8,434	(1,120)
Depreciation	<u>-</u>	<u>-</u>	<u>327,465</u>	<u>327,465</u>
Total Operating Expenses	<u>681,896</u>	<u>681,896</u>	<u>651,654</u>	<u>(30,242)</u>
Operating Income	<u>129,104</u>	<u>129,104</u>	<u>336,780</u>	<u>207,676</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	62	62
Home rule sales tax	120,000	120,000	120,000	-
Miscellaneous revenue	-	-	34,001	34,001
Debt issuance costs	-	-	(10,200)	(10,200)
Interest and fiscal charges	<u>(233,104)</u>	<u>(233,104)</u>	<u>(229,204)</u>	<u>3,900</u>
Total Nonoperating Revenues (Expenses)	<u>(113,104)</u>	<u>(113,104)</u>	<u>(85,341)</u>	<u>27,763</u>
Net Income Before Transfers	<u>16,000</u>	<u>16,000</u>	<u>251,439</u>	<u>235,439</u>
TRANSFERS				
Transfers out	<u>(16,000)</u>	<u>(16,000)</u>	<u>(16,000)</u>	<u>-</u>
Net Transfers	<u>(16,000)</u>	<u>(16,000)</u>	<u>(16,000)</u>	<u>-</u>
Change in net position	<u>\$ -</u>	<u>\$ -</u>	235,439	<u>\$ 235,439</u>
NET POSITION - Beginning of Year			<u>5,081,194</u>	
NET POSITION - END OF YEAR			<u>\$ 5,316,633</u>	

CITY OF WAUKEGAN

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of April 30, 2013

	<u>Employee Benefit Plan</u>	<u>Safety and Risk Management</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 637,867	\$ 929,321	\$ 1,567,188
Receivables			
Accounts	2,944	6,334	9,278
Due from other funds	-	100,508	100,508
Prepaid items	-	<u>732,098</u>	<u>732,098</u>
Total Current Assets	<u>640,811</u>	<u>1,768,261</u>	<u>2,409,072</u>
Noncurrent Assets			
Capital Assets			
Capital assets being depreciated	5,968	-	5,968
Less: Accumulated depreciation	<u>(5,078)</u>	<u>-</u>	<u>(5,078)</u>
Total Noncurrent Assets	<u>890</u>	<u>-</u>	<u>890</u>
Total Assets	<u>641,701</u>	<u>1,768,261</u>	<u>2,409,962</u>
LIABILITIES			
Current liabilities			
Accounts payable	585,743	-	585,743
Due to other funds	<u>289,154</u>	<u>6,851,443</u>	<u>7,140,597</u>
Total Current Liabilities	<u>874,897</u>	<u>6,851,443</u>	<u>7,726,340</u>
Total Liabilities	<u>874,897</u>	<u>6,851,443</u>	<u>7,726,340</u>
NET POSITION			
Unrestricted (deficit)	<u>(233,196)</u>	<u>(5,083,182)</u>	<u>(5,316,378)</u>
TOTAL NET POSITION (DEFICIT)	<u><u>\$ (233,196)</u></u>	<u><u>\$ (5,083,182)</u></u>	<u><u>\$ (5,316,378)</u></u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended April 30, 2013

	<u>Employee Benefit Plan</u>	<u>Safety and Risk Management</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 6,331,753	\$ -	\$ 6,331,753
Miscellaneous	13,125	601,610	614,735
Total Operating Revenues	<u>6,344,878</u>	<u>601,610</u>	<u>6,946,488</u>
OPERATING EXPENSES			
Personnel benefits	-	14,521	14,521
Contractual services	11,422	-	11,422
Claims and judgments	69,897	-	69,897
Insurance premiums	6,759,690	-	6,759,690
Total Operating Expenses	<u>6,841,009</u>	<u>14,521</u>	<u>6,855,530</u>
Operating Income (Loss)	<u>(496,131)</u>	<u>587,089</u>	<u>90,958</u>
NET POSITION (DEFICIT) - Beginning of Year	<u>262,935</u>	<u>(5,670,271)</u>	<u>(5,407,336)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (233,196)</u>	<u>\$ (5,083,182)</u>	<u>\$ (5,316,378)</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended April 30, 2013

	<u>Employee Benefit Plan</u>	<u>Safety and Risk Management</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 6,354,169	\$ 602,269	\$ 6,956,438
Paid to suppliers for goods and services	<u>(6,256,488)</u>	<u>(196,475)</u>	<u>(6,452,963)</u>
Net Cash Flows From Operating Activities	<u>97,681</u>	<u>405,794</u>	<u>503,475</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund borrowings	<u>161,214</u>	<u>93,679</u>	<u>254,893</u>
Net Cash Flows From Noncapital Financing Activities	<u>161,214</u>	<u>93,679</u>	<u>254,893</u>
Net Change in Cash and Cash Equivalents	258,895	499,473	758,368
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>378,972</u>	<u>429,848</u>	<u>808,820</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 637,867</u>	<u>\$ 929,321</u>	<u>\$ 1,567,188</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (496,131)	\$ 587,089	\$ 90,958
Changes in assets and liabilities			
Accounts receivable	9,291	659	9,950
Prepaid items	-	(48,827)	(48,827)
Accounts payable	584,521	(5,467)	579,054
Claims payable	<u>-</u>	<u>(127,660)</u>	<u>(127,660)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 97,681</u>	<u>\$ 405,794</u>	<u>\$ 503,475</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			

CITY OF WAUKEGAN

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL EMPLOYEES' BENEFIT PLAN FUND - INTERNAL SERVICE FUND For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services				
Premiums retirees	\$ 650,000	\$ 650,000	\$ (5,905)	\$ (655,905)
Premiums city	5,788,800	5,788,800	5,122,145	(666,655)
Premiums employees	1,615,566	1,615,566	1,215,513	(400,053)
Miscellaneous	<u>180,000</u>	<u>180,000</u>	<u>13,125</u>	<u>(166,875)</u>
Total Operating Revenues	<u>8,234,366</u>	<u>8,234,366</u>	<u>6,344,878</u>	<u>(1,889,488)</u>
OPERATING EXPENSES				
Contractual services	34,000	41,355	11,422	29,933
Claims and judgments	53,701	53,701	69,897	(16,196)
Insurance premiums	<u>8,112,000</u>	<u>8,104,645</u>	<u>6,759,690</u>	<u>1,344,955</u>
Total Operating Expenses	<u>8,199,701</u>	<u>8,199,701</u>	<u>6,841,009</u>	<u>1,358,692</u>
Operating Income (Loss)	<u>\$ 34,665</u>	<u>\$ 34,665</u>	<u>(496,131)</u>	<u>\$ (3,248,180)</u>
NET POSITION - Beginning of Year			<u>262,935</u>	
NET POSITION (DEFICIT) - END OF YEAR			<u>\$ (233,196)</u>	

CITY OF WAUKEGAN

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL SAFETY AND RISK MANAGEMENT FUND - INTERNAL SERVICE FUND For the Year Ended April 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services				
Miscellaneous	\$ 201,000	\$ 201,000	\$ 601,610	\$ 400,610
Total Operating Revenues	<u>201,000</u>	<u>201,000</u>	<u>601,610</u>	<u>400,610</u>
OPERATING EXPENSES				
Personnel benefits	-	-	14,521	(14,521)
Contractual services	2,000	2,000	-	2,000
Total Operating Expenses	<u>2,000</u>	<u>2,000</u>	<u>14,521</u>	<u>(12,521)</u>
Operating Income	<u>\$ 199,000</u>	<u>\$ 199,000</u>	<u>587,089</u>	<u>\$ 413,131</u>
NET POSITION (DEFICIT) - Beginning of Year			<u>(5,670,271)</u>	
NET POSITION (DEFICIT) - END OF YEAR			<u>\$ (5,083,182)</u>	

CITY OF WAUKEGAN

COMBINING STATEMENT OF NET POSITION PENSION TRUST FUNDS

As of April 30, 2013

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 164,173	\$ 259,099	\$ 423,272
Investments			
Money markets	920,252	958,308	1,878,560
State and local obligations	2,077,177	608,847	2,686,024
US Government and agency obligations	8,661,127	9,965,044	18,626,171
Common and preferred stocks	-	4,123,957	4,123,957
Mutual funds	36,379,395	24,699,030	61,078,425
Corporate bonds	10,673,021	5,708,713	16,381,734
Annuities	6,681,370	5,270,708	11,952,078
Accrued interest	169,894	139,608	309,502
Prepaid items	7,016	517	7,533
Total Assets	<u>65,733,425</u>	<u>51,733,831</u>	<u>117,467,256</u>
LIABILITIES			
Accounts payable	<u>1,690</u>	<u>19,262</u>	<u>20,952</u>
Total Liabilities	<u>1,690</u>	<u>19,262</u>	<u>20,952</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 65,731,735</u>	<u>\$ 51,714,569</u>	<u>\$ 117,446,304</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF CHANGES IN NET POSITION PENSION TRUST FUNDS

