
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

MAY 1, 2013 TO APRIL 30, 2014

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WAUKEGAN, ILLINOIS**
As of and for the Year Ended April 30, 2014

OFFICIAL ISSUING REPORT

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

CITY OF WAUKEGAN

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October 24, 2014

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, 2014. 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, 2014 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 multi-million dollar 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 received State of Illinois grant monies to demolish abandoned homes and is working diligently to annex commercial properties in unincorporated Lake County which borders the City all in an effort to expand the City's property tax base. The City has also partnered with private corporations alleviating the City of the financial burden of Genesee Theatre operating costs. A private corporation now fully funds the day-to-day costs and handles management of the Theatre. 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.

After several years of the City of Waukegan not participating in the program, we were thrilled to have received the award for the fiscal year ended April 30, 2013. Obtaining this award further bolsters the City's efforts to strive toward a more sound financial position and enhanced transparency in our financial reporting to the City's various stakeholders. 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

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,

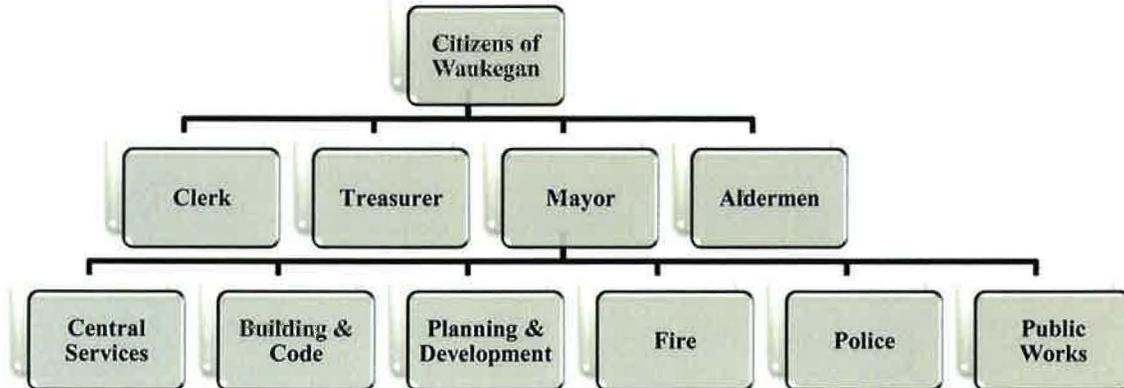
A handwritten signature in black ink, appearing to read "Tina M. Smigielski". The signature is written in a cursive style with a large initial 'T' and 'S'.

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

CITY OF WAUKEGAN, ILLINOIS

ORGANIZATIONAL CHART

April 30, 2014



CITY OF WAUKEGAN, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2014

**Wayne Motley, Mayor
Dr. John R. Schwab, Treasurer
Maria LeCour, 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**

**Kevin Bueso
Assistant Finance Director**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Waukegan
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2013

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Waukegan
Waukegan, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of 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, 2014, 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 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 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, 2014 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. 65, *Items Previously Reported as Assets and Liabilities*, effective May 1, 2013. As noted in Note IV J. to the financial statements, net position as of April 30, 2013 has been restated as a result of the adoption. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

Supplementary Information

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.

To the City Council
City of Waukegan

Other Information

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014 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 the City of Waukegan's internal control over financial reporting and compliance.



Oak Brook, Illinois
October 24, 2014

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2014

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, 2014 and April 30, 2013. Please read this analysis in conjunction with the City's financial statements, which begins with of the Basic Financial Statements and the Independent Auditors' Report for the fiscal year ended April 30, 2014.

FINANCIAL HIGHLIGHTS

- > The City's net position, as a result of operations are \$91.5 million for fiscal year ending April 30, 2014, with \$95.1 million invested in capital assets net of related debt, \$13.9 million in restricted assets, and a negative balance of \$(17.4) million in unrestricted assets.
 - Governmental net position is \$24.6 million, with \$38.9 million as a net investment in capital assets, \$13.9 million in restricted net position, and a negative balance of \$(28.2) million in unrestricted net position.
 - Business-type activities net position are \$66.9 million, with a \$56.1 million net investment in capital assets, no restricted net position, and \$10.8 million in unrestricted net position.

- > Total general revenues and program revenues were \$103.1 million for the fiscal year and expenses totaled \$96.5 million. After extraordinary items and net transfers, net position increased \$6.6 million.
 - During the fiscal year, the City had governmental revenues generated in taxes and other governmental programs total \$89.7 million, expenses total \$86.6 million, and transfers in of \$683 thousand resulting in an increase in net position of \$3.8 million.
 - The City's business-type activities revenues were \$13.4 million and expenses were \$10.0 million. After \$(683) thousand in transfers out, the net position increased \$2.8 million.

- > The total cost of all City programs was 94% of revenues.

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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between 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)
APRIL 30, 2014

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), the garbage fund and the debt service fund, all three 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. There were supplemental appropriations 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)
APRIL 30, 2014

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)
APRIL 30, 2014

GOVERNMENT-WIDE STATEMENTS & ANALYSIS

Governmental Activities

CONDENSED STATEMENT OF NET POSITION, AS OF APRIL 30

<i>(in millions)</i>	Governmental Activities 2014	Governmental Activities 2013**	Increase / (Decrease)
Assets:			
Current Assets	\$ 75.6	\$ 65.1	\$ 10.5
Internal Balances	2.0	3.1	(1.1)
Restricted Assets	0.4	0.1	0.3
Land Held for Resale	5.5	5.5	-
Capital Assets Net of Depreciation	95.3	102.4	(7.2)
Total Assets	178.8	176.2	2.6
Deferred Outflows	3.1	0.7	2.4
Liabilities			
Current Liabilities	5.8	5.9	(0.1)
Unearned Revenue	1.0	1.2	(0.2)
Non-Current Liabilities	120.2	119.9	0.3
Total Liabilities	127.0	127.0	0.0
Deferred Inflows	30.3	28.9	1.4
Net Position			
Net Investment in Capital Assets	38.9	38.5	0.5
Restricted Net Position	13.9	10.8	3.1
Unrestricted Net Position	(28.2)	(28.2)	0.0
Total Net Position	24.6	21.0	3.6

*Note: numbers may not foot due to rounding.

**2013 column was not restated for GASB 65

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2014

The City's governmental activities current assets increased by \$10.5 million during the fiscal year to \$75.6 million, as the City's cash position and short-term receivables grew from the prior year. Internal balances decreased by \$(1.1) million as the City continues to stabilize the intra-fund positions Citywide. Deferred outflows increased by \$2.4 million to \$3.1 million due to a change in reporting requirements. Restricted assets held in cash grew slightly over the prior year. Land for resale the City's property at Fountain Square which is actively listed as a commercial property for sale. Capital assets, net of depreciation, decreased by \$(7.2) million to \$95.3 million, as the rate of depreciation outpaced new and reinvestment in the City's governmental assets. Total governmental activities assets and deferred outflows increased \$5.0 million to \$181.9 million.

Governmental activities current liabilities declined by \$(100) thousand to \$5.8 million for the fiscal year, as accounts payable and payroll payable was lower this April 30th versus the prior April 30th. Deferred inflows represents property taxes levied for future periods, which used to be reported as Unearned Revenue, and is now included as a deferred inflow in the Statement of Net Position due to a change in reporting requirements. Non-current liabilities increased slightly by \$300 thousand to \$120.2 million as the City's debt obligations in excess of one-year are largely unchanged from the prior year. Total governmental activities liabilities and deferred inflows are \$157.3 million which is comparable to the prior fiscal year.

Total governmental activities net position increased \$3.8 million to \$24.6 million for the fiscal year, as the net investment in capital assets increased \$500 thousand to \$38.9 million; restricted net position increased \$3.1 million to \$13.9 million; and, unrestricted net position remained the same at a negative balance 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)
APRIL 30, 2014

CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30

<i>(in millions)</i>	Governmental Activities 2014	Governmental Activities 2013	Increase / (Decrease)
Revenues:			
Program Revenues			
Charges for Services	\$ 12.3	\$ 12.4	\$ (0.1)
Operating Grants & Contributions	5.4	4.3	1.1
Capital Grants & Contributions	0.1	0.1	(0.0)
General Revenues			
Taxes	56.5	49.7	6.8
Intergovernmental	15.2	13.9	1.3
Investment Income	0.2	0.2	(0.0)
Miscellaneous	0.0	0.2	(0.1)
Total Revenues	89.7	80.7	9.0
Expenses:			
General Government	5.5	5.9	(0.4)
Public Safety	54.2	49.8	4.4
Building & Zoning	1.3	1.2	0.1
Streets, Bridges & Public Works	14.4	14.0	0.3
Sanitation & Environment	5.1	5.9	(0.8)
Economic Development	1.0	2.0	(1.1)
Culture & Recreation	0.1	0.1	(0.0)
Community Development	1.6	2.1	(0.5)
Interest & Fiscal Charges	3.4	3.8	(0.4)
Total Expenses	86.6	84.8	\$ 1.8
Excess (Deficiency) Before Transfers	3.1	(4.1)	
Net Transfers	0.7	1.9	
Change in Net Position	3.8	(2.2)	
Net Position, beginning of year**	20.8	23.2	
Net Position, end of year	<u>\$ 24.6</u>	<u>\$ 21.0</u>	

*Note: numbers may not foot due to rounding

**Net Position was restated as of 4/30/13. See Note IV.J.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2014

The City's governmental activities revenues increased \$9 million versus the prior year to a total of \$89.7 million, and expenses increased \$1.8 million versus the prior year to a total of \$86.6 million. The fiscal year ended with a surplus before transfers of \$3.1 million. After net transfers of \$700 thousand, the City's net position increased \$3.8 million to \$24.6 million.

Charges for service revenues decreased -1% compared to the prior fiscal year, showing little change from the prior year in the local business environmental stabilizing. Operating grants and contributions increased by 8% related to federal grants police officers and firefighters, and capital grants remained flat. Taxes, the City's largest source of governmental activities increased 12%, or \$6.8 due to an increase in the City's overall tax levy. Intergovernmental revenues increased by \$1.3 million, up 8%, to a total of \$15.2 million as the State of Illinois makes payments from the local distribution fund in a more timely fashion compared to prior years. Investment income and miscellaneous revenue remained relatively flat compared to the prior year.

Total governmental activities expenditures increased by \$1.8 million, or 2% to \$86.6 million. Holding staffing levels down and reducing contractual costs reduced general Government, Sanitation & Environment, Economic Development, Culture & Recreation and Community Development. Public Safety increased by 8% to a total of \$54.2 million as the pension obligation, workers compensation, and general liability costs of providing police and fire services continues to grow. Building and zoning increased 9% to \$1.3 million due to the addition of Code Enforcement personnel. Streets, Bridges & Public Works also realized an increased, growing 2% over the prior year, as a result of commodity and utility cost increases. Interest and fiscal charges decreased as the City reduced its overall long-term bonded debt position.

After transfers to reimburse for services provided to Enterprise Funds, the result was an increase in net position of \$3.8 million for a total of \$24.6 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2014

Business-Type Activities

CONDENSED STATEMENT OF NET POSITION, AS OF APRIL 30

<i>(in millions)</i>	Business-type Activities 2104	Business-type Activities 2013**	Increase / (Decrease)
Assets:			
Current Assets	\$ 18.7	\$ 17.2	\$ 1.5
Internal Balances	(2.0)	(3.1)	1.1
Restricted Assets	1.6	1.2	0.4
Capital Assets Net of Depreciation	65.3	66.3	(1.0)
Total Assets	83.6	81.6	2.0
Deferred Outflows	0.1	0.2	(0.1)
Total Assets and Deferred Outflows	83.7	81.8	1.9
 Liabilities			
Current Liabilities	0.9	0.8	0.1
Non-Current Liabilities	15.9	16.7	(0.8)
Total Liabilities	16.8	17.5	(0.7)
 Net Position			
Net Investment in Capital Assets	56.1	56.4	(0.3)
Restricted Net Position	-	-	-
Unrestricted Net Position	10.7	7.9	2.8
Total Net Position	66.9	64.3	2.5
Total Liabilities & Net Position	\$ 83.7	\$ 81.8	\$ 1.9

*Note: figures may not foot due to rounding.

**2013 column not restated for GASB 65

The City's business-type activities current assets increased \$1.5 million, due to an increase in cash and investments. Internal balances reflect balances due to the Business-Type activities from Governmental Type activities. Deferred outflows and restricted assets both changed only slightly from the prior year. Capital assets, net of depreciation, decreased by \$1 million attributed to depreciation expense outpacing new capital investments. Total business-type activities assets increased \$1.9 million for the fiscal year.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2014

Business-type activities current liabilities stayed consistent with the prior year. Non-current liabilities declined \$(700) thousand as no new long-term debt was added during the fiscal year. Total business-type activities liabilities are \$16.8 million for the fiscal year.

Total business-type activities net position increased by \$2.5 million to \$66.9 million for the fiscal year. Net investment in capital assets declined by \$(300) thousand to \$56.1 million and unrestricted net position increased by \$2.8 million by fiscal year end. Total Net Position increased to \$83.7 million.

CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30

<i>(in millions)</i>	Business-type Activities 2014	Business-type Activities 2013	Increase / (Decrease)
Revenues:			
Program Revenues			
Charges for Services	\$ 13.3	\$ 15.0	\$ (1.7)
Operating Grants & Contributions	-	-	-
Capital Grants & Contributions	-	-	-
General Revenues			
Sales tax	0.2	0.1	0.0
Investment Income	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>13.4</u>	<u>15.1</u>	<u>(1.7)</u>
Expenses:			
Water & Sewer	9.1	9.4	(0.4)
Motor Vehicle Parking Lot	0.9	0.9	0.0
Total Expenses	<u>10.0</u>	<u>10.3</u>	<u>\$ (0.3)</u>
Excess (Deficiency) Before Transfers	3.4	4.8	
Net Transfers	(0.7)	(1.9)	
Change in Net Position	<u>2.8</u>	<u>2.9</u>	
Net Position, beginning of year**	64.1	67.1	
Net Position, end of year	<u>\$ 66.9</u>	<u>\$ 64.2</u>	

*Note: figures may not foot due to rounding

**Net position was restated as of 4/30/13. See footnote IV.J.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2014

The City's business-type activities revenues decreased to \$13.4 million, a decrease of \$(1.7) million from the prior year. The largest revenue, charges for services, decreased \$(1.7) million to a total of \$13.3 million. The prior year included prior year revenues due to catch-up billings, coupled with the current year's loss of water service to homes foreclosed and uninhabited. 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 \$3.4 million. After net transfers, the net position increased by \$2.8 million for the fiscal year to a total of \$66.9 million.