For the Year Ended April 30, 2013

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions			
Employer	\$ 5,561,347	\$ 3,669,200	\$ 9,230,547
Plan members	1,176,233	895,783	2,072,016
Other	<u>24,655</u>	<u>2,957</u>	<u>27,612</u>
Total Contributions	<u>6,762,235</u>	<u>4,567,940</u>	<u>11,330,175</u>
INVESTMENT INCOME			
Investment income	2,683,362	1,187,005	3,870,367
Net (depreciation) appreciation in the fair value of investments	<u>2,902,451</u>	<u>3,008,437</u>	<u>5,910,888</u>
Total Investment Income	5,585,813	4,195,442	9,781,255
Less: Investment expense	<u>140,193</u>	<u>101,083</u>	<u>241,276</u>
Net Investment Income	<u>5,445,620</u>	<u>4,094,359</u>	<u>9,539,979</u>
Total Additions	<u>12,207,855</u>	<u>8,662,299</u>	<u>20,870,154</u>
DEDUCTIONS			
Benefits	6,141,786	4,810,178	10,951,964
Contractual services	62,853	66,572	129,425
Administration	<u>33,699</u>	<u>92,729</u>	<u>126,428</u>
Total Deductions	<u>6,238,338</u>	<u>4,969,479</u>	<u>11,207,817</u>
Change in Net Position	5,969,517	3,692,820	9,662,337
NET POSITION - Beginning of Year	<u>59,762,218</u>	<u>48,021,749</u>	<u>107,783,967</u>
NET POSITION, END OF YEAR	<u>\$ 65,731,735</u>	<u>\$ 51,714,569</u>	<u>\$ 117,446,304</u>

CITY OF WAUKEGAN

POLICE PENSION FUND
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN NET POSITION - BUDGET AND ACTUAL
 For the Year Ended April 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
ADDITIONS				
Contributions				
Employer	\$ 5,579,943	\$ 5,579,943	\$ 5,561,347	\$ 18,596
Plan members	1,300,000	1,300,000	1,176,233	123,767
Other	<u>80,000</u>	<u>80,000</u>	<u>24,655</u>	<u>55,345</u>
Total Contributions	<u>6,959,943</u>	<u>6,959,943</u>	<u>6,762,235</u>	<u>197,708</u>
INVESTMENT INCOME				
Investment income	1,882,150	1,882,150	2,683,362	(801,212)
Net appreciation in the fair value of investments	<u>4,150,000</u>	<u>4,150,000</u>	<u>2,902,451</u>	<u>1,247,549</u>
Total Investment Income	6,032,150	6,032,150	5,585,813	446,337
Less: Investment expense	<u>130,000</u>	<u>130,000</u>	<u>140,193</u>	<u>(10,193)</u>
Net Investment Income	<u>5,902,150</u>	<u>5,902,150</u>	<u>5,445,620</u>	<u>456,530</u>
Total Additions	<u>12,862,093</u>	<u>12,862,093</u>	<u>12,207,855</u>	<u>654,238</u>
DEDUCTIONS				
Benefits	6,000,000	6,000,000	6,141,786	(141,786)
Contractual services	65,000	65,000	62,853	2,147
Administration	<u>14,600</u>	<u>14,600</u>	<u>33,699</u>	<u>(19,099)</u>
Total Deductions	<u>6,079,600</u>	<u>6,079,600</u>	<u>6,238,338</u>	<u>(158,738)</u>
 Change in net position	 <u>\$ 6,782,493</u>	 <u>\$ 6,782,493</u>	 5,969,517	 <u>\$ 812,976</u>
 NET POSITION, Beginning of Year			 <u>59,762,218</u>	
 NET POSITION, END OF YEAR			 <u>\$ 65,731,735</u>	

CITY OF WAUKEGAN

**FIREFIGHTERS' PENSION FUND
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN NET POSITION - BUDGET AND ACTUAL
 For the Year Ended April 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
ADDITIONS				
Contributions				
Employer	\$ 3,681,648	\$ 3,681,648	\$ 3,669,200	\$ 12,448
Plan members	950,000	950,000	895,783	54,217
Other	<u>20,000</u>	<u>20,000</u>	<u>2,957</u>	<u>17,043</u>
Total Contributions	<u>4,651,648</u>	<u>4,651,648</u>	<u>4,567,940</u>	<u>83,708</u>
INVESTMENT INCOME				
Investment income	1,525,150	1,525,150	1,187,005	338,145
Net appreciation in the fair value of investments	<u>3,700,000</u>	<u>3,700,000</u>	<u>3,008,437</u>	<u>691,563</u>
Total Investment Income	5,225,150	5,225,150	4,195,442	1,029,708
Less: Investment expense	<u>230,000</u>	<u>230,000</u>	<u>101,083</u>	<u>128,917</u>
Net Investment Income	<u>4,995,150</u>	<u>4,995,150</u>	<u>4,094,359</u>	<u>900,791</u>
Total Additions	<u>9,646,798</u>	<u>9,646,798</u>	<u>8,662,299</u>	<u>984,499</u>
DEDUCTIONS				
Benefits	4,700,000	4,700,000	4,810,178	(110,178)
Contractual services	230,600	230,600	66,572	164,028
Administration	<u>17,700</u>	<u>17,700</u>	<u>92,729</u>	<u>(75,029)</u>
Total Deductions	<u>4,948,300</u>	<u>4,948,300</u>	<u>4,969,479</u>	<u>(21,179)</u>
 Change in net position	 <u>\$ 4,698,498</u>	 <u>\$ 4,698,498</u>	 3,692,820	 <u>\$ 1,005,678</u>
 NET POSITION, Beginning of Year			 <u>48,021,749</u>	
 NET POSITION, END OF YEAR			 <u>\$ 51,714,569</u>	

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STATISTICAL SECTION

This part of the City of Waukegan's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	144-153
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	154-166
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	167-171
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	172-176
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	177-180

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

CITY OF WAUKEGAN

NET POSITION BY COMPONENT
Last Nine Fiscal Years

<i>(in thousands)</i>	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 8,735	\$ 9,764	\$ 13,819	\$ 19,304
Restricted net position	14,067	11,762	9,234	14,199
Unrestricted net position	(32,342)	(34,829)	(34,169)	(42,207)
Total governmental activities net position	<u>\$ (9,540)</u>	<u>\$ (13,303)</u>	<u>\$ (11,117)</u>	<u>\$ (8,704)</u>
Business-type activities				
Net investment in capital assets	\$ 38,930	\$ 38,635	\$ 41,058	\$ 43,285
Restricted net position	816	851	695	560
Unrestricted net position	5,190	5,550	3,114	326
Total business-type activities net position	<u>\$ 44,937</u>	<u>\$ 45,036</u>	<u>\$ 44,867</u>	<u>\$ 44,171</u>
Primary government				
Net investment in capital assets	\$ 47,665	\$ 48,399	\$ 54,876	\$ 62,588
Restricted net position	14,883	12,613	9,929	14,759
Unrestricted net position	(27,152)	(29,279)	(31,055)	(41,881)
Total primary government net position	<u>\$ 35,396</u>	<u>\$ 31,733</u>	<u>\$ 33,751</u>	<u>\$ 35,467</u>

Source: Prior years' CAFR and current year government-wide Statement of Net Position

*Only nine (9) years of data has been disclosed due to GASB 34 not being implemented until 2005

	2009	2010	2011	2012	2013
\$	52,967	\$ 57,218	\$ 52,654	\$ 41,082	\$ 38,461
	6,313	11,872	11,746	13,284	10,753
	(38,001)	(50,638)	(50,578)	(31,200)	(28,223)
\$	21,279	\$ 18,452	\$ 13,822	\$ 23,167	\$ 20,990
\$	61,805	\$ 60,780	\$ 59,814	\$ 57,995	\$ 56,409
	-	-	-	-	-
	(4,553)	(3,003)	3,586	3,440	7,914
\$	57,252	\$ 57,777	\$ 63,400	\$ 61,435	\$ 64,323
\$	114,772	\$ 117,998	\$ 112,469	\$ 99,077	\$ 94,870
	6,313	11,872	11,746	13,284	10,753
	(42,554)	(53,641)	(46,992)	(27,759)	(20,309)
\$	78,531	\$ 76,229	\$ 77,223	\$ 84,602	\$ 85,313

CITY OF WAUKEGAN

CHANGES IN NET POSITION
Last Nine Fiscal Years

<i>(in thousands)</i>	2005	2006	2007	2008	2009
Expenses					
Governmental activities:					
General government	\$ 4,056	\$ 5,481	\$ 6,034	\$ 6,303	\$ 8,922
Public Safety	39,984	40,217	42,636	44,164	65,437
Building and zoning	-	-	-	-	-
Streets, Bridges & Other Public Works	8,836	9,183	9,486	10,537	26,348
Sanitation & Environment	3,063	3,428	3,560	3,623	4,628
Economic Development	8,811	8,177	3,045	4,446	4,878
Community Development	1,480	1,444	1,390	968	1,580
Culture & Recreation	1,464	2,215	2,291	2,462	96
Interest on long-term debt	3,592	3,565	3,522	3,656	3,945
Total governmental activities expenses	<u>71,285</u>	<u>73,710</u>	<u>71,964</u>	<u>76,159</u>	<u>115,834</u>
Business-type activities:					
Water & Sewer	9,583	8,849	9,867	10,761	13,960
Parking System	614	850	965	953	1,217
Total business-type activities expenses	<u>10,197</u>	<u>9,698</u>	<u>10,832</u>	<u>11,714</u>	<u>15,177</u>
Total primary government expenses	<u>\$ 81,483</u>	<u>\$ 83,408</u>	<u>\$ 82,796</u>	<u>\$ 87,873</u>	<u>\$ 131,011</u>
Program Revenues					
Governmental activities:					
Charges for services	\$ 12,326	\$ 12,138	\$ 11,232	\$ 12,900	\$ 12,739
Operating grants and contributions	1,944	1,649	2,147	2,600	102
Capital grants and contributions	220	48	75	-	636
Total governmental activities program revenues	<u>14,491</u>	<u>13,835</u>	<u>13,453</u>	<u>15,500</u>	<u>13,477</u>
Business-type activities:					
Charges for services - Water & Sewer	12,004	11,547	11,363	11,133	10,895
Charges for services - Parking System	649	748	861	867	880
Capital grants and contributions	-	-	989	300	250
Total business-type activities program revenues	<u>12,654</u>	<u>12,294</u>	<u>13,213</u>	<u>12,300</u>	<u>12,025</u>
Total primary government program revenues	<u>\$ 27,144</u>	<u>\$ 26,130</u>	<u>\$ 26,666</u>	<u>\$ 27,800</u>	<u>\$ 25,502</u>
Net (Expense)/Revenue					
Governmental activities	\$ (56,795)	\$ (59,874)	\$ (58,511)	\$ (60,659)	\$ (102,357)
Business-type activities	2,456	2,596	2,381	586	(3,152)
Total primary government net expense	<u>\$ (54,339)</u>	<u>\$ (57,278)</u>	<u>\$ (56,130)</u>	<u>\$ (60,073)</u>	<u>\$ (105,509)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property Taxes	\$ 16,154	\$ 15,877	\$ 16,633	\$ 17,357	\$ 19,437
Sales & Utility Taxes	21,866	23,060	25,494	26,718	23,800
Income Taxes & Franchise Fees	9,728	11,119	12,367	13,864	14,028
Motor Fuel Taxes	2,648	2,646	2,726	2,639	2,444
Miscellaneous & Investment Income	537	766	910	1,004	1,222
Litigation Proceeds	-	-	-	-	-
Special Item	15	34	(41)	-	-
Transfers	2,337	2,608	2,687	1,445	753
Total governmental activities	<u>53,286</u>	<u>56,112</u>	<u>60,776</u>	<u>63,027</u>	<u>61,684</u>
Business-type activities:					
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous & Investment Income	108	111	156	-	-
Gain (Loss) on Sales of Fixed Assets	-	-	(18)	-	-
Transfers	(2,337)	(2,608)	(2,687)	(1,445)	(753)
Total business-type activities	<u>(2,229)</u>	<u>(2,497)</u>	<u>(2,549)</u>	<u>(1,445)</u>	<u>(753)</u>
Total primary government	<u>\$ 51,057</u>	<u>\$ 53,615</u>	<u>\$ 58,227</u>	<u>\$ 61,582</u>	<u>\$ 60,931</u>
Change in Net Position					
Governmental activities	\$ (3,509)	\$ (3,762)	\$ 2,265	\$ 2,368	\$ (40,673)
Business-type activities	227	99	(168)	(859)	(3,905)
Total primary government	<u>\$ (3,282)</u>	<u>\$ (3,663)</u>	<u>\$ 2,096</u>	<u>\$ 1,509</u>	<u>\$ (44,578)</u>

Source: Prior years' CAFR and current year government-wide Statement of Activities

*Only nine (9) years of data has been disclosed due to GASB 34 not being implemented until 2005

	2010	2011	2012	2013
\$	7,084	\$ 6,250	\$ 7,551	\$ 5,924
	48,824	48,811	46,398	49,782
	-	-	1,313	1,167
	16,291	15,503	13,523	14,027
	4,355	4,644	5,075	5,889
	1,221	1,386	3,666	2,047
	1,610	89	1,356	2,099
	160	1,515	92	90
	3,597	5,095	6,563	3,782
	<u>83,142</u>	<u>83,293</u>	<u>85,536</u>	<u>84,807</u>
	9,575	6,891	9,390	9,423
	902	918	903	893
	<u>10,477</u>	<u>7,809</u>	<u>10,293</u>	<u>10,316</u>
\$	<u>\$ 93,619</u>	<u>\$ 91,102</u>	<u>\$ 95,829</u>	<u>\$ 95,122</u>
\$	11,216	\$ 13,087	\$ 13,079	\$ 12,375
	470	2,944	3,132	4,271
	7,252	575	329	84
	<u>18,938</u>	<u>16,606</u>	<u>16,539</u>	<u>16,730</u>
	11,612	12,537	10,385	13,983
	1,231	632	929	988
	251	-	-	-
	<u>13,094</u>	<u>13,169</u>	<u>11,314</u>	<u>14,971</u>
\$	<u>\$ 30,669</u>	<u>\$ 29,775</u>	<u>\$ 27,853</u>	<u>\$ 31,701</u>
\$	(64,204)	\$ (66,687)	\$ (68,997)	\$ (68,077)
	2,617	5,360	1,021	4,656
\$	<u>\$ (61,587)</u>	<u>\$ (61,327)</u>	<u>\$ (67,976)</u>	<u>\$ (63,421)</u>
\$	20,963	\$ 24,650	\$ 27,283	\$ 26,402
	23,237	22,800	24,212	23,315
	12,534	10,673	9,567	11,347
	2,330	2,600	2,646	2,557
	223	1,188	220	355
	-	-	12,657	-
	-	-	(1,363)	-
	2,091	147	3,120	1,924
	<u>61,378</u>	<u>62,058</u>	<u>78,343</u>	<u>65,900</u>
\$	-	\$ 121	\$ 132	\$ 120
	-	288	1	37
	-	-	-	-
	(2,091)	(147)	(3,120)	(1,924)
	<u>(2,091)</u>	<u>262</u>	<u>(2,987)</u>	<u>(1,767)</u>
\$	<u>\$ 59,287</u>	<u>\$ 62,320</u>	<u>\$ 75,356</u>	<u>\$ 64,132</u>
\$	(2,827)	\$ (4,629)	\$ 9,345	\$ (2,178)
	526	5,622	(1,965)	2,888
\$	<u>(2,301)</u>	<u>\$ 993</u>	<u>\$ 7,380</u>	<u>\$ 711</u>

CITY OF WAUKEGAN

PROGRAM REVENUES BY FUNCTION/PROGRAM Last Nine Fiscal Years

<i>(in thousands)</i>	2005	2006	2007
Function/Program			
Governmental activities:			
General government	\$ 2,032	\$ 2,160	\$ 2,448
Public Safety	9,838	9,059	7,480
Building and zoning	-	-	-
Streets, Bridges & Other Public Works	400	338	584
Sanitation & Environment	67	181	187
Economic Development	-	-	183
Community Development	1,643	1,369	1,561
Culture & Recreation	511	728	568
Subtotal governmental activities	<u>14,491</u>	<u>13,835</u>	<u>13,011</u>
Business-type activities:			
Water & Sewer	12,004	11,547	12,352
Parking	649	748	861
Subtotal business-type activities	<u>12,654</u>	<u>12,294</u>	<u>13,213</u>
Total primary government	<u>\$ 27,144</u>	<u>\$ 26,130</u>	<u>\$ 26,224</u>

Source: Prior years' CAFR and current year government-wide Statement of Activities

*Only nine (9) years of data has been disclosed due to GASB 34 not being implemented until 2005