Governmental Funds

General Fund

See discussion on the General Fund in the budgetary highlight section.

Garbage Fund

The City moved the residential refuse collection program from the General Fund to a Special Revenue Fund once the full cost of that program was placed on the property tax levy. This allows the City to properly track the tax receipts earmarked for the privatized garbage, recycling, yard waste and leaf removal program to ensure they are being dedicated for those purposes.

Debt Service Fund

The City accounts for repayment of long-term general obligation and special assessment debt in the debt service fund. Property Taxes and to a lesser extent, special assessment make up the revenue earmarked to meet the annual debt service payments on the City's outstanding bond issues. By monitoring the market and conservatively financing only when needed, the City has been able to lower the overall debt position of the City while maintaining a healthy reserve in the fund in order to meet bond covenants and stave off liquidity issues if they arise.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2014

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, 2014

<i>(in thousands)</i>	<u>Final Budget</u>	<u>Actual</u>	<u>Over / (Under) Budget</u>	
Revenues:				
Property Taxes	\$ 9,867	\$ 9,856	\$ (11)	0%
Other Taxes	24,875	27,351	2,477	10%
Intergovernmental	10,850	12,369	1,519	14%
Licenses	3,148	2,784	(364)	-12%
Permits	1,194	1,485	291	24%
Franchise Fees	1,120	1,131	11	1%
Fine & Forfeitures	2,093	2,322	229	11%
Charges for Services	2,047	2,685	638	31%
Miscellaneous Revenues	599	1,045	447	75%
Investment Income	3	11	8	281%
Total Revenues	<u>55,794</u>	<u>61,039</u>	<u>5,245</u>	<u>9%</u>
Expenses:				
Central Services	3,985	4,221	236	6%
Public Safety - Police & Comm	27,949	27,844	(105)	0%
Public Safety - Fire	17,978	17,022	(955)	-5%
Building & Zoning	1,181	1,144	(37)	-3%
Streets, Bridges & Public Works	5,179	5,020	(159)	-3%
Sanitation & Environment	692	493	(199)	-29%
Economic Development	732	757	25	3%
Capital Outlay	20	13	(7)	-36%
Debt Service	-	127	127	N/A
Total Expenses	<u>57,716</u>	<u>56,641</u>	<u>(1,074)</u>	<u>-2%</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,922)</u>	<u>4,398</u>		
Net Transfers in / (out)		<u>671</u>		
Total Other Financing Sources (Uses)		<u>671</u>		
Excess (deficiency) after Other Financing Sources (Uses)		<u>\$ 5,069</u>		

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2014

Total General Fund revenues finished \$5.2 million over the budget projections for a total of \$61.0 million. As expected, property taxes performed close to budgeted estimates. Telecommunications, Hotel/Motel and municipal auto rental tax performed poorly versus the budget estimates; however this was offset with the favorable variance in sales tax, home rule sales tax, local use sales tax, utility tax, food & beverage and gaming video tax bring the "Other Taxes" category's actual figures over budget by 10%. The City's share of State of Illinois income tax and personal property replacement tax well exceeded budget as the State is making more timely payments to the City, resulting in favorable performance versus the budget for Intergovernmental revenues.

While licenses finished under budget due to continued economic pressures downward including a large number of foreclosed and vacant homes citywide, permits performed well due to very conservative budget estimates at the onset of the fiscal year. Fines and forfeitures, while still trending downward from prior years did exceed budget targets across the board. 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, and investment income finished over budget, again due to very conservative budget estimates early on in the fiscal year.

General Fund expenses came in under budget by \$1.1 million, or 2%, for a total of \$56.6 million. This is a notable reduction in overall expenses from the prior year, primarily due to the Citywide refuse collection contract being moved out of the General Fund and into a Special Revenue Fund. The City has placed the cost of the contract on the property tax bill, and as such has earmarked those funds by City Ordinance to specifically be used for the purposes of residential garbage and recycling. All categories performed well versus their budgeted expenditures except for Central Services and Economic Development. Costs of replacing key personnel in Central Services, and payments to consultants and developers designed to kick-start economic development along the City's lakefront and downtown for Economic Development. Holding vacancies, controlling overtime, and limiting contractual and commodity purchases to budgeted thresholds allowed an overall favorable variance in General Fund expenditures.

The General Fund's fiscal year excess of revenues over expenditures led to a \$4.4 million surplus before transfers. After transfers-in from other funds, the General Fund realized a surplus of \$5.1 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2014

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, 2014

(in thousands)	Final Budget	Actual	Over / (Under) Budget	
Revenues:				
Charges for Services	\$13,071	\$11,906	(\$1,164)	-9%
Fine & Forfeitures	302	289	(12)	-4%
Permits	119	83	(36)	-31%
Miscellaneous Revenues	23	31	7	32%
Total Revenues	13,514	12,309	(1,205)	-9%
Expenses:				
Personnel, Contractual & Commodities	\$7,760	\$6,625	(\$1,135)	-15%
Depreciation	-	2,084	2,084	N/A
Capital outlay	7,520	35	(7,485)	-100%
Total Expenses	15,280	8,744	(6,536)	-43%
Operating Income (Loss)	<u>\$ (1,766)</u>	<u>3,565</u>		
Non-Operating Revenues (Expenses)		(297)		
Transfers and Contributions		(667)		
Income / (Loss)		2,601		

Total Water & Sewer revenues finished \$(1.2) million, or -9%, under the budget projections for a total of \$12.3 million. The City did not budget water and sewer collections conservatively enough as vacant homes continue to increase. Water & Sewer expenses finished under budget by \$6.5 million. This is primarily due to the fact that the City budgets on a cash basis showing the full cash value of capital projects to be completed during the fiscal year, which are then amortized over their useful life when depreciation is recorded as part of the fiscal year end adjusting entries. The fund generated an operating income of \$3.6 million, and after non-operating revenues and transfers ended with income of \$2.6 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2014

EMPLOYEES' RETIREMENT OBLIGATIONS

The City's obligations for the three employees' retirement systems as of April 30, 2014 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, 2014. Compared to the prior fiscal years, the percentage of APCF contributed annually has improved, in part to the commitment of new gaming tax revenues being earmarked for pension funding upon receipt. Also included is the net pension obligation (NPO) 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. While the City does contribute the statutorily required amounts to the pension funds, the NPO amounts continue to escalate due to the growing liability costs associated with public sector pension benefits.

	Illinois Municipal Retirement Fund	Waukegan Police Pension Fund	Waukegan Firefighters' Pension Fund
Annual pension costs (APC)	\$2,110,803	\$6,553,739	\$4,935,158
Contributions made	\$1,810,031	\$5,694,120	\$3,901,179
Percentage of APC contributed	86%	87%	79%
Net pension obligation end of year	\$1,357,788	\$10,640,101	\$7,367,793

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 annual OPEBB cost was reduced substantially from the prior year, by \$2 million, due to the elimination of the City's explicit subsidy to regular retiree health insurance contributions. The OPEB as of April 30, 2014 is shown below.

Net OPEB Obligations Beginning of Year	Annual OPEB Cost	Contributions made (net of adjustments)	Net OPEB Obligations End of Year
\$10,824,513	\$2,084,264	\$(1,098,678)	\$11,810,099

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)
APRIL 30, 2014

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2014 is shown below (net of accumulated depreciation).

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION, APRIL 30

<i>(in thousands)</i>	2014	2013	Increase / (Decrease)
	<u>Governmental Activities</u>		
Land <i>(not depreciated)</i>	\$ 6,265	\$ 6,265	\$ -
Construction in progress <i>(not depreciated)</i>	-	-	-
Land improvements	749	870	(121)
Buildings	31,953	33,370	(1,417)
Machinery, equipment and vehicles	3,679	3,712	(34)
Infrastructure	52,629	58,229	(5,600)
Total Net Capital Assets	<u>95,275</u>	<u>102,447</u>	<u>(7,172)</u>
	<u>Business-Type Activities</u>		
Land <i>(not depreciated)</i>	\$ 2,417	\$ 2,417	\$ -
Construction in progress <i>(not depreciated)</i>	-	-	-
Land improvements	78	85	(7)
Buildings	13,468	13,020	448
Machinery, equipment and vehicles	366	468	(102)
Infrastructure	48,947	50,326	(1,379)
Total Net Capital Assets	<u>65,276</u>	<u>66,628</u>	<u>(1,039)</u>
Grand Total	<u>\$ 160,551</u>	<u>\$ 174,243</u>	<u>\$ (8,211)</u>

The City's total capital assets, net of accumulated depreciation, decreased by \$(7.1) 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)
APRIL 30, 2014

DEBT ADMINISTRATION

The City's outstanding governmental general obligation debt as of April 30, 2014 is as follows:

2005A G.O. Refunding	17,255,000
2009A G.O. Bonds	21,250,000
2010A G.O. Bonds	2,520,000
2010B G.O. Refunding Bonds	820,000
2010C G.O. Bonds	7,180,000
2012A G.O. Refunding Bonds	21,095,000
2012B G.O. TIF (Woodland Foods Project) Bonds	1,675,000
Total	<u>\$71,795,000</u>

The City's outstanding business-type revenue debt as of April 30, 2014 is as follows:

2004A Parking Fees and Sales Tax Revenue Bonds	5,275,000
2010D Water and Sewer Utility Revenue Bonds	1,625,000
2012C Water and Sewer Utility Revenue Bonds	7,935,000
Total	<u>\$ 14,835,000</u>

The City's outstanding special assessment debt as of April 30, 2014 is as follows:

2005 Special Assessment Improvement Revenue Bonds	2,128,000
Total	<u>\$ 2,128,000</u>

This reflects an overall decline in principal general obligation and revenue bonded debt outstanding as no new bonds were issued during the fiscal year. 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)
APRIL 30, 2014

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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Public Library
ASSETS				
Cash and investments	\$ 33,924,594	\$ 16,312,309	\$ 50,236,903	\$ 2,793,273
Receivables (net)				
Taxes receivable	30,274,457	-	30,274,457	3,949,345
Other taxes	4,617,310	32,000	4,649,310	-
Intergovernmental	3,306,729	-	3,306,729	111,348
Accounts	1,376,202	2,245,452	3,621,654	42,376
Special assessments	1,398,691	22,675	1,421,366	-
Prepaid items	572,507	64,688	637,195	-
Inventories	128,128	-	128,128	-
Internal balances	1,964,827	(1,964,827)	-	-
Restricted assets				
Cash and investments	442,387	1,569,508	2,011,895	-
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	49,956,299	20,521,690	70,477,989	7,589,777
Machinery and equipment	28,069,214	7,474,964	35,544,178	1,762,573
Infrastructure	202,021,615	87,317,070	289,338,685	-
Less: Accumulated depreciation	<u>(192,377,346)</u>	<u>(52,586,384)</u>	<u>(244,963,730)</u>	<u>(4,789,396)</u>
Total Assets	<u>178,815,782</u>	<u>83,557,653</u>	<u>262,373,435</u>	<u>11,530,782</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	<u>3,103,960</u>	<u>104,959</u>	<u>3,208,919</u>	<u>-</u>
LIABILITIES				
Accounts payable	838,996	434,793	1,273,789	93,044
Accrued payroll	2,964,540	230,211	3,194,751	87,758
Other liabilities	639,296	7,541	646,837	5,001
Interest payable	1,121,380	113,558	1,234,938	43,968
Deposits	211,658	83,587	295,245	-
Unearned revenue	1,026,769	-	1,026,769	163,708
Noncurrent Liabilities				
Due within one year	10,749,826	911,193	11,661,019	296,652
Due in more than one year	<u>109,474,223</u>	<u>15,009,738</u>	<u>124,483,961</u>	<u>3,360,489</u>
Total Liabilities	<u>127,026,688</u>	<u>16,790,621</u>	<u>143,817,309</u>	<u>4,050,620</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for future periods	<u>30,274,458</u>	<u>-</u>	<u>30,274,458</u>	<u>3,949,345</u>
NET POSITION				
Net investment in capital assets	38,917,986	56,139,184	95,057,170	1,140,373
Restricted for				
TIF development	4,844,548	-	4,844,548	-
Police activities	2,986,122	-	2,986,122	-
Debt service	2,278,767	-	2,278,767	-
Cemetery care	44,540	-	44,540	-
Highway and streets	1,297,029	-	1,297,029	-
911 communications	1,373,525	-	1,373,525	-
Firefighter activities	294,753	-	294,753	-
Housing rehabilitation	118,907	-	118,907	-
Sanitation	635,839	-	635,839	-
Library	-	-	-	158,773
Unrestricted (deficit)	<u>(28,173,420)</u>	<u>10,732,807</u>	<u>(17,440,613)</u>	<u>2,231,671</u>
TOTAL NET POSITION	<u>\$ 24,618,596</u>	<u>\$ 66,871,991</u>	<u>\$ 91,490,587</u>	<u>\$ 3,530,817</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities				
General government	\$ 5,527,718	\$ 6,718,665	\$ -	\$ -
Public safety	54,200,969	5,017,095	3,680,117	-
Building and zoning	1,277,554	13,832	-	-
Streets, bridges and public works	14,356,408	257,894	194,816	78,161
Sanitation and environment	5,079,026	280,594	-	-
Economic development	959,309	-	-	-
Culture and recreation	86,405	-	-	-
Community development	1,646,069	16,971	1,513,174	-
Interest and fiscal charges	<u>3,429,268</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>86,562,726</u>	<u>12,305,051</u>	<u>5,388,107</u>	<u>78,161</u>
Business-type Activities				
Water and sewer	9,070,872	12,329,992	-	-
Motor vehicle parking lot	<u>913,578</u>	<u>948,742</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>9,984,450</u>	<u>13,278,734</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 96,547,176</u>	<u>\$ 25,583,785</u>	<u>\$ 5,388,107</u>	<u>\$ 78,161</u>
Component Unit				
Public Library	<u>\$ 4,276,604</u>	<u>\$ 106,746</u>	<u>\$ 380,736</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 (as restated)