	2008	2009	2010	2011	2012	2013
\$	3,322	\$ 7,108	\$ 6,696	\$ 6,390	\$ 6,425	\$ 5,845
	9,013	5,449	4,588	6,790	6,927	7,131
	-	-	-	-	28	39
	686	177	7,365	1,134	660	382
	417	356	87	492	1,041	1,247
	58	-	-	-	-	-
	1,322	286	138	1,799	1,459	2,085
	725	101	64	-	0	-
	15,544	13,477	18,938	16,605	16,539	16,730
	11,270	11,145	11,863	12,369	10,385	13,983
	867	880	1,231	800	929	988
	12,137	12,025	13,094	13,169	11,314	14,971
\$	27,681	\$ 25,502	\$ 32,032	\$ 29,774	\$ 27,853	\$ 31,701

CITY OF WAUKEGAN

FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009
General Fund						
Reserved	\$ 4,970,322	\$ 5,360,798	\$ 4,985,255	\$ 4,481,790	\$ 5,867,348	\$ 8,062,344
Unreserved	5,775,259	7,062,764	8,071,702	8,422,604	6,705,002	-
Nonspendable	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total general fund	<u>\$ 10,745,581</u>	<u>\$ 12,423,562</u>	<u>\$ 13,056,957</u>	<u>\$ 12,904,394</u>	<u>\$ 12,572,350</u>	<u>\$ 8,062,344</u>
All Other Governmental Funds						
Reserved	\$ 27,764,282	\$ 11,574,994	\$ 4,703,298	\$ 4,155,228	\$ 2,854,587	\$ 275,000
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	7,002,905	6,111,377	3,739,464	3,480,065	3,161,930	(1,745,657)
Capital projects funds	(41,469)	6,113	3,768,306	2,731,856	785,923	(761,030)
Permanent fund	-	-	-	-	-	43,067
Debt service funds	287,206	205,956	280,769	(292,740)	335,752	2,176,349
Unassigned (deficit), reported in:						
Special revenue funds	-	-	-	-	-	-
Total all other governmental funds	<u>35,012,924</u>	<u>17,898,440</u>	<u>12,491,837</u>	<u>10,074,409</u>	<u>7,138,192</u>	<u>(12,271)</u>
Total governmental funds	<u>\$ 45,758,505</u>	<u>\$ 30,322,002</u>	<u>\$ 25,548,794</u>	<u>\$ 22,978,803</u>	<u>\$ 19,710,542</u>	<u>\$ 8,050,073</u>

Note:

(1) The City began to report fund balances differently in 2012 when it implemented GASB 54. In that same year, the Working Cash Fund was no longer classified as a fiduciary fund and its balances were rolled into the General Fund. Therefore the 2012 "unassigned" balance in the General Fund includes loans due to Working Cash of \$9,052,439.

Source: Prior year's CAFR and current year Financial Section, Balance Sheet Governmental Funds

2010	2011	2012 (1)	2013
\$ 1,705,883	\$ 2,061,135	\$ -	\$ -
(1,600,635)	2,961,394	-	-
-	-	7,368,074	7,403,995
-	-	4,939,969	4,926,380
-	-	11,948,988	11,939,745
<u>\$ 105,248</u>	<u>\$ 5,022,529</u>	<u>\$ 24,257,031</u>	<u>\$ 24,270,120</u>
\$ 22,355,336	\$ 22,062,796	\$ -	\$ -
-	-	398,292	321,095
-	-	15,389,834	10,972,428
-	-	845,733	736,524
3,355,152	5,948,208	-	-
(1,940,118)	2,839,701	-	-
43,025	477	-	-
2,046,484	180,492	-	-
-	-	(511,861)	(128,291)
<u>25,859,879</u>	<u>31,031,674</u>	<u>16,121,998</u>	<u>11,903,756</u>
<u>\$ 25,965,127</u>	<u>\$ 36,054,203</u>	<u>\$ 40,379,029</u>	<u>\$ 36,173,876</u>

CITY OF WAUKEGAN
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2004	2005	2006
Revenues			
Taxes	\$ 46,407,752	\$ 49,341,369	\$ 51,605,740
Licenses and permits	2,393,815	3,338,858	3,583,303
Intergovernmental	2,508,445	2,343,280	2,189,184
Charges for services	1,447,948	2,332,852	2,486,546
Fines and forfeitures	5,256,150	5,928,972	5,298,414
Investment earnings	590,682	664,298	891,584
Other revenues	742,868	1,415,713	1,209,718
Total revenues	59,347,660	65,365,342	67,264,489
Expenditures			
General government	3,623,224	4,855,094	5,592,933
Public safety	35,086,119	37,559,293	39,557,422
Streets, bridges & other public works	7,765,903	8,017,679	8,060,258
Building, zoning and economic development	19,565,624	11,305,909	10,840,205
Sanitation and environment	5,382,003	3,203,342	3,454,231
Capital outlay	26,074,591	17,458,191	4,478,728
Debt service			
Principal	5,363,736	7,055,503	5,847,577
Interest and fees	2,353,551	2,472,974	2,380,520
Fees/ bond insurance Costs	883,683	-	535,230
Waukegan port district pass throughs	(709,940)	(731,704)	(748,393)
Total expenditures	105,388,494	91,196,281	79,998,711
Excess of revenues over (under) expenditures	(46,040,834)	(25,830,939)	(12,734,222)
Other Financing Sources (Uses)			
Long-term debt issued	37,671,707	6,900,000	28,882,575
Payment to escrow agent	(2,403,035)	-	(24,649,006)
Costs of issuance, discounts and premiums on debt	-	-	-
Sale of assets	37,684	796,683	34,372
Transfers in	2,231,514	2,778,486	2,608,389
Transfers out	-	(441,651)	-
Capital leases issued	821,773	-	1,000,000
Total other financing sources (uses)	38,359,643	10,033,518	7,876,330
Net change in fund balances	\$ (7,681,191)	\$ (15,797,421)	\$ (4,857,892)
Debt service as a percentage of noncapital expenditures	9.7%	12.9%	10.9%

Source: Prior years' CAFR and current year Governmental Funds Statement of Revenues, Expenditures and Change in Fund Balance

	2007	2008	2009	2010	2011	2012	2013
\$	56,164,150	\$ 59,284,717	\$ 43,598,865	\$ 44,134,461	\$ 47,429,708	\$ 51,379,400	\$ 51,164,286
	3,591,778	3,803,051	3,789,391	3,402,391	3,763,147	3,986,513	3,647,304
	2,541,570	2,955,181	16,472,643	12,095,338	16,551,786	16,096,259	19,186,682
	2,609,643	2,933,794	2,789,845	3,279,696	3,685,204	3,860,387	4,181,196
	4,427,069	4,944,792	6,264,233	4,437,924	3,697,777	2,610,764	2,514,086
	1,107,407	1,069,269	381,911	194,714	329,407	169,410	201,575
	1,225,932	2,159,054	1,924,238	890,170	3,227,396	14,747,361	1,993,527
	<u>71,667,549</u>	<u>77,149,858</u>	<u>75,221,126</u>	<u>68,434,694</u>	<u>78,684,425</u>	<u>92,850,094</u>	<u>82,888,656</u>
	5,375,216	5,758,644	6,596,320	6,057,857	3,965,921	5,824,137	4,523,601
	41,597,208	43,478,169	44,399,128	43,395,282	43,527,765	45,591,449	48,129,717
	8,587,270	9,952,811	10,411,033	8,537,483	7,876,199	7,621,079	7,781,208
	5,908,109	7,139,294	7,844,128	2,899,905	4,075,298	6,069,205	4,299,508
	3,589,201	3,651,624	4,905,360	4,944,241	4,701,891	5,082,767	5,454,619
	2,730,207	4,232,717	5,972,765	2,615,607	3,392,831	4,493,781	3,637,237
	7,533,534	6,480,443	5,463,866	12,186,184	5,670,989	8,968,777	8,782,227
	2,090,501	2,484,421	2,226,091	1,977,108	3,147,821	4,222,260	2,835,582
	-	-	-	-	-	-	-
	<u>(542,338)</u>	<u>(657,898)</u>	-	-	-	-	-
	<u>76,868,908</u>	<u>82,520,225</u>	<u>87,818,691</u>	<u>82,613,667</u>	<u>76,358,715</u>	<u>87,873,455</u>	<u>85,443,699</u>
	<u>(5,201,359)</u>	<u>(5,370,367)</u>	<u>(12,597,565)</u>	<u>(14,178,973)</u>	<u>2,325,710</u>	<u>4,976,639</u>	<u>(2,555,043)</u>
	-	-	-	30,000,000	14,830,000	25,165,000	-
	-	-	-	-	(7,751,641)	(35,069,183)	(3,575,080)
	-	-	-	-	84,798	2,898,312	-
	112,499	25,436	27,523	2,976	39,162	33,547	970
	2,936,751	2,109,838	3,516,142	9,823,634	2,852,417	19,694,565	2,069,169
	(250,093)	(664,415)	(2,763,124)	(7,732,583)	(2,291,370)	(13,891,344)	(145,169)
	-	748,043	112,765	-	-	517,290	-
	<u>2,799,157</u>	<u>2,218,902</u>	<u>893,306</u>	<u>32,094,027</u>	<u>7,763,366</u>	<u>(651,813)</u>	<u>(1,650,110)</u>
\$	<u>(2,402,202)</u>	<u>(3,151,465)</u>	<u>(11,704,259)</u>	<u>17,915,054</u>	<u>10,089,076</u>	<u>4,324,826</u>	<u>(4,205,153)</u>
	13.0%	11.5%	9.4%	17.7%	12.1%	15.8%	14.2%