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
\$ 1,190,947	\$ -	\$ 1,190,947	\$ -
(45,503,757)	-	(45,503,757)	-
(1,263,722)	-	(1,263,722)	-
(13,825,537)	-	(13,825,537)	-
(4,798,432)	-	(4,798,432)	-
(959,309)	-	(959,309)	-
(86,405)	-	(86,405)	-
(115,924)	-	(115,924)	-
<u>(3,429,268)</u>	<u>-</u>	<u>(3,429,268)</u>	<u>-</u>
<u>(68,791,407)</u>	<u>-</u>	<u>(68,791,407)</u>	<u>-</u>
-	3,259,120	3,259,120	-
-	35,164	35,164	-
<u>-</u>	<u>3,294,284</u>	<u>3,294,284</u>	<u>-</u>
<u>(68,791,407)</u>	<u>3,294,284</u>	<u>(65,497,123)</u>	<u>-</u>
-	-	-	<u>(3,789,122)</u>
29,078,659	-	29,078,659	3,847,804
15,819,527	152,000	15,971,527	-
2,941,780	-	2,941,780	-
1,559,884	-	1,559,884	-
4,501,017	-	4,501,017	-
2,646,839	-	2,646,839	-
8,680,309	-	8,680,309	-
3,559,040	-	3,559,040	-
2,931,304	-	2,931,304	-
-	-	-	83,275
177,431	4,170	181,601	1,245
<u>45,103</u>	<u>-</u>	<u>45,103</u>	<u>6,239</u>
71,940,893	156,170	72,097,063	3,938,563
<u>683,296</u>	<u>(683,296)</u>	<u>-</u>	<u>-</u>
<u>72,624,189</u>	<u>(527,126)</u>	<u>72,097,063</u>	<u>3,938,563</u>
3,832,782	2,767,158	6,599,940	149,441
<u>20,785,814</u>	<u>64,104,833</u>	<u>84,890,647</u>	<u>3,381,376</u>
<u>\$ 24,618,596</u>	<u>\$ 66,871,991</u>	<u>\$ 91,490,587</u>	<u>\$ 3,530,817</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

BALANCE SHEET
GOVERNMENTAL FUNDS
As of April 30, 2014

	<u>General</u>	<u>Garbage</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 18,530,590	\$ 635,839	\$ 1,459,629	\$ 10,951,347
Receivables (net)				
Property taxes	11,652,351	4,567,244	10,805,905	3,248,957
Other taxes	4,617,310	-	-	-
Intergovernmental	1,937,682	-	-	1,369,047
Accounts	1,183,539	-	17,985	165,402
Special assessment receivable	-	-	1,398,691	-
Due from other funds	9,722,447	-	1,489,466	177,748
Prepaid items	476,070	-	644	61,955
Inventories	-	-	-	128,128
Restricted cash and investments	-	-	442,387	-
TOTAL ASSETS	<u>\$ 48,119,989</u>	<u>\$ 5,203,083</u>	<u>\$ 15,614,707</u>	<u>\$ 16,102,584</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 505,357	\$ -	\$ 515	\$ 267,077
Accrued payroll	2,715,751	-	-	248,789
Other current liabilities	5,647	-	-	633,649
Deposits	211,658	-	-	-
Unearned revenues	1,026,769	-	-	-
Due to other funds	<u>2,130,874</u>	-	-	<u>583,512</u>
Total Liabilities	<u>6,596,056</u>	-	515	<u>1,733,027</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	11,652,351	4,567,244	10,805,906	3,248,957
Unavailable revenues	<u>278,587</u>	-	<u>1,408,139</u>	<u>179,812</u>
Total Deferred Inflows of Resources	<u>11,930,938</u>	<u>4,567,244</u>	<u>12,214,045</u>	<u>3,428,769</u>
Fund Balances				
Nonspendable	8,174,596	-	-	234,623
Restricted	-	635,839	3,400,147	10,461,908
Committed	4,617,248	-	-	-
Assigned	-	-	-	293,638
Unassigned (deficit)	<u>16,801,151</u>	-	-	<u>(49,381)</u>
Total Fund Balances	<u>29,592,995</u>	<u>635,839</u>	<u>3,400,147</u>	<u>10,940,788</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 48,119,989</u>	<u>\$ 5,203,083</u>	<u>\$ 15,614,707</u>	<u>\$ 16,102,584</u>

See accompanying notes to financial statements.

Totals

\$ 31,577,405

30,274,457

4,617,310

3,306,729

1,366,926

1,398,691

11,389,661

538,669

128,128

442,387

\$ 85,040,363

\$ 772,949

2,964,540

639,296

211,658

1,026,769

2,714,386

8,329,598

30,274,458

1,866,538

32,140,996

8,409,219

14,497,894

4,617,248

293,638

16,751,770

44,569,769

\$ 85,040,363

See accompanying notes to financial statements.

CITY OF WAUKEGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of April 30, 2014

Total Fund Balances - Governmental Funds	\$ 44,569,769
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.	95,274,060
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	1,866,538
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.	(4,385,302)
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>(118,241,469)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 24,618,596</u>

CITY OF WAUKEGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended April 30, 2014

	General Fund	Garbage Fund	Debt Service Fund
REVENUES			
Property taxes	\$ 9,855,555	\$ 5,755,622	\$ 11,143,436
Other taxes	27,351,198	-	-
Intergovernmental	12,369,167	-	-
Licenses	2,783,904	-	-
Permits	1,485,419	-	-
Franchise fees	1,131,196	-	-
Fines and forfeitures	2,321,700	-	92,584
Charges for services	2,684,513	-	-
Miscellaneous	1,045,051	-	-
Investment income	11,443	-	165,176
Total Revenues	61,039,146	5,755,622	11,401,196
EXPENDITURES			
Current			
Central services	4,221,438	-	-
Public safety - police and communication services	27,844,038	-	-
Public safety - fire services	17,022,482	-	-
Streets, bridges and public works	5,020,027	-	-
Building and zoning	1,143,645	-	-
Sanitation and environment	493,032	5,119,783	-
Economic development	756,804	-	-
Community development	-	-	-
Capital Outlay	13,142	-	-
Debt Service			
Principal	114,580	-	8,256,000
Interest and fiscal charges	11,933	-	3,139,378
Total Expenditures	56,641,121	5,119,783	11,395,378
Excess (deficiency) of revenues over expenditures	4,398,025	635,839	5,818
OTHER FINANCING SOURCES (USES)			
Transfers in	683,296	-	214,260
Transfers out	(31,583)	-	-
Property sales	19,479	-	-
Total Other Financing Sources (Uses)	671,192	-	214,260
Net Change in Fund Balances	5,069,217	635,839	220,078
FUND BALANCES - Beginning of Year (as restated)	24,523,778	-	3,180,069
FUND BALANCES - END OF YEAR	\$ 29,592,995	\$ 635,839	\$ 3,400,147

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 2,324,046	\$ 29,078,659
-	27,351,198
7,618,852	19,988,019
-	2,783,904
-	1,485,419
-	1,131,196
418,836	2,833,120
744,913	3,429,426
23,023	1,068,074
<u>812</u>	<u>177,431</u>
<u>11,130,482</u>	<u>89,326,446</u>
-	4,221,438
2,386,472	30,230,510
1,058,814	18,081,296
2,740,036	7,760,063
-	1,143,645
-	5,612,815
204,462	961,266
1,358,814	1,358,814
879,388	892,530
198,052	8,568,632
<u>10,442</u>	<u>3,161,753</u>
<u>8,836,480</u>	<u>81,992,762</u>
<u>2,294,002</u>	<u>7,333,684</u>
671,425	1,568,981
(854,102)	(885,685)
<u>2,160</u>	<u>21,639</u>
<u>(180,517)</u>	<u>704,935</u>
2,113,485	8,038,619
<u>8,827,303</u>	<u>36,531,150</u>
<u>\$ 10,940,788</u>	<u>\$ 44,569,769</u>

See accompanying notes to financial statements.

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, 2014

Net change in fund balances - total governmental funds	\$	8,038,619
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		892,530
Some items reported as capital outlay were not capitalized		(191,712)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		156,427
Depreciation is reported in the government-wide financial statements		(7,955,879)
Net book value of assets retired		(73,256)
<p>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.</p>		
Special assessments		(94,002)
Grants		13,602
Taxes		117,849
Accounts receivable		(174,679)
<p>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.</p>		
Principal repaid		8,568,632
<p>Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are 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.</p>		
Refunding loss		(371,386)
Debt discount and premium		360,308
<p>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.</p>		
Compensated absences		(2,359,460)
Net pension obligation		(1,893,598)
IMRF net pension obligation		(300,772)
Other postemployment benefits liability		(903,205)
Environmental clean up liabilities		533,789
Claims payable		(838,739)
Accrued interest on debt		(256,437)
<p>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</p>		
		564,151
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>3,832,782</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of April 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 15,766,414	\$ 545,895	\$ 16,312,309	\$ 2,347,189
Receivables (net)				
Accounts	2,195,345	50,107	2,245,452	9,276
Other taxes	-	32,000	32,000	-
Due from other funds	-	10,000	10,000	611,429
Prepaid items	50,488	14,200	64,688	33,838
Total Current Assets	<u>18,012,247</u>	<u>652,202</u>	<u>18,664,449</u>	<u>3,001,732</u>
Noncurrent Assets				
Restricted Assets				
Restricted cash	969,205	600,303	1,569,508	-
Special assessment receivable	22,675	-	22,675	-
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	1,158,748	1,257,980	2,416,728	-
Capital assets, being depreciated	54,495,469	8,363,651	62,859,120	890
Total Noncurrent Assets	<u>56,646,097</u>	<u>10,221,934</u>	<u>66,868,031</u>	<u>890</u>
Total Assets	<u>74,658,344</u>	<u>10,874,136</u>	<u>85,532,480</u>	<u>3,002,622</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	-	104,959	104,959	-
Total Deferred Outflows of Resources	<u>-</u>	<u>104,959</u>	<u>104,959</u>	<u>-</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			Governmental
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 420,553	\$ 14,240	\$ 434,793	\$ 66,047
Accrued salaries	220,018	10,193	230,211	-
Interest payable	99,300	14,258	113,558	-
Other current liabilities	445	7,096	7,541	-
Deposits	83,587	-	83,587	-
Due to other funds	1,735,673	16,860	1,752,533	7,544,171
Current portion of long term debt	<u>467,354</u>	<u>443,839</u>	<u>911,193</u>	<u>-</u>
Total Current Liabilities	<u>3,026,930</u>	<u>506,486</u>	<u>3,533,416</u>	<u>7,610,218</u>
Noncurrent Liabilities				
Long-Term Debt				
Noncurrent portion of long term debt	<u>9,969,503</u>	<u>5,040,235</u>	<u>15,009,738</u>	<u>-</u>
Total Noncurrent Liabilities	<u>9,969,503</u>	<u>5,040,235</u>	<u>15,009,738</u>	<u>-</u>
Total Liabilities	<u>12,996,433</u>	<u>5,546,721</u>	<u>18,543,154</u>	<u>7,610,218</u>
NET POSITION				
Net investment in capital assets	51,881,311	4,257,873	56,139,184	-
Unrestricted	<u>9,780,600</u>	<u>1,174,501</u>	<u>10,955,101</u>	<u>(4,607,596)</u>
TOTAL NET POSITION	<u>\$ 61,661,911</u>	<u>\$ 5,432,374</u>	<u>\$ 67,094,285</u>	<u>\$ (4,607,596)</u>
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.			(222,294)	222,294
Net Position Business-type Activities			<u>\$ 66,871,991</u>	
Net internal service funds reported in the statement of net position as governmental activities				<u>\$ (4,385,302)</u>

CITY OF WAUKEGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended April 30, 2014

	<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>
OPERATING REVENUES				
Charges for services	\$ 11,906,497	\$ 769,579	\$ 12,676,076	\$ 6,825,669
Fines and forfeitures	289,050	-	289,050	-
Permits	82,802	-	82,802	-
Miscellaneous	30,589	179,163	209,752	736,968
Total Operating Revenues	<u>12,308,938</u>	<u>948,742</u>	<u>13,257,680</u>	<u>7,562,637</u>
OPERATING EXPENSES				
Personnel services	3,216,460	112,574	3,329,034	-
Personnel benefits	1,670,861	58,850	1,729,711	12,158
Contractual services	1,144,443	142,040	1,286,483	37,043
Commodities	593,675	13,740	607,415	1,127
Claims and judgments	-	-	-	99,957
Insurance premiums	-	-	-	6,853,570
Depreciation	2,083,752	320,217	2,403,969	-
Professional services	35,120	-	35,120	-
Total Operating Expenses	<u>8,744,311</u>	<u>647,421</u>	<u>9,391,732</u>	<u>7,003,855</u>
Operating Income	<u>3,564,627</u>	<u>301,321</u>	<u>3,865,948</u>	<u>558,782</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	4,099	71	4,170	-
Special assessments	21,054	-	21,054	-
Home rule sales tax	-	152,000	152,000	-
Interest and fiscal charges	(312,259)	(265,610)	(577,869)	-
Debt discount amortization	(9,480)	-	(9,480)	-
Total Nonoperating Revenues (Expenses)	<u>(296,586)</u>	<u>(113,539)</u>	<u>(410,125)</u>	<u>-</u>
Income Before Transfers	<u>3,268,041</u>	<u>187,782</u>	<u>3,455,823</u>	<u>558,782</u>
TRANSFERS				
Transfers out	<u>(667,000)</u>	<u>(16,296)</u>	<u>(683,296)</u>	<u>-</u>
Total Transfers	<u>(667,000)</u>	<u>(16,296)</u>	<u>(683,296)</u>	<u>-</u>
Change in Net Position	2,601,041	171,486	2,772,527	558,782
NET POSITION - Beginning of Year (as restated)	<u>59,060,870</u>	<u>5,260,888</u>		<u>(5,316,378)</u>
NET POSITION - END OF YEAR	<u>\$ 61,661,911</u>	<u>\$ 5,432,374</u>		<u>\$ (4,757,596)</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			<u>(5,369)</u>	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES			<u>\$ 2,767,158</u>	