CITY OF WAUKEGAN

DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Fiscal Years

Levy Year	Fiscal Year	City of Waukegan	Lake County	Lake County Forest	Waukegan Township
2011	2012/2013	2.191	0.554	0.201	0.370
2010	2011/2012	1.956	0.505	0.198	0.333
2009	2010/2011	1.644	0.464	0.200	0.300
2008	2009/2010	1.408	0.453	0.199	0.284
2007	2008/2009	1.389	0.444	0.201	0.281
2006	2007/2008	1.405	0.450	0.204	0.289
2005	2006/2007	1.389	0.454	0.210	0.289
2004	2005/2006	1.454	0.465	0.219	0.291
2003	2004/2005	1.435	0.490	0.225	0.287
2002	2003/2004	1.496	0.502	0.232	0.301

Source: Lake County Clerk Tax Extension Office, based on Waukegan Township rates only. Rates related to other townships that may extend into City of Waukegan corporate limits are not listed above.

Overlapping Rates				
North Shore Sanitary	Waukegan Park District	School District 60	College of Lake County	Total
0.150	0.833	8.175	0.240	12.714
0.136	0.723	6.921	0.218	10.990
0.124	0.645	5.986	0.200	9.563
0.121	0.616	5.691	0.196	8.968
0.120	0.610	5.639	0.192	8.876
0.125	0.599	5.834	0.195	9.101
0.132	0.586	5.872	0.197	9.129
0.139	0.560	5.941	0.200	9.269
0.144	0.542	5.938	0.201	9.262
0.152	0.518	5.934	0.208	9.343

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CITY OF WAUKEGAN

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR
Current Year and Nine Years Ago

Taxpayer	2013 Fiscal Year / 2011 Levy Year		Taxpayer	2003 Fiscal Year / 2001 Levy Year	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Colliers B&K Rems	\$ 20,401,696	1.59%	Prudential Insurance Co. of America	\$ 17,967,391	1.40%
Community Health Systems Inc.	16,227,179	1.26%	Chicago Title Land Trust Co.	10,847,411	0.84%
Marquette Enterprises	11,714,718	0.91%	LaSalle 4475110	8,982,970	0.70%
Allegiance Healthcare Corp.	8,849,184	0.69%	Allegiance Healthcare Corp	8,827,940	0.69%
Deloitte PTS	8,156,996	0.63%	Healthcare Service Corp.	7,543,638	0.59%
Northern Crossing JV LLC	7,018,535	0.55%	MNY Northern Corp.	7,449,602	0.58%
JRC/CSE Eagle Ridge JV LLC	6,688,706	0.52%	Commonwealth Edison Company	6,916,727	0.54%
Health Care Service Corp	6,239,570	0.48%	Midwest Generation LLC	5,443,558	0.42%
Redwood Lakes at Fountain Square LLC	5,938,454	0.46%	Waterton Lakehurst I & II	5,430,932	0.42%
Abbott Laboratories Inc	<u>5,662,968</u>	0.44%	Uline Inc	<u>5,058,321</u>	0.39%
Total	<u>\$ 96,898,006</u>	<u>7.53%</u>		<u>\$ 84,466,490</u>	<u>7.30%</u>
Total Waukegan Equalized Assessed Valuation	<u>\$ 1,286,902,229</u>			<u>\$ 1,157,487,460</u>	

Source: Lake County Clerk, Tax Extension Office

CITY OF WAUKEGAN

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property tax</u>	<u>Sales tax</u>	<u>Telecom tax</u>	<u>Local Use tax</u>
2013	\$ 26,401,544	\$ 13,932,684	\$ 2,888,258	\$ 1,412,274
2012	27,283,122	13,761,061	3,109,982	1,302,333
2011	24,650,456	13,207,602	3,050,354	1,306,726
2010	20,963,153	13,778,808	3,285,588	1,085,212
2009	19,437,810	13,295,674	3,344,177	1,297,715
2008	17,356,638	14,182,611	3,485,461	1,289,406
2007	16,632,724	13,248,717	3,364,500	1,172,349
2006	15,877,422	12,113,400	3,428,633	1,084,401
2005	16,154,401	11,838,411	3,236,662	918,009
2004	14,723,204	11,824,047	3,151,896	854,942
Change 2004 - 2013	79.3%	17.8%	-8.4%	65.2%

Notes:

The addition of a 1.0% food & beverage tax was implemented in May, 2011.

Source: Prior years' CAFR and current year Combined Statement of Revenues, Expenditures & Changes in Fund Balance

<u>Utility tax</u>	<u>F&B tax</u>	<u>Other tax</u>	<u>Total</u>
\$ 4,015,041	\$ 1,567,061	\$ 947,424	\$ 51,164,286
4,125,426	930,228	867,248	51,379,400
4,234,627	-	979,943	47,429,708
4,113,397	-	972,987	44,199,145
4,895,372	-	966,079	43,236,827
9,161,293	-	930,939	45,475,409
4,806,806	-	894,558	39,225,096
4,766,891	-	761,363	37,270,747
4,181,128	-	743,864	36,328,611
4,282,057	-	734,052	34,836,146
-6.2%	N/A	29.1%	46.9%

CITY OF WAUKEGAN

PROPERTY TAX LEVY BY FUND Last Ten Fiscal Years

Levy Year	Fiscal Year	Corporate Amount	Rate	Garbage Amount	Rate
2011	2012/2013	\$ 3,474,636	0.270	\$ -	\$ -
2010	2011/2012	2,379,442	0.165	-	-
2009	2010/2011	8,986,374	0.574	-	-
2008	2009/2010	8,620,482	0.530	-	-
2007	2008/2009	8,211,467	0.523	-	-
2006	2007/2008	7,806,691	0.533	-	-
2005	2006/2007	7,033,606	0.511	-	-
2004	2005/2006	6,356,323	0.490	-	-
2003	2004/2005	6,551,245	0.524	-	-
2002	2003/2004	3,359,509	0.291	2,916,832	0.252

Levy Year	Fiscal Year	Police Pension Amount	Rate	Fire Pension Amount	Rate
2011	2012/2013	\$ 5,585,156	0.434	\$ 3,693,409	0.287
2010	2011/2012	5,667,399	0.393	4,081,104	0.286
2009	2010/2011	3,569,501	0.228	2,630,158	0.168
2008	2009/2010	3,250,376	0.200	2,350,341	0.145
2007	2008/2009	2,903,049	0.185	2,379,579	0.152
2006	2007/2008	2,740,000	0.187	2,260,000	0.155
2005	2006/2007	2,764,270	0.201	2,369,958	0.172
2004	2005/2006	2,632,161	0.203	2,167,732	0.167
2003	2004/2005	2,173,755	0.174	1,869,777	0.150
2002	2003/2004	2,096,852	0.182	1,753,272	0.152

Levy Year	Fiscal Year	Bonds Levy Amount	Rate
2011	2012/2013	\$ 11,594,989	0.901
2010	2011/2012	12,416,362	0.861
2009	2010/2011	6,700,642	0.428
2008	2009/2010	4,810,966	0.296
2007	2008/2009	4,319,815	0.275
2006	2007/2008	4,004,952	0.274
2005	2006/2007	3,806,756	0.277
2004	2005/2006	3,668,244	0.283
2003	2004/2005	4,525,592	0.362
2002	2003/2004	3,605,020	0.312

Library Levy Amount	Rate	Aggregate Levy (not including bonds)			
		Total Amount	Rate	Change Amount	%
\$ 3,847,838	0.299	\$ 16,601,039	1.290	\$ 810,195	5.13%
3,662,899	0.254	15,790,844	1.098	(3,246,492)	-17.05%
3,851,303	0.246	19,037,336	1.216	969,592	5.37%
3,846,545	0.237	18,067,744	1.112	894,395	5.21%
3,679,254	0.234	17,173,349	1.094	852,804	5.23%
3,513,854	0.240	16,320,545	1.115	797,542	5.14%
3,355,169	0.244	15,523,003	1.128	1,176,010	8.20%
3,190,777	0.246	14,346,993	1.106	699,780	5.13%
3,052,436	0.244	13,647,213	1.092	680,581	5.25%
2,840,167	0.246	12,966,632	1.123	N/A	N/A

Grand Total			
Total Amount	Rate	Change Amount	%
\$ 28,196,028	2.191	\$ (11,178)	-0.04%
28,207,206	1.959	2,469,228	9.59%
25,737,978	1.644	2,859,268	12.50%
22,878,710	1.408	1,385,546	6.45%
21,493,164	1.369	1,167,667	5.74%
20,325,497	1.389	995,738	5.15%
19,329,759	1.405	1,314,522	7.30%
18,015,237	1.389	(157,568)	-0.87%
18,172,805	1.454	1,601,153	9.66%
16,571,652	1.435	N/A	N/A

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CITY OF WAUKEGAN

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Levy Year	Fiscal Year	Taxes Levied	Amount Collected	Percentage of Levy
2011	2012/2013	\$ 28,196,028	\$ 26,401,544	93.64%
2010	2011/2012	28,207,206	27,283,122	96.72%
2009	2010/2011	25,737,978	25,656,929	99.69%
2008	2009/2010	22,878,710	22,872,289	99.97%
2007	2008/2009	21,493,164	21,495,536	100.01%
2006	2007/2008	20,325,497	20,362,650	100.18%
2005	2006/2007	19,329,759	19,290,776	99.80%
2004	2005/2006	18,015,237	18,263,674	101.38%
2003	2004/2005	18,172,805	18,131,204	99.77%
2002	2003/2004	16,571,652	16,577,410	100.03%

Source: Office of the County Clerk of Lake County Certificate of Rates and Extensions.

CITY OF WAUKEGAN

EQUALIZED ASSESSED VALUE (EAV) AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years

Levy Year	Fiscal Year	Residential EAV	Farm EAV	Commercial EAV	Industrial EAV
2011	2012/2013	\$ 788,465,455	\$ 2,213,433	\$ 317,798,692	\$ 176,217,472
2010	2011/2012	922,374,350	2,113,730	335,763,213	179,843,319
2009	2010/2011	1,042,192,063	2,191,507	336,223,441	183,599,170
2008	2009/2010	1,088,145,802	2,086,700	353,390,712	183,139,143
2007	2008/2009	1,056,710,592	2,369,933	338,947,988	173,990,252
2006	2007/2008	n/a	n/a	n/a	n/a
2005	2006/2007	n/a	n/a	n/a	n/a
2004	2005/2006	n/a	n/a	n/a	n/a
2003	2004/2005	n/a	n/a	n/a	n/a
2002	2002/2003	n/a	n/a	n/a	n/a

Source: Office of the County Clerk of Lake County Certificate of Rates and Extensions.

Note: It is assumed that Total EAV is 1/3rd of Estimated Actual Value.

Real Estate	Railroads	Total EAV	Tax Rate	Estimated Actual Value
n/a	\$ 2,207,177	\$ 1,286,902,229	2.191	\$ 4,289,674,097
n/a	1,991,612	1,442,086,224	1.956	4,806,954,080
n/a	1,364,286	1,565,570,467	1.644	5,218,568,223
n/a	668,690	1,627,431,047	1.408	5,424,770,157
n/a	1,017,239	1,573,036,004	1.389	5,243,453,347
1,465,427,494	1,579,424	1,467,006,918	1.405	4,890,023,060
1,376,518,325	1,571,939	1,378,090,264	1.389	4,593,634,213
1,298,585,701	975,889	1,299,561,590	1.454	4,331,871,967
1,250,239,460	1,143,619	1,251,383,079	1.454	4,171,276,930
1,156,716,544	770,916	1,157,487,460	1.435	3,858,291,533

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CITY OF WAUKEGAN

DIRECT AND OVERLAPPING SALES TAX RATES, LAST TEN FISCAL YEARS

Fiscal Year	Home Rule Sales Tax	RTA Sales Tax	State Sales Tax	Total Sales Tax
2013	1.00%	0.75%	6.25%	8.00%
2012	1.00%	0.75%	6.25%	8.00%
2011	1.00%	0.75%	6.25%	8.00%
2010	1.00%	0.75%	6.25%	8.00%
2009	1.00%	0.75%	6.25%	8.00%
2008	1.00%	0.75%	6.25%	8.00%
2007	1.00%	0.25%	6.25%	7.50%
2006	1.00%	0.25%	6.25%	7.50%
2005	1.00%	0.25%	6.25%	7.50%
2004	1.00%	0.25%	6.25%	7.50%

Source: Illinois Department of Revenue

All rates are as of April of each year.

CITY OF WAUKEGAN

TAXABLE SALES BY CATEGORY

Last Ten Calendar Year's

Classification	2003	% of Total	2004	% of Total	2005	% of Total	2006	% of Total	2007
General Merchandise	\$ 622,866	8.5%	\$ 466,254	24.5%	\$ 444,194	6.0%	\$ 735,528	9.1%	\$ 1,046,503
Food	1,490,865	20.4%	1,480,167	5.4%	1,464,435	19.7%	1,459,071	18.0%	1,361,837
Drinking & Eating	571,475	7.8%	463,937	10.0%	610,655	8.2%	642,304	7.9%	694,627
Apparel	142,556	2.0%	158,080	10.5%	150,824	2.0%	143,956	1.8%	143,623
Furniture & Fixtures	214,227	2.9%	136,551	8.9%	169,875	2.3%	122,832	1.5%	112,002
Lumber & Hardware	429,577	5.9%	464,941	8.3%	475,556	6.4%	485,205	6.0%	485,716
Auto & Filling Stations	1,858,313	25.4%	1,876,294	9.8%	1,881,921	25.3%	2,095,197	25.9%	2,130,687
Drugs & Other Retail	1,289,661	17.7%	1,373,034	15.3%	1,416,078	19.0%	1,447,804	17.9%	1,515,685
Agriculture & All Others	531,726	7.3%	663,587	6.4%	599,930	8.1%	713,567	8.8%	926,772
Manufacturers	<u>152,097</u>	2.1%	<u>249,798</u>	0.9%	<u>234,189</u>	3.1%	<u>244,981</u>	3.0%	<u>238,758</u>
Total	<u>\$ 7,303,362</u>	100.0%	<u>\$ 7,332,642</u>	100.0%	<u>\$ 7,447,657</u>	100.0%	<u>\$ 8,090,445</u>	100.0%	<u>\$ 8,656,210</u>

Source: Illinois Department of Revenue

Notes: Municipal Share of Sales Tax reported on a calendar year, and not available on a fiscal-year basis.

% of Total	2008	% of Total	2009	% of Total	2010	% of Total	2011	% of Total	2012	% of Total
12.1%	\$ 1,139,141	13.5%	\$ 1,098,568	12.8%	\$ 1,066,579	13.7%	\$ 909,500	11.2%	\$ 1,094,806	13.0%
15.7%	1,288,694	15.3%	1,227,555	14.3%	1,221,243	15.7%	1,197,988	14.8%	1,176,372	14.0%
8.0%	753,771	9.0%	732,740	8.5%	760,487	9.8%	808,642	10.0%	856,464	10.2%
1.7%	181,272	2.2%	156,369	1.8%	155,763	2.0%	269,989	3.3%	102,710	1.2%
1.3%	105,845	1.3%	99,491	1.2%	102,264	1.3%	98,119	1.2%	80,565	1.0%
5.6%	401,080	4.8%	396,595	4.6%	394,238	5.1%	379,058	4.7%	365,653	4.3%
24.6%	1,847,857	22.0%	2,363,526	27.6%	1,506,945	19.3%	1,725,712	21.3%	1,913,384	22.7%
17.5%	1,442,731	17.2%	1,466,699	17.1%	1,475,504	18.9%	1,699,520	21.0%	1,839,940	21.9%
10.7%	1,070,280	12.7%	847,454	9.9%	929,948	11.9%	824,242	10.2%	825,446	9.8%
2.8%	<u>176,950</u>	2.1%	<u>182,826</u>	2.1%	<u>179,144</u>	2.3%	<u>194,865</u>	2.4%	<u>156,787</u>	1.9%
100.0%	\$ <u>8,407,622</u>	100.0%	\$ <u>8,571,824</u>	100.0%	\$ <u>7,792,114</u>	100.0%	\$ <u>8,107,634</u>	100.0%	\$ <u>8,412,127</u>	100.0%