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended April 30, 2014

	<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>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 13,544,553	\$ 1,080,032	\$ 14,624,585	\$ 7,562,639
Paid to suppliers for goods and services	(3,243,803)	(225,249)	(3,469,052)	(7,557,389)
Paid to employees for services	(3,216,460)	(112,574)	(3,329,034)	-
Net Cash Flows From Operating Activities	<u>7,084,290</u>	<u>742,209</u>	<u>7,826,499</u>	<u>5,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	4,099	71	4,170	-
Investments purchased	(368,280)	26,028	(342,252)	-
Net Cash Flows From Investing Activities	<u>(364,181)</u>	<u>26,099</u>	<u>(338,082)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	(667,000)	(16,296)	(683,296)	-
Interfund borrowings	(1,135,739)	(8,905)	(1,144,644)	624,751
Net Cash Flows From Noncapital Financing Activities	<u>(1,802,739)</u>	<u>(25,201)</u>	<u>(1,827,940)</u>	<u>624,751</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(641,880)	(389,990)	(1,031,870)	-
Interest paid	(359,980)	(221,403)	(581,383)	-
Special assessments received	21,015	-	21,015	-
Acquisition and construction of capital assets	(1,364,403)	-	(1,364,403)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(2,345,248)</u>	<u>(611,393)</u>	<u>(2,956,641)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	2,572,122	131,714	2,703,836	630,001
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>13,194,292</u>	<u>414,181</u>	<u>13,608,473</u>	<u>1,717,188</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 15,766,414</u>	<u>\$ 545,895</u>	<u>\$ 16,312,309</u>	<u>\$ 2,347,189</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 3,564,627	\$ 301,321	\$ 3,865,948	\$ 558,782
Nonoperating revenue	21,054	152,000	173,054	-
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	2,083,752	320,217	2,403,969	-
Changes in assets and liabilities				
Accounts receivable	1,194,297	(20,710)	1,173,587	2
Prepaid items	(30,611)	321	(30,290)	(33,838)
Accounts payable	166,214	(12,552)	153,662	(519,696)
Other current liabilities	22,393	(1,849)	20,544	-
Compensated absences	209,203	3,461	212,664	-
Claims payable	(249,284)	-	(249,284)	-
Customer deposits	20,264	-	20,264	-
Other postemployment benefits	82,381	-	82,381	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 7,084,290</u>	<u>\$ 742,209</u>	<u>\$ 7,826,499</u>	<u>\$ 5,250</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 15,766,414	\$ 545,895	\$ 16,312,309	\$ 2,347,189
Restricted cash and investments - statement of net position	<u>969,205</u>	<u>600,303</u>	<u>1,569,508</u>	<u>-</u>
Total Cash and Investments	16,735,619	1,146,198	17,881,817	2,347,189
Less: Noncash equivalents	<u>(969,205)</u>	<u>(600,303)</u>	<u>(1,569,508)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS	<u>\$ 15,766,414</u>	<u>\$ 545,895</u>	<u>\$ 16,312,309</u>	<u>\$ 2,347,189</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt discount amortization	\$ (9,480)	\$ -	\$ -	\$ -
Debt advance refunded	\$ -	\$ (5,280,000)	\$ -	\$ -
Refunding debt issued	\$ -	\$ 5,275,000	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of April 30, 2014

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 685,886
Investments	
Money markets	13,037,349
State and local obligations	2,528,869
US Government and agency obligations	12,917,365
Mutual funds	73,421,566
Corporate bonds	13,061,439
Annuities	13,483,302
Accrued interest	285,385
Prepaid items	<u>7,533</u>
Total Assets	<u>129,428,694</u>
LIABILITIES	
Accounts payable	<u>52,773</u>
Total Liabilities	<u>52,773</u>
NET POSITION	
Held in trust for pension benefits (a schedule of funding progress is presented in the required supplementary information)	<u>\$ 129,375,921</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, 2014

	<u>Pension Trusts</u>
ADDITIONS	
Contributions	
Employer	\$ 9,482,529
Plan members	2,263,901
Other	<u>119,137</u>
Total Contributions	<u>11,865,567</u>
Investment income	
Investment income	2,369,250
Net appreciation in the fair value of investments	<u>9,597,257</u>
Total Investment Income	11,966,507
Less: Investment expense	<u>184,555</u>
Net Investment Income	<u>11,781,952</u>
Total Additions	<u>23,647,519</u>
DEDUCTIONS	
Benefits	11,468,302
Contractual services	151,610
Administrative	<u>97,990</u>
Total Deductions	<u>11,717,902</u>
Change in Net Position	11,929,617
NET POSITION - Beginning of Year	<u>117,446,304</u>
NET POSITION - END OF YEAR	<u>\$ 129,375,921</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

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CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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 or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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 five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership and two 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.K. 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, 2014. 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, 2014

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 November 2010, the GASB issued statement No. 61 - *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was implemented effective May 1, 2013.

In March 2012, the GASB issued statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective May 1, 2013.

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, 2014

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.
- Garbage fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the program.
- 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, 2014

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	Local forfeiture

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, 2014

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 deferred inflows of resources. 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 inflows of resources. 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, 2014

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 unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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 unavailable 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.

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.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables

Property taxes for levy year 2013 attaches as an enforceable lien on January 1, 2013, 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 2014 tax levy, which attached as an enforceable lien on the property as of January 1, 2014, has not been recorded as a receivable as of April 30, 2014, as the tax has not yet been levied by the City and will not be levied until December 2014, and therefore, the levy is not measurable at April 30, 2014.

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 2013 property tax levy is recognized as a receivable and deferred inflows of resources in fiscal 2014, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2014, the property taxes receivable and unearned revenue consisted of the estimated amount collectible from the 2013 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to .40 percent (\$125,010) of outstanding property taxes at April 30, 2014. 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 2015 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, 2014.

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, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund statements.

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, 2014, 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 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 premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt (cont.)

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.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

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 and displayed 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.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- b. Restricted - Consists of fund balances 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. 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 exceed amounts restricted, committed, or assigned for those purposes.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

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 \$4,617,248.

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

See Note IV. I. for further information.

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 City 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, 2014 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.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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 or deferred inflows of resources. 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, as well as deferred inflows and deferred outflows of resources, are reported in the statement of net position.

General obligation bonds and notes payable	\$	71,795,000
Special assessment b-bonds		2,128,000
Compensated absences		6,225,997
Capital leases		311,620
Environmental cleanup liabilities		1,118,627
Other postemployment benefits liability		11,177,731
Net pension obligation		18,007,894
IMRF net pension obligation		1,357,788
Claims payable		5,692,588
Accrued interest		1,121,380
Unamortized debt discount and premium		2,408,804
Deferred charge on refunding		<u>(3,103,960)</u>
 Combined Adjustment for Long-Term Liabilities	\$	<u>118,241,469</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt service	\$ 11,391,167	\$ 11,395,378	\$ 4,211
Motor fuel tax	2,400,000	2,764,005	364,005
Narcotics forfeiture	439,000	530,536	91,536
Downtown waterfront TIF #4	-	13,267	13,267
Safety and risk management	-	14,843	14,843

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, 2014

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

B. DEFICIT BALANCES

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

As of April 30, 2014, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Community Development Block Grant	\$ 42,382	Grant reimbursement timing
Street/Sidewalk rehabilitation	5,723	Excess of expenses over revenues
Employee benefit plan	396,509	Excess of expenses over revenues
Safety and risk management	4,211,087	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. In addition, some cash and investment accounts are separately held by several of the City's funds.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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	\$ 37,212,533	\$ 37,795,737	Custodial
Money markets	17,709,734	17,437,749	Custodial
Money market mutual funds	2,194,310	2,197,955	Credit, interest rate
State and local bonds	2,528,869	2,528,869	Credit, custodial, concentration, interest rate
US treasuries	4,618,201	4,618,201	Custodial, interest rate
US agencies - implicit and explicit	8,299,164	8,299,164	Credit, custodial, interest rate
Corporate bonds	13,061,439	13,061,439	Credit, custodial, concentration, interest rate
Equity mutual funds	73,421,566	73,421,566	Custodial
Illinois Funds	8,849,580	8,849,580	Credit
Annuities	13,483,302	13,483,302	Credit, interest rate
Petty cash	5,876	-	N/A
 Total Deposits and Investments	 \$181,384,574	 \$181,693,562	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 50,236,903		
Restricted cash and investments	2,011,895		
Per statement of net position - fiduciary funds			
Cash and cash equivalents	685,886		
Money markets	13,037,349		
State and local obligations	2,528,869		
US Government and agency obligations	12,917,365		
Mutual funds	73,421,566		
Corporate bonds	13,061,439		
Annuities	13,483,302		
 Total Deposits and Investments	 \$181,384,574		

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held at 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 City maintains collateral agreements with its banks. At April 30, 2014, the banks had pledged various government securities in the amount of \$50,895,404 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.

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, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of April 30, 2014, the City's investments were rated as follows:

	Standard & Poors	4/30/14 Fair Value
Firefighters' Pension		
State and local bonds		
	AAA	\$ 53,727
	AA+	26,634
	AA	102,805
	AA-	53,612
	A+	70,255
	A	26,469
	NR	<u>250,236</u>
		<u>\$ 583,738</u>
Corporate bonds		
	AA+	\$ 179,054
	AA	195,223
	AA-	204,715
	A+	245,909
	A	459,553
	A-	931,958
	BBB+	263,426
	BBB	386,604
	BBB-	<u>28,881</u>
		<u>\$ 2,895,323</u>
Police Pension		
State and local bonds		
	AAA	\$ 68,380
	AA+	481,971
	AA	354,578
	A+	70,255
	A-	205,453
	NR	<u>764,494</u>
		<u>\$ 1,945,131</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

Police Pension (cont.)

	<u>Standard & Poors</u>	<u>4/30/14 Fair Value</u>
Corporate bonds		
	AAA	\$ 221,335
	AA+	699,386
	AA	654,571
	AA-	835,409
	A+	868,030
	A	2,324,050
	A-	1,773,156
	BBB+	1,028,031
	BBB	1,169,991
	BBB-	190,168
	NR	401,989
		<u>\$ 10,166,116</u>

The City's money market mutual fund and Illinois Funds are rated AAAM. The Police and Fire Pension Funds' annuities are not rated. The Fire Pension's one implicit US Agency security (\$385,200) is rated AAA.

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, 2014, 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	\$ 2,194,310	\$ 2,194,310	\$ -	\$ -	\$ -
Totals	<u>\$ 2,194,310</u>	<u>\$ 2,194,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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	\$ 583,738	\$ 50,337	\$ 387,267	\$ 53,727	\$ 92,407
U.S. Treasuries	411,252	-	151,492	16,437	243,323
U.S. agencies	2,673,620	569,511	1,241,705	862,404	-
Corporate bonds	2,895,323	-	1,734,674	971,984	188,665
Annuities	5,945,957	5,945,957	-	-	-
Totals	\$ 12,509,890	\$ 6,565,805	\$ 3,515,138	\$ 1,904,552	\$ 524,395

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	\$ 1,945,131	\$ 95,423	\$ 1,216,392	\$ 540,910	\$ 92,406
US treasuries	4,206,949	633,195	1,657,233	674,091	1,242,430
U.S. agencies	5,625,544	739,457	1,821,255	3,064,832	-
Corporate bonds	10,166,116	459,697	6,529,011	2,919,879	257,529
Annuities	7,537,345	-	-	-	7,537,345
Totals	\$ 29,481,085	\$ 1,927,772	\$ 11,223,891	\$ 7,199,712	\$ 9,129,710

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, 2014

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	Garbage Fund	Debt Service Fund	Internal Service	Nonmajor Funds	Totals
Receivables						
Taxes	\$11,650,079	\$ 4,571,104	\$10,919,793	\$ -	\$ 3,258,491	\$ 30,399,467
Sales tax	2,494,999	-	-	-	-	2,494,999
Utility	1,180,279	-	-	-	-	1,180,279
Local use	242,308	-	-	-	-	242,308
Telecom	496,811	-	-	-	-	496,811
Hotel/motel	80,698	-	-	-	-	80,698
Food/beverage	122,215	-	-	-	-	122,215
Income	1,363,604	-	-	-	-	1,363,604
Replacement	574,078	-	-	-	-	574,078
Accounts	1,832,086	-	17,985	9,276	165,402	2,024,749
Motor fuel tax	-	-	-	-	497,021	497,021
Grants	-	-	-	-	872,026	872,026
Special assessment	-	-	<u>1,398,691</u>	-	-	<u>1,398,691</u>
Gross receivables	20,037,157	4,571,104	12,336,469	9,276	4,792,940	41,746,946
Less: Allowance for uncollectibles	<u>(646,275)</u>	<u>(3,860)</u>	<u>(113,888)</u>	-	<u>(9,534)</u>	<u>(777,417)</u>
Net Total Receivables	<u>\$19,390,882</u>	<u>\$ 4,567,244</u>	<u>\$12,222,581</u>	<u>\$ 9,276</u>	<u>\$ 4,783,406</u>	<u>\$ 40,969,529</u>

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 \$ 60,886

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

B. RECEIVABLES (cont.)

Governmental funds report *unavailable or unearned 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 *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 30,274,458	\$ -
Vehicle licenses	1,026,769	-
Utility	-	278,587
Grants	-	96,672
Special assessment	-	1,408,139
911 surcharge	-	<u>83,140</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 31,301,227</u>	<u>\$ 1,866,538</u>
Unearned revenue included in liabilities	\$ 1,026,769	
Unearned revenue included in deferred inflows	<u>30,274,458</u>	
Total Unearned Revenue for Governmental Funds	<u>\$ 31,301,227</u>	

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Following is a list of restricted assets at April 30, 2014:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 2,011,895	\$ 1,569,508	\$ 442,387
Total Restricted Assets	<u>\$ 2,011,895</u>	<u>\$ 1,569,508</u>	<u>\$ 442,387</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,265,110	\$ -	\$ -	\$ 6,265,110
Total Capital Assets Not Being Depreciated	<u>6,265,110</u>	<u>-</u>	<u>-</u>	<u>6,265,110</u>
Capital assets being depreciated				
Land improvements	1,340,058	-	-	1,340,058
Buildings	49,982,079	53,416	79,196	49,956,299
Machinery, equipment, and vehicles	27,533,255	774,137	238,178	28,069,214
Infrastructure	<u>201,991,923</u>	<u>29,692</u>	<u>-</u>	<u>202,021,615</u>
Total Capital Assets Being Depreciated	<u>280,847,315</u>	<u>857,245</u>	<u>317,374</u>	<u>281,387,186</u>
Total Capital Assets	<u>287,112,425</u>	<u>857,245</u>	<u>317,374</u>	<u>287,652,296</u>
Less: Accumulated depreciation for				
Land improvements	(469,595)	(121,133)	-	(590,728)
Buildings	(16,612,507)	(1,396,683)	5,940	(18,003,250)
Machinery, equipment, and vehicles	(23,820,801)	(808,084)	238,178	(24,390,707)
Infrastructure	<u>(143,762,682)</u>	<u>(5,629,979)</u>	<u>-</u>	<u>(149,392,661)</u>
Total Accumulated Depreciation	<u>(184,665,585)</u>	<u>(7,955,879)</u>	<u>244,118</u>	<u>(192,377,346)</u>
Net Capital Assets Being Depreciated	<u>96,181,730</u>	<u>(7,098,634)</u>	<u>73,256</u>	<u>89,009,840</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 102,446,840</u>	<u>\$ (7,098,634)</u>	<u>\$ 73,256</u>	<u>\$ 95,274,950</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 1,439,124
Public safety	792,813
Streets, bridges and public works, which includes the depreciation of infrastructure	5,638,463
Culture and recreation	<u>85,479</u>
Total Governmental Activities Depreciation Expense	<u>\$ 7,955,879</u>

	<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	19,546,376	975,314	-	20,521,690
Machinery, equipment, and vehicles	7,474,964	-	-	7,474,964
Infrastructure	<u>86,927,981</u>	<u>389,089</u>	<u>-</u>	<u>87,317,070</u>
Total Capital Assets Being Depreciated	<u>114,081,101</u>	<u>1,364,403</u>	<u>-</u>	<u>115,445,504</u>
Total Capital Assets	<u>116,497,829</u>	<u>1,364,403</u>	<u>-</u>	<u>117,862,232</u>
Less: Accumulated depreciation for				
Land improvements	(47,084)	(6,589)	-	(53,673)
Buildings and improvements	(6,526,473)	(527,102)	-	(7,053,575)
Machinery, equipment, and vehicles	(7,007,046)	(101,889)	-	(7,108,935)
Infrastructure	<u>(36,601,812)</u>	<u>(1,768,389)</u>	<u>-</u>	<u>(38,370,201)</u>
Total Accumulated Depreciation	<u>(50,182,415)</u>	<u>(2,403,969)</u>	<u>-</u>	<u>(52,586,384)</u>
Net Capital Assets Being Depreciated	<u>63,898,686</u>	<u>(1,039,566)</u>	<u>-</u>	<u>62,859,120</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 66,315,414</u>	<u>\$ (1,039,566)</u>	<u>\$ -</u>	<u>\$ 65,275,848</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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	\$ 2,083,752
Motor vehicle parking	<u>320,217</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 2,403,969</u>

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water and sewer	\$ 1,630,012
General	Motor vehicle parking lot	16,289
General	Nonmajor funds	531,975
General	Internal service funds	7,544,171
Debt service	General	1,489,466
Non-major funds	General	172,025
Non-major funds	Non-major funds	5,723
Motor vehicle parking lot	General	10,000
Internal service funds	General	459,383
Internal service funds	Non-major funds	45,814
Internal service funds	Water and sewer	105,661
Internal service funds	Motor vehicle parking lot	<u>571</u>
 Total - Fund Financial Statements		 12,011,090
Add: Interfund receivables created with internal service fund eliminations		222,294
Less: Government-wide eliminations		<u>(10,268,557)</u>
 Total Internal Balances - Government-Wide Statement of Net Position		 <u>\$ 1,964,827</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

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

Interfund Receivables/Payables (cont.)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 1,974,827
Business-type Activities	Governmental Activities	<u>(10,000)</u>
Total Government-Wide Financial Statements		<u><u>\$ 1,964,827</u></u>

All amounts are due within one year, except for amounts due to the General Fund from the internal service funds and a portion of the nonmajor funds (\$154,355).

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	\$ 667,000	To repay services provided by the general fund
General	Motor vehicle parking lot	16,296	Parking lot admin reimbursement
Debt service	Nonmajor funds	214,260	Debt repayments
Nonmajor funds	Nonmajor funds	639,842	To properly allocated revenues and expenditures to the correct fund
Nonmajor funds	General	<u>31,583</u>	To repay expenditures paid out by the neighborhood stabilization fund
Total - Fund Financial Statements		1,568,981	
Less: Government-wide eliminations		<u>(885,685)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 683,296</u></u>	

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

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

Transfers (cont.)

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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 79,975,000	\$ -	\$ 8,180,000	\$ 71,795,000	\$ 7,570,000
Special assessment b-bonds	2,204,000	-	76,000	2,128,000	81,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	2,769,112	-	360,308	2,408,804	-
Sub-totals	<u>84,948,112</u>	<u>-</u>	<u>8,616,308</u>	<u>76,331,804</u>	<u>7,651,000</u>
Other Liabilities					
Vested compensated absences	3,866,537	3,326,094	966,634	6,225,997	1,556,500
Capital leases	624,252	-	312,632	311,620	119,179
Environmental cleanup liabilities	1,652,416	-	533,789	1,118,627	-
Net OPEB obligation	10,274,526	1,910,048	1,006,843	11,177,731	-
Net pension obligation	16,114,296	11,488,897	9,595,299	18,007,894	-
IMRF net pension obligation	1,057,016	300,772	-	1,357,788	-
Claims payable	4,853,849	2,745,354	1,906,615	5,692,588	1,423,147
Total Other Liabilities	<u>38,442,892</u>	<u>19,771,165</u>	<u>14,321,812</u>	<u>43,892,245</u>	<u>3,098,826</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 123,391,004</u>	<u>\$ 19,771,165</u>	<u>\$ 22,938,120</u>	<u>\$ 120,224,049</u>	<u>\$ 10,749,826</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 326,880	\$ -	\$ 326,880	\$ -	\$ -
Revenue bonds	15,525,000	5,275,000	5,965,000	14,835,000	810,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	(176,004)	193,719	(9,480)	27,195	-
Sub-totals	<u>15,675,876</u>	<u>5,468,719</u>	<u>6,282,400</u>	<u>14,862,195</u>	<u>810,000</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities (cont.)					
Other Liabilities					
Vested compensated absences	\$ 192,105	\$ 260,689	\$ 48,025	\$ 404,769	\$ 101,193
Claims payable	270,883	252,411	501,695	21,599	-
Other postemployment benefits	549,987	174,216	91,835	632,368	-
Total Other Liabilities	1,012,975	687,316	641,555	1,058,736	101,193
Total Business-type Activities Long-Term Liabilities	\$ 16,688,851	\$ 6,156,035	\$ 6,923,955	\$ 15,920,931	\$ 911,193

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.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2014</u>
General Obligation Debt					
2005A G.O. Refunding	September 14, 2005	2024	3.25 - 5.00%	\$ 24,760,000	\$ 17,255,000
2009A G.O. Bonds	December 1, 2009	2020	4.25 - 5.25%	30,000,000	21,250,000
2010A G.O. Bonds	July 1, 2010	2016	2.50 - 4.00%	7,650,000	2,520,000
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	21,095,000
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>\$ 71,795,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
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	8,255,000	1,829,101
2020-2024	24,895,000	3,915,974
2025-2029	4,185,000	948,163
2030-2031	<u>1,965,000</u>	<u>126,225</u>
Totals	<u>\$ 71,795,000</u>	<u>\$ 17,755,102</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.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The City has pledged future Motor Vehicle Parking System revenues, net of specified operating expenses, to repay \$5.3 million in parking fees and sales tax revenue bonds issued in 2014. 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 \$6,422,675. Principal and interest paid for the current year and total customer gross revenues were \$591,404 and \$785,040, 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 6% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$13,094,838. Principal and interest paid for the current year and total customer gross revenues were \$667,676 and \$5,950,287, respectively.

Revenue debt payable at April 30, 2014, 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, 2014</u>
<u>Water and Sewer Utility</u>					
2010D Revenue Bonds	September 7, 2010	2031	3.00 - 5.00%	\$ 1,825,000	\$ 1,625,000
2012C Revenue Bonds	October 15, 2012	2032	2.00 - 3.25%	8,180,000	<u>7,935,000</u>
			Total Water and Sewer Utility		<u>9,560,000</u>
<u>Motor Vehicle Parking Lot Fund</u>					
2014A Parking Fees and Sales Tax Revenue Bonds	April 2, 2014	2025	2.00 - 5.00%	5,275,000	<u>5,275,000</u>
			Total Motor Vehicle Parking Lot Fund		<u>5,275,000</u>
					<u>\$ 14,835,000</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2015	\$ 810,000	\$ 429,175
2016	785,000	457,300
2017	815,000	436,150
2018	835,000	414,100
2019	855,000	391,550
2020-2024	4,740,000	1,539,375
2025-2029	3,245,000	780,450
2030-2032	<u>2,750,000</u>	<u>234,413</u>
Totals	<u>\$ 14,835,000</u>	<u>\$ 4,682,513</u>

Special Assessment B-Bonds

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

Special assessment B-Bonds at April 30, 2014, 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, 2014</u>
Special Assessment Improvement Bond, Series 2005	June 1, 2005	2030	6.125%	\$ 3,695,000	<u>\$ 2,128,000</u>
Total Governmental Activities Special Assessment B-Bonds					<u>\$ 2,128,000</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Special Assessment B-Bonds (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Special Assessment B-Bonds	
	Principal	Interest
2015	\$ 81,000	\$ 130,340
2016	86,000	125,379
2017	91,000	120,111
2018	97,000	114,538
2019	103,000	108,596
2020-2024	623,000	439,653
2025-2029	845,000	223,379
2030	<u>202,000</u>	<u>12,372</u>
Totals	<u>\$ 2,128,000</u>	<u>\$ 1,274,368</u>

Capital Leases

Refer to Note IV. G.

Advance Refunding

In April 2014, the City received \$5,275,000 of bond proceeds to advance refund \$5,280,000 of outstanding bonds with an average coupon rate of 3%. The proceeds along with existing funds of the City 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 . As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position.

The cash flow requirements on the refunded bonds prior to the advance refunding was \$6,662,015 from 2015 through 2025. The cash flow requirements in the refunding bonds are \$6,421,423 from 2015 through 2025. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments in the old and new debt) of \$186,843.

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, 2014, \$22,323,553 of bonds outstanding are considered defeased. The bonds are callable on April 1, 2015 and June 30, 2014.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

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, 2014, are as follows:

Years	Governmental Activities		
	Principal	Interest	Totals
2015	\$ 119,179	\$ 13,196	\$ 132,375
2016	84,048	4,292	88,340
2017	86,419	1,921	88,340
2018	<u>21,974</u>	<u>102</u>	<u>22,076</u>
Totals	<u>\$ 311,620</u>	<u>\$ 19,511</u>	<u>\$ 331,131</u>

H. POLLUTION REMEDIATION OBLIGATIONS

At year end April 30, 2014, 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, 2014, the obligation and net liability was \$1,118,627. 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.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

I. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at April 30, 2014, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 6,265,110
Other capital assets, net of accumulated depreciation	89,009,840
Less: Long-term capital-related debt outstanding (excluding unspent capital related debt proceeds)	(57,052,120)
Plus: Unamortized debt premiums, discounts, and loss on refunding	<u>695,156</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 38,917,986</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at April 30, 2014, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Garbage Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 476,070	\$ -	\$ -	\$ 61,955	\$ 538,025
Inventories	-	-	-	128,128	128,128
Noncurrent interfunds	7,698,526	-	-	-	7,698,526
Permanent fund principal	-	-	-	44,540	44,540
Restricted for:					
Debt service	-	3,400,147	-	-	3,400,147
Highways and streets	-	-	-	1,163,440	1,163,440
Police	-	-	-	2,889,450	2,889,450
911 communication	-	-	-	1,275,064	1,275,064
Fire	-	-	-	289,406	289,406
Housing rehabilitation	-	-	-	118,907	118,907
TIF development	-	-	-	4,725,641	4,725,641
Sanitation	-	-	635,839	-	635,839
Committed to:					
Stabilization	4,617,248	-	-	-	4,617,248
Assigned to:					
Highways and streets	-	-	-	293,638	293,638
Unassigned (deficit):	<u>16,801,151</u>	<u>-</u>	<u>-</u>	<u>(49,381)</u>	<u>16,751,770</u>
 Total Fund Balances	 <u><u>\$ 29,592,995</u></u>	 <u><u>\$ 3,400,147</u></u>	 <u><u>\$ 635,839</u></u>	 <u><u>\$ 10,940,788</u></u>	 <u><u>\$ 44,569,769</u></u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

I. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 2,416,728
Other capital assets, net of accumulated depreciation	62,859,122
Less: Long-term capital-related debt outstanding	(14,835,000)
Plus: Unspent capital related debt proceeds	5,620,570
Plus: Unamortized debt premiums, discounts, and refunding losses	<u>77,764</u>
Total Net Investment in Capital Assets	<u>\$ 56,139,184</u>

J. RESTATEMENT OF FUND BALANCES/NET POSITION

Fund balance has been restated to correct an error related to cash and investment transactions.