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CITY OF WAUKEGAN

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)

Fiscal Year	Levy Year	Population	Per Capita Personal Income	Equalized Assessed Value	Governmental Activities General Obligation Bonded Debt	Business-type Activities General Obligation Bonded Debt	Total General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Assessed Value*	General Obligation Bonded Debt Per Capita Personal Income	General Obligation Bonded Debt Per Capita
2013	2011	89,078	\$ 20,401	1,286,902,229	79,975,000	326,880	80,301,880	6.24%	\$ 3,936	\$ 901.48
2012	2010	89,078	\$ 20,993	1,442,086,224	92,082,123	396,880	92,479,003	6.41%	\$ 4,405	\$ 1,038.18
2011	2009	89,078	\$ 20,249	1,565,570,467	105,399,532	463,739	105,863,271	6.76%	\$ 5,228	\$ 1,188.43
2010	2008	90,622	\$ 17,498	1,627,431,047	91,064,440	527,482	91,591,922	5.63%	\$ 5,234	\$ 1,010.70
2009	2007	92,929	\$ 17,701	1,573,036,004	71,993,193	588,162	72,581,355	4.61%	\$ 4,100	\$ 781.04
2008	2006	90,788	\$ 17,648	1,467,006,918	93,817,307	748,000	94,565,307	6.45%	\$ 5,358	\$ 1,041.61
2007	2005	91,138	\$ 17,145	1,378,090,264	101,367,585	-	101,367,585	7.36%	\$ 5,912	\$ 1,112.24
2006	2004	91,018	\$ 18,394	1,299,561,590	108,990,000	-	108,990,000	8.39%	\$ 5,925	\$ 1,197.46
2005	2003	90,542	\$ 17,368	1,251,383,079	107,105,000	-	107,105,000	8.56%	\$ 6,167	\$ 1,182.93
2004	2002	90,974	\$ 17,762	1,157,487,460	107,890,000	-	107,890,000	9.32%	\$ 6,074	\$ 1,185.94

Sources:

* Home rule communities in the State of Illinois do not have a legal limit on debt margin.

United States Census Bureau Quick Facts, Population 2010

CITY OF WAUKEGAN**OVERLAPPING BONDED DEBT**

April 30, 2013

<u>Government Body</u>	<u>Outstanding Debt</u>	<u>Applicable to the City</u>	
		<u>Percent *</u>	<u>Amount</u>
Unit School District Number 60	\$ 42,088,146	93%	\$ 39,272,449
Community College District Number 532	20,535,000	47%	9,733,590
Lake County	82,495,000	45%	37,122,750
Lake County Forest Preserve District	305,415,000	45%	137,436,750
North Shore Sanitary District	-	13%	-
Waukegan Park District	<u>21,206,000</u>	<u>97%</u>	<u>20,665,247</u>
Total Overlapping Debt	\$ <u>471,739,146</u>		\$ <u>244,230,786</u>
Total Direct GO Debt	\$ <u>79,975,000</u>	100%	\$ <u>79,975,000</u>

CITY OF WAUKEGAN

RATIO OF GENERAL BONDED DEBT SERVICE TO TOTAL GENERAL EXPENDITURES LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Expenditures</u>	<u>General Obligation Debt Service</u>	<u>Ratio of General Obligation Debt Service to General Expenditures</u>
2013	\$ 85,443,699	\$ 11,617,809	13.60%
2012	87,873,455	13,191,037	15.01%
2011	76,358,715	8,818,810	11.55%
2010	82,613,667	14,163,292	17.14%
2009	87,818,691	7,689,957	8.76%
2008	82,520,225	8,306,966	10.07%
2007	76,868,908	9,081,697	11.81%
2006	79,998,711	8,014,934	10.02%
2005	91,196,281	8,796,773	9.65%
2004	105,388,494	7,891,030	7.49%

CITY OF WAUKEGAN

REVENUE BOND COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Motor Vehicle Parking & Sales Tax Bonds Debt Service	Motor Vehicle Parking & Sales Tax Revenue	Motor Vehicle Parking & Sales Tax Net Revenue	Motor Vehicle Parking & Sales Tax Coverage Ratio	Motor Vehicle Parking & Sales Tax Net Revenue Coverage Ratio
2013	593,104	1,142,497	818,308	192.63%	137.97%
2012	588,816	1,061,581	730,672	180.29%	124.09%
2011	588,885	921,472	609,396	156.48%	103.48%
2010	588,516	1,230,866	939,541	209.15%	159.65%
2009	587,048	880,223	393,248	149.94%	66.99%
2008	586,110	894,649	572,890	152.64%	97.74%
2007	587,973	868,510	565,188	147.71%	96.12%
2006	589,723	747,635	513,905	126.78%	87.14%
2005	216,487	649,389	268,389	299.97%	123.97%
2004	N/A	-	-	N/A	N/A

Notes:

Parking Fee & Sales Tax Revenue Bond issued in 2004.
Water & Sewer Revenue Bonds issued in 2010 and 2012

<u>Water & Sewer Revenue Bond Debt Service</u>	<u>Water & Sewer Revenue</u>	<u>Water & Sewer Net Revenue</u>	<u>Water & Sewer Revenue Coverage Ratio</u>	<u>Water & Sewer Net Revenue Coverage Ratio</u>
142,525	13,985,650	6,935,044	9812.77%	4865.84%
144,475	10,385,324	3,301,726	7188.32%	2285.33%
24,946	11,736,998	4,447,976	47049.02%	17830.19%
N/A	-	-	N/A	N/A
N/A	-	-	N/A	N/A
N/A	-	-	N/A	N/A
N/A	-	-	N/A	N/A
N/A	-	-	N/A	N/A
N/A	-	-	N/A	N/A
N/A	-	-	N/A	N/A

CITY OF WAUKEGAN

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age
2012	88,862	1,812,874	20,401	30.6
2011	90,622	1,902,428	20,993	30.7
2010	92,929	1,626,072	20,249	30.0
2009	90,788	1,588,608	17,498	31.0
2008	91,138	1,613,234	17,701	36.1
2007	91,018	1,606,286	17,648	34.8
2006	90,542	1,552,343	17,145	34.7
2005	90,974	1,673,376	18,394	34.5
2004	91,132	1,582,781	17,368	28.2
2003	91,022	1,616,733	17,762	28.5

Sources:

United States Census Bureau

(1) Excludes Nursery School and College / Graduate School

Education Level in Years of Schooling	School Enrollment (1)	Unemployment Rate
14.1	20,168	12.7%
14.2	19,298	15.1%
14.2	19,298	14.0%
14.2	18,800	12.1%
14.2	16,992	7.0%
14.2	16,992	6.2%
14.3	18,778	6.8%
14.3	16,289	7.5%
14.2	15,982	8.2%
14.2	16,229	8.4%

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CITY OF WAUKEGAN

PRINCIPAL EMPLOYERS
Current Year

<u>Employer</u>		2013	
		<u>Employees</u>	<u>Percentage of Total Employment</u>
Vista Health Victory Memorial	General Hospital	2,850	7.21%
Unit School District No. 60	Education	1,200	3.04%
Uline Inc.	Packaging/Shipping supplies	900	2.28%
County of Lake	Government	850	2.15%
Ill Department of Human Resources	Government	731	1.85%
WMS Gaming Inc.	Manufacturing	621	1.57%
Baxter Healthcare Corp	Medical Supplies	600	1.52%
County of Lake - Public Health	Government	600	1.52%
City of Waukegan	Government	454	1.15%
First Midwest Bankcorp	Commercial Bank	480	1.22%
Sub Total Principal Employers		<u>9,286</u>	<u>23.50%</u>
Estimated Total Number of Employees		<u>39,506</u>	

Source: Lake County Partners @ 2009 ESRI

The data for 2003 (nine years prior) is not available.

CITY OF WAUKEGAN

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years

<u>Function/Program</u>	Full-time-Equivalent			
	2004	2005	2006	2007
General government				
Central Services	31.00	30.00	32.00	35.00
Planning & Dev/ Building	35.00	35.00	35.00	38.00
Public Safety				
Fire	117.00	120.00	124.00	125.00
Police & Comm	237.00	228.00	228.00	228.00
Public Works & Engineering	<u>138.00</u>	<u>134.00</u>	<u>136.00</u>	<u>138.00</u>
Total	<u>558.00</u>	<u>547.00</u>	<u>555.00</u>	<u>564.00</u>

Source: Finance Department

Notes: Does not include elected officials (Mayor, Clerk, Treasurer, Aldermen or Waukegan Development Commission). A full-time employee is scheduled to work a standard 2,080 hours per year, or 2,592 for sworn fire personnel (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by standard.