General Fund

General Fund balance - April 30, 2013 (as reported)	\$ 24,270,120
Add: Foreign fire account transactions	<u>253,658</u>
Fund Balance - April 30, 2013 (as restated)	<u>\$ 24,523,778</u>

911 Emergency System Fund

911 Emergency System Fund balance - April 30, 2013 (as reported)	\$ 1,379,994
Add: Escrow account transactions	<u>54,790</u>
Fund Balance - April 30, 2013 (as restated)	<u>\$ 1,434,784</u>

Debt service Fund

Debt Service Fund balance - April 30, 2013 (as reported)	\$ 3,174,943
Add: Escrow account transactions	<u>5,126</u>
Fund Balance - April 30, 2013 (as restated)	<u>\$ 3,180,069</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

J. RESTATEMENT OF FUND BALANCES/NET POSITION (cont.)

Cemetery trust Fund

Cemetery trust Fund balance - April 30, 2013 (as reported)	\$ 775
Add: Cemetery certificate of deposit transactions	<u>43,700</u>
Fund Balance - April 30, 2013 (as restated)	<u><u>\$ 44,475</u></u>

Safety and Risk Management Internal Service Fund

Safety and Risk Management Internal Service Fund balance (deficit) - April 30, 2013 (as reported)	\$ (5,083,182)
Add: Imprest account transactions	<u>150,000</u>
Fund Balance (deficit) - April 30, 2013 (as restated)	<u><u>\$ (4,933,182)</u></u>

Net position has been restated as a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred. These costs were previously required to be capitalized. Net position was also restated due to correct an error related to cash and investment transactions. The details of these restatements are as follows:

	<u>Governmental Activities</u>	<u>Water and Sewer Fund</u>	<u>Motor Vehicle Parking fund</u>	<u>Business-type Activities</u>
Net Position - April 30, 2013 (as reported)	\$ 20,989,711	\$ 59,223,663	\$ 5,316,633	\$ 64,323,371
Add: Cash and escrow accounts	507,274	-	-	-
Less: Unamortized debt issuance costs	<u>(711,171)</u>	<u>(162,793)</u>	<u>(55,745)</u>	<u>(218,538)</u>
Net Position - April 30, 2013 (as restated)	<u><u>\$ 20,785,814</u></u>	<u><u>\$ 59,060,870</u></u>	<u><u>\$ 5,260,888</u></u>	<u><u>\$ 64,104,833</u></u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

K. 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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits with financial institutions	\$ 2,077,716	\$ 2,172,577	Custodial
Illinois Funds	715,057	715,057	Credit
Petty cash	<u>500</u>	<u>-</u>	N/A
 Total Deposits and Investments	 <u>\$ 2,793,273</u>	 <u>\$ 2,887,634</u>	

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	<u>\$ 1,805,997</u>
 Total	 <u>\$ 1,805,997</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

K. 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, 2014, the Library's investments were rated as follows:

Investment Type	Standard & Poors
Illinois Funds	AAAm

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

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 71,486	\$ -	\$ -	\$ 71,486	
Buildings and Improvements	7,431,870	157,907	-	7,589,777	20-40
Furniture and equipment	1,715,271	47,302	-	1,762,573	5-20
Less: Accumulated depreciation	(4,507,596)	(281,800)	-	(4,789,396)	
Totals	\$ 4,711,031	\$ (76,591)	\$ -	\$ 4,634,440	

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

K. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

d. Long-Term Obligations

Long-term obligations activity for the year ended April 30, 2014 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	\$ 3,540,000	\$ -	\$ 155,000	\$ 3,385,000	\$ 160,000
Capital leases	157,862	-	48,795	109,067	51,064
Compensated absences	<u>152,109</u>	<u>10,965</u>	<u>-</u>	<u>163,074</u>	<u>85,588</u>
Totals	<u>\$ 3,849,971</u>	<u>\$ 10,965</u>	<u>\$ 203,795</u>	<u>\$ 3,657,141</u>	<u>\$ 296,652</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>\$ 3,385,000</u>
Total		<u>\$ 4,000,000</u>	<u>\$ 3,385,000</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	180,000	111,663	291,663
2020-2024	1,020,000	443,713	1,463,713
2025-2029	1,235,000	222,023	1,457,023
2030	<u>280,000</u>	<u>12,250</u>	<u>292,250</u>
Totals	<u>\$ 3,385,000</u>	<u>\$ 1,290,800</u>	<u>\$ 4,675,800</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

K. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

d. Long-Term Obligations (cont.)

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, 2014, \$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, 2014 are as follows:

	<u>Total</u>
2015	\$ 54,974
2016	54,974
2017	<u>4,581</u>
Total minimum lease payments	114,529
Less: Amount representing interest	<u>(5,462)</u>
Present Value of Minimum Lease Payments	<u>\$ 109,067</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

K. 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 required contribution rate was 15.65%. The actual employer rate for calendar year 2013 was 13.42 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, 2013 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. Subsequent Events

The Waukegan Library will be receiving many items from the Ray Bradbury Estate sale. These items are as follows: books, furniture, special books (hardbound and paperbound). The amounts total \$570,744. These amounts will affect the audited financial statements of April 30, 2015.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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 15.65%.

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, 2014

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

At April 30, 2014, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	147
Current employees:	
Vested	110
Non vested	<u>36</u>
 Total	 <u><u>293</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, 2014

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, 2014, the City's contribution was 42.23% 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. Administrative costs are funded by contributions.

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, 2014, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	126
Current employees:	
Vested	85
Non vested	<u>32</u>
Total	<u><u>243</u></u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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, 2014, 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, 2014, the City's contribution was 39.77% 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. Administrative costs are funded by contributions.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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, 2013	May 1, 2013	May 1, 2013
Contribution rates:			
Employer	13.42%	42.23%	39.77%
Employee	4.50%	9.91%	9.46%
Annual required contribution	\$2,110,803	\$6,497,393	\$4,898,668
Contributions made	\$1,810,031	\$5,694,120	\$3,901,179
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, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization method	30	20 years, 2 months	20 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, 2014

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	\$ 2,110,803	\$ 6,497,393	\$ 4,898,668
Interest on net pension obligation	73,991	684,634	443,367
Adjustment to annual required contribution	<u>(73,991)</u>	<u>(628,288)</u>	<u>(406,877)</u>
Annual pension cost	2,110,803	6,553,739	4,935,158
Contributions made	<u>(1,810,031)</u>	<u>(5,694,120)</u>	<u>(3,901,179)</u>
Change in net pension obligation	300,772	859,619	1,033,979
Net pension obligation, beginning of year	<u>1,057,016</u>	<u>9,780,482</u>	<u>6,333,814</u>
Net Pension Obligation, End of Year	<u>\$ 1,357,788</u>	<u>\$ 10,640,101</u>	<u>\$ 7,367,793</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)	2014	\$ 2,110,803	\$ 6,553,739	\$ 4,935,158
	2013	2,091,801	6,973,170	4,853,495
	2012	1,859,037	6,500,207	4,359,292
Contributions made	2014	\$ 1,810,031	\$ 5,694,120	\$ 3,901,179
	2013	1,805,541	5,561,347	3,669,200
	2012	1,455,839	5,670,179	4,083,106
Percentage of APC contributed	2014	86%	87%	79%
	2013	86%	80%	76%
	2012	78%	87%	94%
Net pension obligation	2014	\$ 1,357,788	\$ 10,640,101	\$ 7,367,793
	2013	1,057,016	9,780,482	6,333,814
	2012	770,756	8,368,659	5,149,519

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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, 2013	May 1, 2013	May 1, 2013
Actuarial Valuation Date			
Actuarial Valuation of Assets (a)	\$ 29,340,647	\$ 66,211,346	\$ 51,632,179
Actuarial Accrued Liability (AAL) - Entry Age (b)	\$ 40,853,035	\$ 145,670,970	\$ 101,572,285
Unfunded AAL (UAAL) (b - a)	\$ 11,512,388	\$ 79,459,624	\$ 49,940,106
Funded Ratio (a/b)	72 %	45 %	51 %
Covered Payroll (c)	13,487,562	13,484,483	9,810,569
UAAL as a Percentage of Covered Payroll ((b-a)/c)	85 %	589 %	509 %

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Assets			
Cash and cash equivalents	\$ 240,798	\$ 445,088	\$ 685,886
Investments			
Money Markets	364,657	12,672,692	13,037,349
State and local obligations	1,945,131	583,738	2,528,869
US Government and agency obligations	9,832,493	3,084,872	12,917,365
Mutual funds	42,779,186	30,642,380	73,421,566
Corporate Bonds	10,166,116	2,895,323	13,061,439
Annuities	7,537,345	5,945,957	13,483,302
Receivables			
Accrued interest	164,624	120,761	285,385
Prepaid items	7,016	517	7,533
Total Assets	<u>73,037,366</u>	<u>56,391,328</u>	<u>129,428,694</u>
Liabilities			
Accounts payable	17,475	35,298	52,773
Total Liabilities	<u>17,475</u>	<u>35,298</u>	<u>52,773</u>
Net Position			
Held in trust for pension benefits	<u>\$ 73,019,891</u>	<u>\$ 56,356,030</u>	<u>\$ 129,375,921</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Position

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
Additions			
Contributions			
Employer	\$ 5,637,735	\$ 3,844,794	\$ 9,482,529
Plan members	1,336,312	927,589	2,263,901
Other	<u>61,532</u>	<u>57,605</u>	<u>119,137</u>
Total Contributions	<u>7,035,579</u>	<u>4,829,988</u>	<u>11,865,567</u>
Investment income	6,804,899	5,161,608	11,966,507
Less: Investment expense	<u>94,945</u>	<u>89,610</u>	<u>184,555</u>
Net Investment Income	<u>6,709,954</u>	<u>5,071,998</u>	<u>11,781,952</u>
Total Additions	<u>13,745,533</u>	<u>9,901,986</u>	<u>23,647,519</u>
Deductions			
Administration and contractual services	126,568	123,032	249,600
Benefits	<u>6,330,809</u>	<u>5,137,493</u>	<u>11,468,302</u>
Total Deductions	<u>6,457,377</u>	<u>5,260,525</u>	<u>11,717,902</u>
Net change in net position	7,288,156	4,641,461	11,929,617
Net Position, beginning of the year	<u>65,731,735</u>	<u>51,714,569</u>	<u>117,446,304</u>
Net Position, End of the Year	<u>\$ 73,019,891</u>	<u>\$ 56,356,030</u>	<u>\$ 129,375,921</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 for police, fire and EMT employees, \$1,000,000 per incident for USL&H employees and \$700,000 per incident for all other employees. 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, 2014

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 \$50,000 deductible. All other coverages have an uninsured risk of loss of \$250,000 per incident. There is an aggregate stop loss of \$15 million combined for General Liability, Liquor Liability, Employee Benefit Plan Administration Liability, Law Enforcement Liability, Public Entity Management Liability and Auto Liability. There is an additional \$10 million in excess liability coverage for total coverage of \$25 million per occurrence and \$25 million in the aggregate. 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	\$ 9,564,388	\$ 5,124,732
Current year claims and changes in estimates	(711,092)	2,997,765
Claim payments	<u>(3,728,564)</u>	<u>(2,408,310)</u>
 Unpaid Claims - End of Year	 <u>\$ 5,124,732</u>	 <u>\$ 5,714,187</u>

C. COMMITMENTS AND CONTINGENCIES

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.

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.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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, 2014. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The City has a line of credit with First Midwest Bank in the amount of \$2,500,000. The maturity date is July 18, 2015. The line of credit carries an interest rate of prime + 1.25%. No amounts have been drawn on the line of credit as of April 30, 2014.

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 obligation was completely paid off at April 30, 2014.

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.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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 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 2014, total member contributions were 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	\$	2,058,537
Interest on net OPEB obligation		487,103
Adjustment to annual required contribution		<u>(461,376)</u>
Annual OPEB cost		2,084,264
Contributions made		<u>(1,098,678)</u>
Increase in net OPEB obligation		985,586
Net OPEB Obligation - Beginning of Year		<u>10,824,513</u>
Net OPEB Obligation - End of Year	\$	<u><u>11,810,099</u></u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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 2014 and the two years prior were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2012	\$ 3,422,658	38%	\$ 8,976,298
April 30, 2013	4,110,858	34%	10,824,513
April 30, 2014	2,084,264	53%	11,810,099

The funded status of the plan as of May 1, 2013, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 29,723,546
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 29,723,546
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 32,352,687
UAAL as a percentage of covered payroll	92%

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.

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.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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, 2014, was 30 years.

E. 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.

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, application of these standards may restate portions of these financial statements.

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 9,866,500	\$ 9,866,500	\$ 9,855,555	\$ (10,945)
Other taxes	24,874,500	24,874,500	27,351,198	2,476,698
Intergovernmental	10,850,000	10,850,000	12,369,167	1,519,167
Licenses	3,147,800	3,147,800	2,783,904	(363,896)
Permits	1,194,000	1,194,000	1,485,419	291,419
Franchise fees	1,120,000	1,120,000	1,131,196	11,196
Fines and forfeitures	2,093,000	2,093,000	2,321,700	228,700
Charges for services	2,046,500	2,046,500	2,684,513	638,013
Miscellaneous	598,500	598,500	1,045,051	446,551
Investment income	3,000	3,000	11,443	8,443
Total Revenues	55,793,800	55,793,800	61,039,146	5,245,346
EXPENDITURES				
Current:				
Central services	3,884,900	3,984,955	4,221,438	(236,483)
Public safety - police and communication services	27,926,100	27,949,084	27,844,038	105,046
Public safety - fire services	17,983,000	17,977,907	17,022,482	955,425
Streets, bridges and public works	5,186,400	5,178,900	5,020,027	158,873
Building and zoning	1,261,900	1,180,551	1,143,645	36,906
Sanitation and environment	730,000	691,708	493,032	198,676
Economic development	744,800	732,107	756,804	(24,697)
Capital Outlay	-	20,394	13,142	7,252
Debt Service	-	-	126,513	(126,513)
Total Expenditures	57,717,100	57,715,606	56,641,121	1,074,485
Excess (deficiency) of revenues over (under) expenditures	(1,923,300)	(1,921,806)	4,398,025	6,319,831
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500,000	1,933,300	683,296	(1,250,004)
Transfers out	-	-	(31,583)	(31,583)
Sale of capital assets	-	-	19,479	19,479
Total Other Financing Sources (Uses)	1,500,000	1,933,300	671,192	(1,262,108)
Net Change in Fund Balance	\$ (423,300)	\$ 11,494	5,069,217	\$ 5,057,723
FUND BALANCE (DEFICIT) - Beginning of Year (as restated)			24,523,778	
FUND BALANCE - END OF YEAR			\$ 29,592,995	

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

CITY OF WAUKEGAN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - GARBAGE - MAJOR SPECIAL REVENUE FUND
 For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ 5,749,110	\$ 5,749,110	\$ 5,755,622	\$ 6,512
Total Revenues	<u>5,749,110</u>	<u>5,749,110</u>	<u>5,755,622</u>	<u>6,512</u>
EXPENDITURES				
SANITATION AND ENVIRONMENT				
Contractual services	5,749,110	5,749,110	5,119,783	629,327
Total Expenditures	<u>5,749,110</u>	<u>5,749,110</u>	<u>5,119,783</u>	<u>629,327</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	635,839	<u>\$ 635,839</u>
FUND BALANCE - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ 635,839</u>	

CITY OF WAUKEGAN

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDED PROGRESS As of April 30, 2014

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
04/30/2014	\$ 2,110,803	86.00%	\$ 1,357,788
04/30/2103	2,091,801	86.00%	1,057,016
04/30/2012	1,859,037	78.00%	770,756

<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>
12/31/2013	\$ 29,340,647	\$ 40,853,035	\$11,512,388	71.82%	\$13,487,562	85.36%
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%

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, 2013
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, 2014

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
04/30/2014	\$ 6,497,393	87.64%	\$ 10,640,101
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
04/30/2010	5,661,011	58.67%	5,258,448
04/30/2009	3,556,176	81.53%	2,202,548

<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>
05/01/2013	\$ 66,211,346	\$ 145,670,970	\$ 79,459,624	45.45%	\$13,484,483	589.27%
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%

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, 2013
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	20 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, 2014

<u>Actuarial Valuation Date</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
04/30/2014	\$ 4,898,668	79.64%	\$ 7,367,793
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
04/30/2010	4,072,774	59.14%	3,289,101
04/30/2009	2,615,716	90.82%	1,349,704

<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>
05/01/2013	\$ 51,632,179	\$ 101,572,285	\$ 49,940,106	50.83%	\$ 9,810,569	509.04%
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%

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, 2013
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	20 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%

CITY OF WAUKEGAN

RETIREE'S HEALTH PLAN
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND FUNDED PROGRESS
 As of April 30, 2014

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
04/30/2014	\$ 2,058,537	53.37%	\$ 11,810,099
04/30/2013	4,091,611	38.17%	10,824,513
04/30/2012	3,408,454	36.61%	8,098,026

<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	\$ -	\$ 29,723,546	\$ 29,723,546	-%	\$32,352,687	91.87%
05/01/2011	-	54,273,492	54,273,492	-%	30,574,981	177.51%
05/01/2010	-	45,376,524	45,376,524	-%	33,861,194	134.01%

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, 2013
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 April 30, 2014

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 operating 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 City is authorized to change budgeted amounts within any fund; however, revision must be approved by two-thirds of the members of the City Board. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. 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.

SUPPLEMENTARY INFORMATION

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PROPERTY TAXES				
Property taxes - general	\$ -	\$ -	\$ 226	\$ 226
Property taxes - pension	9,466,500	9,466,500	9,482,529	16,029
Property taxes - road and bridge	400,000	400,000	372,800	(27,200)
Total Property Taxes	<u>9,866,500</u>	<u>9,866,500</u>	<u>9,855,555</u>	<u>(10,945)</u>
OTHER TAXES				
Sales	8,300,000	8,300,000	9,598,106	1,298,106
Home rule sales	5,500,000	5,500,000	6,221,421	721,421
Local use	1,300,000	1,300,000	1,559,884	259,884
Utility taxes	4,000,000	4,000,000	4,383,168	383,168
Telecommunication taxes	3,200,000	3,200,000	2,941,780	(258,220)
Hotel/Motel	1,200,000	1,200,000	1,091,156	(108,844)
Municipal auto rental	20,000	20,000	17,287	(2,713)
Food and beverage tax	1,330,000	1,330,000	1,399,677	69,677
Gaming video tax revenue	24,500	24,500	138,719	114,219
Total Other Taxes	<u>24,874,500</u>	<u>24,874,500</u>	<u>27,351,198</u>	<u>2,476,698</u>
INTERGOVERNMENTAL				
Income tax	7,600,000	7,600,000	8,680,309	1,080,309
Personal property replacement tax	3,200,000	3,200,000	3,559,040	359,040
Federal grants	50,000	50,000	95,259	45,259
State grants	-	-	34,559	34,559
Total Intergovernmental	<u>10,850,000</u>	<u>10,850,000</u>	<u>12,369,167</u>	<u>1,519,167</u>
LICENSES				
Vehicle	1,750,000	1,750,000	1,444,517	(305,483)
Liquor	180,000	180,000	217,760	37,760
Determined by square feet	570,000	570,000	430,157	(139,843)
Amusement devices	30,000	30,000	16,600	(13,400)
Animal	30,000	30,000	16,225	(13,775)
Juke box	4,200	4,200	4,800	600
Restaurant	-	-	(75)	(75)
Taxi company	-	-	(3)	(3)
Tobacco dealer	25,000	25,000	31,350	6,350
Vending machine	40,000	40,000	32,705	(7,295)
Contractor's registration	48,000	48,000	60,585	12,585
Pawn shop	-	-	12,000	12,000
Rental property	400,000	400,000	453,906	53,906
Carnival	-	-	200	200
Sales door	4,000	4,000	2,650	(1,350)
Billiard	2,000	2,000	1,505	(495)
Public transportation	5,400	5,400	6,520	1,120
Raffle ordinance	200	200	300	100

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
LICENSES (cont.)				
Garbage stickers	\$ 35,000	\$ 35,000	\$ (1,603)	\$ (36,603)
Day care	21,000	21,000	21,900	900
Business flat fee	3,000	3,000	28,350	25,350
Business general	<u>-</u>	<u>-</u>	<u>3,555</u>	<u>3,555</u>
Total Licenses	<u>3,147,800</u>	<u>3,147,800</u>	<u>2,783,904</u>	<u>(363,896)</u>
PERMITS				
Building	695,000	695,000	876,272	181,272
Electrical	132,000	132,000	164,082	32,082
Plumbing	66,000	66,000	92,983	26,983
Heating (HVAC)	143,000	143,000	185,249	42,249
Occupancy/residential	15,000	15,000	10,325	(4,675)
Signs	14,000	14,000	64,337	50,337
Food handlers	-	-	10	10
City drivers	4,000	4,000	3,888	(112)
Fire protection construction work	20,000	20,000	9,614	(10,386)
Elevator	52,000	52,000	300	(51,700)
Roadway damage	19,000	19,000	40,200	21,200
Hazardous materials	32,000	32,000	37,469	5,469
Outdoor dining	-	-	50	50
Water shed development	<u>2,000</u>	<u>2,000</u>	<u>640</u>	<u>(1,360)</u>
Total Permits	<u>1,194,000</u>	<u>1,194,000</u>	<u>1,485,419</u>	<u>291,419</u>
FRANCHISE FEES				
Cable television	840,000	825,000	897,541	72,541
Off-track betting	200,000	215,000	166,984	(48,016)
Video service	<u>80,000</u>	<u>80,000</u>	<u>66,671</u>	<u>(13,329)</u>
Total Franchise Fees	<u>1,120,000</u>	<u>1,120,000</u>	<u>1,131,196</u>	<u>11,196</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
FINE AND FORFEITURES				
Parking	\$ 1,350,000	\$ 1,350,000	\$ 1,271,046	\$ (78,954)
Tobacco enforcement violation	20,000	20,000	9,300	(10,700)
Court ordered fines	15,000	15,000	-	(15,000)
Seizures	152,000	152,000	276,715	124,715
Code enforcement	60,000	60,000	57,387	(2,613)
Bail bonds	-	-	70	70
Judgement bond	25,000	25,000	1,037	(23,963)
Municipal prosecution	45,000	45,000	67,160	22,160
Prison review agency	25,000	25,000	-	(25,000)
Arrest fines	1,000	1,000	575	(425)
Judgement bond	5,000	5,000	2,155	(2,845)
DUI fines	250,000	250,000	370,905	120,905
Pace shelter advertising income	5,000	5,000	33,044	28,044
State route highway maintenance	50,000	50,000	78,161	28,161
Unit school district police security	90,000	90,000	113,955	23,955
Waukegan housing authority security	-	-	37,690	37,690
Alcohol countermeasures	-	-	2,500	2,500
Total Fine and Forfeitures	<u>2,093,000</u>	<u>2,093,000</u>	<u>2,321,700</u>	<u>228,700</u>
CHARGES FOR SERVICES				
Subpoena	1,000	1,000	11,659	10,659
Plans and specifications review	70,000	70,000	135,993	65,993
Weed cutting	-	-	359	359
Recycle bins	1,600	1,600	1,358	(242)
Conservation	-	-	112	112
Fire reports	300	300	321	21
Ambulance service	1,000,000	1,000,000	1,133,460	133,460
Vital statistics	36,000	36,000	36,862	862
Liquor license filing	3,000	3,000	4,500	1,500
False fire alarm	25,000	25,000	22,300	(2,700)
False burglar alarm	42,000	42,000	49,095	7,095
Burglar alarm subscribe	25,000	25,000	32,892	7,892
Fire alarm subscribe	200,000	200,000	286,122	86,122
Photo copy	-	-	84	84
Elevator inspection	7,000	7,000	85,410	78,410
Registrar's services	3,000	3,000	-	(3,000)

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
CHARGES FOR SERVICES (cont.)				
Taxi inspections	\$ 3,500	\$ 3,500	\$ 4,355	\$ 855
Zoning subdivision annexation	18,000	18,000	100	(17,900)
Zoning letters and certifications	100,000	100,000	105,714	5,714
Grave openings/lots	3,000	3,000	-	(3,000)
Street openings	9,000	9,000	3,500	(5,500)
Parking lot maintenance	45,000	45,000	-	(45,000)
Zoning ordinance and maps	-	-	55	55
License fee - fire department	11,000	11,000	30,540	19,540
Volume cap	-	-	37	37
Finger print - liquor license	3,000	3,000	997	(2,003)
Animal impoundment	53,000	53,000	-	(53,000)
Animal veterinary	4,000	4,000	-	(4,000)
Animal surrendering	1,200	1,200	-	(1,200)
Finger print - walk-ins	1,200	1,200	1,847	647
Rental reinspection fee	1,200	1,200	75	(1,125)
Job applications - fire and police	4,000	4,000	3,696	(304)
Rental unit inspection	-	-	120	120
Employee wage lien	2,500	2,500	2,400	(100)
Annual sign fee	65,000	65,000	20,436	(44,564)
Application for sign variance	500	500	-	(500)
Miscellaneous code enforcement	500	500	725	225
Vacant structure register	135,000	135,000	191,400	56,400
Walk thru inspection	45,000	45,000	66,200	21,200
E-Citations	5,000	5,000	6,036	1,036
NSF check processing	1,800	1,800	512	(1,288)
License fee business license	6,000	6,000	8,691	2,691
Rental license	500	500	6,825	6,325
Cellular telecom/tower	12,000	12,000	20,360	8,360
Garbage collection	-	-	204,450	204,450
Business registration	-	-	130	130
Kennel boarding	1,200	1,200	-	(1,200)
Foreign Fire	-	-	90,253	90,253
Vehicle registration	-	-	(100)	(100)
Special events - police reimbursement	30,000	30,000	26,816	(3,184)
Special events - fire reimbursement	50,500	50,500	53,115	2,615
Beach parking	20,000	20,000	34,651	14,651
Debris removal	-	-	50	50
Total Charges for Services	<u>2,046,500</u>	<u>2,046,500</u>	<u>2,684,513</u>	<u>638,013</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
MISCELLANEOUS REVENUES				
Rental income	\$ 60,000	\$ 60,000	\$ 53,177	\$ (6,823)
Donations	13,500	13,500	1,089	(12,411)
Recyclables	-	-	17,239	17,239
Sale of gas and oil	225,000	225,000	199,517	(25,483)
Reimbursements	50,000	50,000	96,212	46,212
Sale of labor and materials	50,000	50,000	66,745	16,745
Sale of miscellaneous items	-	-	23,572	23,572
Restitution payments	-	-	470	470
Special police duty events	150,000	150,000	332,360	182,360
Liens	50,000	50,000	121,452	71,452
WHA in lieu tax	-	-	59,759	59,759
Special events	-	-	16,235	16,235
Other miscellaneous revenue	-	-	57,224	57,224
Total Miscellaneous Revenues	<u>598,500</u>	<u>598,500</u>	<u>1,045,051</u>	<u>446,551</u>
INVESTMENT INCOME				
Investment income	<u>3,000</u>	<u>3,000</u>	<u>11,443</u>	<u>8,443</u>
TOTAL REVENUES	<u>\$ 55,793,800</u>	<u>\$ 55,793,800</u>	<u>\$ 61,039,146</u>	<u>\$ 5,245,346</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
CENTRAL SERVICES				
Personnel services	\$ 2,234,800	\$ 2,032,234	\$ 2,188,746	\$ (156,512)
Personnel benefits	962,500	1,093,996	1,131,289	(37,293)
Contractual services	640,400	802,061	832,862	(30,801)
Commodities	<u>47,200</u>	<u>56,664</u>	<u>68,541</u>	<u>(11,877)</u>
Total Central Services	<u>3,884,900</u>	<u>3,984,955</u>	<u>4,221,438</u>	<u>(236,483)</u>
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Personnel services	15,151,600	15,662,658	15,390,459	272,199
Personnel benefits	5,805,100	5,113,525	5,141,788	(28,263)
Contractual services	804,400	1,000,952	1,110,557	(109,605)
Commodities	505,300	535,080	563,499	(28,419)
Pension contribution	5,629,700	5,629,700	5,637,735	(8,035)
Capital outlay	<u>30,000</u>	<u>7,169</u>	<u>-</u>	<u>7,169</u>
Total Public Safety - Police and Communication Services	<u>27,926,100</u>	<u>27,949,084</u>	<u>27,844,038</u>	<u>105,046</u>
PUBLIC SAFETY - FIRE SERVICES				
Personnel services	10,171,800	10,211,901	9,499,288	712,613
Personnel benefits	3,028,300	2,956,875	2,821,673	135,202
Contractual services	592,300	522,250	358,778	163,472
Commodities	353,800	442,081	497,949	(55,868)
Pension contribution	<u>3,836,800</u>	<u>3,844,800</u>	<u>3,844,794</u>	<u>6</u>
Total Public Safety - Fire Services	<u>17,983,000</u>	<u>17,977,907</u>	<u>17,022,482</u>	<u>955,425</u>
STREETS, BRIDGES AND PUBLIC WORKS				
Personnel services	2,152,900	2,197,321	2,173,087	24,234
Personnel benefits	1,080,500	1,035,414	1,081,446	(46,032)
Contractual services	749,500	672,755	586,925	85,830
Commodities	1,185,500	1,273,410	1,178,569	94,841
Capital outlay	<u>18,000</u>	<u>18,000</u>	<u>12,743</u>	<u>5,257</u>
Total Streets, Bridges and Public Works	<u>5,186,400</u>	<u>5,196,900</u>	<u>5,032,770</u>	<u>164,130</u>
BUILDING AND ZONING				
Personnel services	693,100	677,487	625,793	51,694
Personnel benefits	369,400	261,861	273,940	(12,079)
Contractual services	182,200	217,575	221,621	(4,046)
Commodities	17,200	23,628	22,291	1,337
Capital outlay	<u>-</u>	<u>2,394</u>	<u>399</u>	<u>1,995</u>
Total Building and Zoning	<u>1,261,900</u>	<u>1,182,945</u>	<u>1,144,044</u>	<u>38,901</u>
SANITATION AND ENVIRONMENT				
Contractual services	<u>730,000</u>	<u>691,708</u>	<u>493,032</u>	<u>198,676</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
ECONOMIC DEVELOPMENT				
Personnel services	\$ 410,900	\$ 289,878	\$ 295,486	\$ (5,608)
Personnel benefits	171,600	100,185	105,232	(5,047)
Contractual services	161,000	340,844	354,886	(14,042)
Commodities	<u>1,300</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Total Economic Development	<u>744,800</u>	<u>732,107</u>	<u>756,804</u>	<u>(24,697)</u>
DEBT SERVICE				
Principal	-	-	114,580	(114,580)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>11,933</u>	<u>(11,933)</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>126,513</u>	<u>(126,513)</u>
TOTAL EXPENDITURES	<u>\$ 57,717,100</u>	<u>\$ 57,715,606</u>	<u>\$ 56,641,121</u>	<u>\$ 1,074,485</u>