<u>Employees by Function/Program</u>					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
33.00	35.00	28.00	26.50	29.00	28.50
38.00	36.00	31.00	23.00	19.50	19.50
127.00	125.00	123.00	117.00	109.00	121.00
227.00	216.00	261.00	228.00	176.00	190.50
<u>139.00</u>	<u>126.00</u>	<u>126.00</u>	<u>109.00</u>	<u>94.00</u>	<u>94.00</u>
<u>564.00</u>	<u>538.00</u>	<u>569.00</u>	<u>503.50</u>	<u>427.50</u>	<u>453.50</u>

CITY OF WAUKEGAN

OPERATING INDICATORS
Last Ten Fiscal Years

Function/Program	Fiscal			
	2004	2005	2006	2007
General government				
General business licenses issued ^(b)	1300	1350	1,400	1,450
Number of Commercial Units Constructed	18	25	15	25
Value of Commercial Construction	\$ 23,887,771	\$ 42,296,603	\$ 26,351,339	\$ 48,497,662
Number of Residential Single Family Constructed	76	94	34	45
Value of Residential Single Family Construction	\$ 15,482,862	\$ 20,676,062	\$ 7,199,975	\$ 7,539,955
Number of Residential Multiple Unit Family Constructed	6	225	30	48
Value of Residential Multiple Unit Family Construction	\$ 865,200	\$ 22,181,730	\$ 5,120,400	\$ 1,730,400
Number Residential Addition and Alterations	n/a	n/a	n/a	n/a
Value of Residential Addition and Alterations	n/a	n/a	n/a	n/a
Number Commercial Addition and Alterations	n/a	n/a	n/a	n/a
Value Commercial Addition and Alterations	n/a	n/a	n/a	n/a
Public Safety				
911 Calls*	74,434	81,320	79,842	82,048
Police Responses* ^(c)	81,788	80,417	78,085	75,077
Physical arrests [^]	4,481	4,608	4,839	4,920
Traffic Citations Written [^]	40,521	36,117	28,183	26,010
Parking violations [^]	65,323	64,656	60,615	58,164
Emergency Medical Responses [^]	5,473	6,004	6,864	7,607
Fire Department Mutual Aid Responses [^]	100	146	110	135
Fire Department Structure Fires [^]	n/a	95	110	126
Fire Department Other Fires [^]	n/a	127	135	156
Fire Department Total Fires	n/a	222	245	282
Fire Department Dollar Value of Structures [^]	n/a	\$ 51,259,214	\$ 29,404,565	\$ 69,796,015
Fire Department Dollar Value of Structures Lost [^]	n/a	\$ 4,572,434	\$ 2,823,322	\$ 2,547,050
Fire Department Dollar Value of Structures Saved [^]	n/a	\$ 46,686,780	\$ 26,581,243	\$ 67,248,965
Fire Department Hazmat Responses	n/a	162	197	164
Fire Department Total Responses	n/a	8,368	9,297	9,579
Streets & Highways				
Miles of streets resurfaced	5.2	6.0	5	6
Inches of snowfall	37.0	34.0	40	25
Tons of salt used in snow plowing	9,000	7,700	6,500	8,000
Number of parkway trees planted	109			25
Utility* ^(d)				
Number of water main breaks*	52	60	51	57
Total water consumption (billions of gallons)*	3.909	4.032	4	4
Number of Water Meters Replaced*	467	683	633	769
Average daily consumption pumped (millions of gallons)*	10.711	11.048	10	10

Source: Various city departments.

Notes:

^(b) Numbers are approximate by the Business License Office. 2010 and thereafter are actual numbers reported on calendar year

^(c) Police responses include contact through 9-1-1, non-emergency lines, walk-up window traffic, self initiated by officer.

^(d) Year 2009 estimated last three months

* Those indicators noted are reported on calendar year.

[^] Those indicators noted are reported on calendar year, 2010 data and thereafter is reported on the fiscal year end.

Year*					
	2008	2009	2010	2011	2012
	1,550	1,600	1,314	1,584	1,674
	9	2	3	5	-
\$	26,925,469	\$ 10,247,862	\$ 2,402,253	\$ 11,626,187	\$ -
	22	11	23	5	7
\$	3,606,100	\$ 1,662,065	\$ 3,549,207	\$ 911,435	\$ 705,263
	85	36	-	1	-
\$	5,410,800	\$ 3,680,400	\$ -	\$ 10,815,878	\$ -
	n/a	n/a	2,736	2,285	2,809
	n/a	n/a	\$ 10,568,358	\$ 17,405,401	\$ 13,725,370
	n/a	n/a	397	231	349
	n/a	n/a	\$ 34,630,343	\$ 22,842,987	\$ 28,056,095
	77,607	57,058	67,545	76,143	78,777
	77,488	51,335	103,079	73,589	87,804
	4,637	3,260	5,349	4,343	3,687
	20,837	10,431	10,914	16,278	13,688
	54,482	33,076	35,047	48,716	19,948
	7,331	5,487	6,627	6,563	6,505
	126	84	152	194	210
	154	138	147	145	141
	177	162	180	144	139
	331	300	327	289	280
\$	53,332,055	\$ 262,993,663	\$ 212,260,160	\$ 104,411,280	\$ 106,131,775
\$	3,164,810	\$ 2,986,918	\$ 2,065,108	\$ 4,762,892	\$ 5,021,700
\$	50,167,245	\$ 260,006,745	\$ 210,195,052	\$ 99,648,388	\$ 101,110,075
	257	256	190	86	85
	10,403	9,826	9,651	9,879	10,089
	6	4	3	5	5
	43	72	55	78	30
	11,200	7,000	4,500	4,400	2,400
	49	-	-	-	1
	63	57	48	85	85
	3	4	3	3	3
	741	715	200	295	341
	9	10	9	9	8

CITY OF WAUKEGAN
CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

<u>Function/Program</u>	2004	2005	2006	2007
Municipal Buildings				
Police Station / Dispatch Center	2	2	2	2
Fire Stations	5	5	5	5
Public Works Facilities	5	5	5	5
City Hall	1	1	1	1
Water Plant	3	3	3	3
Lift Stations	12	12	13	13
Pump Stations	2	2	3	3
Water Tanks	2	2	3	3
Parking Garages	1	2	2	2
City Beach	3	3	3	3
Theaters	1	1	1	1
Streets & Highways				
Miles of Streets				
City	n/a	n/a	n/a	n/a
Number of Street Lights (City Owned)				
City	n/a	n/a	n/a	n/a
County	n/a	n/a	n/a	n/a
Utility				
Miles of watermain	n/a	n/a	n/a	n/a
Miles of Sanitary Sewers	n/a	n/a	n/a	n/a
Miles of Storm Sewers- City	n/a	n/a	n/a	n/a
Number of Sanitary force mains	n/a	n/a	n/a	n/a
Facilities not included in the reporting entity				
Number of elementary schools***	21	21	21	21
Number of Middle Schools***	4	4	5	5
Number of high schools***	3	3	4	4
Number of libraries	1	1	1	1
Park District acres*	719.9	719.9	720.5	720.5

Sources: Various city departments.

* Waukegan Park District

** Lake County

*** Waukegan School District #60

2008	2009	2010	2011	2012	2013
2	2	2	2	2	2
5	5	5	5	5	5
5	5	5	5	5	5
1	1	1	1	1	1
3	3	3	3	3	3
13	13	13	13	13	13
3	3	3	3	3	3
3	3	3	3	3	3
2	2	2	2	2	2
3	3	3	3	3	3
1	1	1	1	1	1
n/a	n/a	n/a	n/a	213	213
n/a	n/a	n/a	n/a	113	113
n/a	n/a	n/a	n/a	157	157
n/a	n/a	n/a	n/a	330	330
n/a	n/a	n/a	n/a	350	350
n/a	n/a	n/a	n/a	375	375
n/a	n/a	n/a	n/a	12	12
14	14	15	15	15	15
5	5	5	5	5	5
4	4	3	3	3	3
1	1	2	2	2	2
720.5	721	721	721	721	721

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the Mayor and City Council
City of Waukegan
Waukegan, Illinois

We have audited the basic financial statements of the City of Waukegan as of and for the year ended April 30, 2013, and have issued our report thereon dated October 29, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance with laws, regulations, contracts and grants applicable to the City of Waukegan is the responsibility of the City of Waukegan's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the City of Waukegan's compliance with provisions in Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing," noncompliance with which could have a direct and material effect on the determination of the financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance.

This report is intended solely for the information and use of the Mayor, City Council, management, the State of Illinois, and others within the City and is not intended to be, and should not be, used by anyone other than the specified parties.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
October 29, 2013

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