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 11,179,572	\$ 11,179,572	\$ 11,143,436	\$ (36,136)
Home rule sales taxes	211,595	211,595	92,584	(119,011)
Investment income	-	-	165,176	165,176
Total Revenues	<u>11,391,167</u>	<u>11,391,167</u>	<u>11,401,196</u>	<u>10,029</u>
EXPENDITURES				
Debt Service				
Principal	8,256,000	8,256,000	8,256,000	-
Interest and fiscal charges	<u>3,135,167</u>	<u>3,135,167</u>	<u>3,139,378</u>	<u>(4,211)</u>
Total Expenditures	<u>11,391,167</u>	<u>11,391,167</u>	<u>11,395,378</u>	<u>(4,211)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>5,818</u>	<u>5,818</u>
OTHER FINANCING USES				
Transfers in	<u>-</u>	<u>-</u>	<u>214,260</u>	<u>214,260</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>214,260</u>	<u>214,260</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>220,078</u>	<u>\$ 220,078</u>
FUND BALANCE - Beginning of Year (as restated)			<u>3,180,069</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,400,147</u>	

CITY OF WAUKEGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of April 30, 2014

	Special Revenue				
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System	Public Safety Grants - Police
ASSETS					
Cash and cash equivalents	\$ 800,070	\$ 6,517	\$ 1,116,846	\$ 1,375,198	\$ 649,133
Investments	-	-	-	-	-
Receivables (net)					
Property taxes	-	-	-	-	923,166
Intergovernmental	611,388	-	-	-	493,444
Accounts	270	750	3,050	159,045	-
Due from other funds	-	6,753	165,272	-	-
Prepaid items	5,461	1,276	-	15,321	34,550
Inventories	128,128	-	-	-	-
TOTAL ASSETS	\$ 1,545,317	\$ 15,296	\$ 1,285,168	\$ 1,549,564	\$ 2,100,293
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 120,344	\$ 22,475	\$ 79,958	\$ 28,179	\$ 1,171
Accrued salaries	63,832	18,119	2,693	9,276	100,799
Other current liabilities	1	-	-	2,518	-
Due to other funds	64,111	17,084	-	136,066	78,206
Total Liabilities	<u>248,288</u>	<u>57,678</u>	<u>82,651</u>	<u>176,039</u>	<u>180,176</u>
Deferred Inflows of Resources					
Property taxes levied for future periods	-	-	-	-	923,166
Unavailable revenues	-	-	-	83,140	96,672
Total Deferred Inflows of Resources	-	-	-	83,140	1,019,838
Fund Balances					
Nonspendable	133,589	1,276	-	15,321	34,550
Restricted	1,163,440	-	1,202,517	1,275,064	865,729
Assigned	-	-	-	-	-
Unassigned (deficit)	-	(43,658)	-	-	-
Total Fund Balances	<u>1,297,029</u>	<u>(42,382)</u>	<u>1,202,517</u>	<u>1,290,385</u>	<u>900,279</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,545,317	\$ 15,296	\$ 1,285,168	\$ 1,549,564	\$ 2,100,293

Special Revenue

Fountain Square TIF #5	Public Safety Grants - Fire	Sunset/Delany TIF #6	Lewis Ave. TIF #2	Belvidere Mall Rdvev TIF #3	Lakefront Redevelopme nt TIF #1	Home Rehab Assistance
\$ 4,319,879	\$ 361,583	\$ 6,243	\$ 50,000	\$ 50,001	\$ 11,100	\$ 130,961
-	-	-	-	-	-	-
1,470,647	855,144	-	-	-	-	-
-	264,215	-	-	-	-	-
-	-	-	-	-	-	-
-	5,347	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 5,790,526</u>	<u>\$ 1,486,289</u>	<u>\$ 6,243</u>	<u>\$ 50,000</u>	<u>\$ 50,001</u>	<u>\$ 11,100</u>	<u>\$ 130,961</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,054
-	54,070	-	-	-	-	-
-	-	-	-	-	-	-
-	282,322	-	-	-	-	-
-	336,392	-	-	-	-	12,054
1,470,647	855,144	-	-	-	-	-
-	-	-	-	-	-	-
1,470,647	855,144	-	-	-	-	-
-	5,347	-	-	-	-	-
4,319,879	289,406	6,243	50,000	50,001	11,100	118,907
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,319,879</u>	<u>294,753</u>	<u>6,243</u>	<u>50,000</u>	<u>50,001</u>	<u>11,100</u>	<u>118,907</u>
<u>\$ 5,790,526</u>	<u>\$ 1,486,289</u>	<u>\$ 6,243</u>	<u>\$ 50,000</u>	<u>\$ 50,001</u>	<u>\$ 11,100</u>	<u>\$ 130,961</u>

CITY OF WAUKEGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of April 30, 2014

	Special Revenue				Capital Projects
	Neighborhood Stabilization	Downtown Waterfront TIF #4	Prisoner Review/DUI SB 740	Local Forfeiture Fund	Capital Equipment Replacement
ASSETS					
Cash and cash equivalents	\$ -	\$ 288,418	\$ 253,166	\$ 1,199,781	\$ 287,915
Investments	-	-	-	-	-
Receivables (net)					
Property taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Accounts	-	-	2,283	-	-
Due from other funds	-	-	-	-	5,723
Prepaid items	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 288,418</u>	<u>\$ 255,449</u>	<u>\$ 1,199,781</u>	<u>\$ 293,638</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,896	\$ -
Accrued salaries	-	-	-	-	-
Other current liabilities	-	-	-	631,130	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>634,026</u>	<u>-</u>
Deferred Inflows of Resources					
Property taxes levied for future periods	-	-	-	-	-
Unavailable revenues	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	288,418	255,449	565,755	-
Assigned	-	-	-	-	293,638
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>288,418</u>	<u>255,449</u>	<u>565,755</u>	<u>293,638</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ -</u>	<u>\$ 288,418</u>	<u>\$ 255,449</u>	<u>\$ 1,199,781</u>	<u>\$ 293,638</u>

Capital Projects		Permanent	Total Nonmajor Governmental Funds
Street/Sidewalk Rehabilitation	Fountain Square Special Assessment	Cemetery Trust	
\$ -	\$ -	\$ 136	\$ 10,906,947
-	-	44,400	44,400
-	-	-	3,248,957
-	-	-	1,369,047
-	-	4	165,402
-	-	-	177,748
-	-	-	61,955
-	-	-	128,128
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,540</u>	<u>\$ 16,102,584</u>

\$ -	\$ -	\$ -	\$ 267,077
-	-	-	248,789
-	-	-	633,649
5,723	-	-	583,512
<u>5,723</u>	<u>-</u>	<u>-</u>	<u>1,733,027</u>

-	-	-	3,248,957
-	-	-	179,812

-	-	-	3,428,769
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-	-	44,540	234,623
-	-	-	10,461,908
-	-	-	293,638
(5,723)	-	-	(49,381)
<u>(5,723)</u>	<u>-</u>	<u>44,540</u>	<u>10,940,788</u>

<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,540</u>	<u>\$ 16,102,584</u>
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CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2014

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,064,372	524,338	407,176	-
Fines and forfeitures	-	-	313,220	-
Charges for services	-	-	-	744,913
Miscellaneous	-	16,971	-	96
Investment income	174	-	46	-
Total Revenues	3,064,546	541,309	720,442	745,009
EXPENDITURES				
Current				
Public safety - police and communication services	-	-	331,318	604,174
Public safety - fire services	-	-	-	-
Streets, bridges and public works	2,740,036	-	-	-
Economic development	-	-	-	-
Community development	-	615,470	-	-
Capital Outlay	23,969	-	199,218	76,740
Principal	-	-	-	198,052
Interest and fiscal charges	-	-	-	10,442
Total Expenditures	2,764,005	615,470	530,536	889,408
Excess (deficiency) of revenues over (under) expenditures	300,541	(74,161)	189,906	(144,399)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	62,471	-	-
Transfers out	-	-	(495,492)	-
Sale of capital assets	2,160	-	-	-
Total Other Financing Sources (Uses)	2,160	62,471	(495,492)	-
Net Change in Fund Balances	302,701	(11,690)	(305,586)	(144,399)
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	994,328	(30,692)	1,508,103	1,434,784
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 1,297,029	\$ (42,382)	\$ 1,202,517	\$ 1,290,385

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
\$ 450,672	\$ 1,435,686	\$ 400,942	\$ 9,905	\$ -	\$ -	\$ 11
1,448,564	-	1,016,641	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
427	-	-	-	-	-	-
<u>1,899,663</u>	<u>1,435,686</u>	<u>1,417,583</u>	<u>9,905</u>	<u>-</u>	<u>-</u>	<u>11</u>
1,364,391	-	-	-	-	-	-
-	-	1,058,814	-	-	-	-
-	187,533	-	3,662	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,364,391</u>	<u>187,533</u>	<u>1,058,814</u>	<u>3,662</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>535,272</u>	<u>1,248,153</u>	<u>358,769</u>	<u>6,243</u>	<u>-</u>	<u>-</u>	<u>11</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
535,272	1,248,153	358,769	6,243	-	-	11
<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>\$ 900,279</u>	<u>\$ 4,319,879</u>	<u>\$ 294,753</u>	<u>\$ 6,243</u>	<u>\$ 50,000</u>	<u>\$ 50,001</u>	<u>\$ 11,100</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2014

	Special Revenue			
	Home Rehab Assistance	Neighborhood Stabilization	Downtown Waterfront TIF #4	Prisoner Review/DUI SB 740
REVENUES				
Property taxes	\$ -	\$ -	\$ 26,830	\$ -
Intergovernmental	1,002,592	-	-	-
Fines and forfeitures	-	-	-	105,191
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Investment income	-	-	57	-
Total Revenues	1,002,592	-	26,887	105,191
EXPENDITURES				
Current				
Public safety - police and communication services	-	-	-	1,254
Public safety - fire services	-	-	-	-
Streets, bridges and public works	-	-	-	-
Economic development	-	-	13,267	-
Community development	743,344	-	-	-
Capital Outlay	256,194	-	-	82,923
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	999,538	-	13,267	84,177
Excess (deficiency) of revenues over (under) expenditures	3,054	-	13,620	21,014
OTHER FINANCING SOURCES (USES)				
Transfers in	-	31,583	-	-
Transfers out	(62,471)	-	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	(62,471)	31,583	-	-
Net Change in Fund Balances	(59,417)	31,583	13,620	21,014
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	178,324	(31,583)	274,798	234,435
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 118,907	\$ -	\$ 288,418	\$ 255,449

Special Revenue	Capital Projects			Permanent	Total Nonmajor Governmental Funds
Local Forfeiture Fund	Capital Equipment Replacement	Street & Sidewalk Rehabilitation	Fountain Square Special Assessment	Cemetery Trust	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,324,046
155,169	-	-	-	-	7,618,852
425	-	-	-	-	418,836
-	-	-	-	-	744,913
-	-	-	5,956	-	23,023
4	39	-	-	65	812
<u>155,598</u>	<u>39</u>	<u>-</u>	<u>5,956</u>	<u>65</u>	<u>11,130,482</u>
85,335	-	-	-	-	2,386,472
-	-	-	-	-	1,058,814
-	-	-	-	-	2,740,036
-	-	-	-	-	204,462
-	-	-	-	-	1,358,814
-	234,621	5,723	-	-	879,388
-	-	-	-	-	198,052
-	-	-	-	-	10,442
<u>85,335</u>	<u>234,621</u>	<u>5,723</u>	<u>-</u>	<u>-</u>	<u>8,836,480</u>
<u>70,263</u>	<u>(234,582)</u>	<u>(5,723)</u>	<u>5,956</u>	<u>65</u>	<u>2,294,002</u>
495,492	81,879	-	-	-	671,425
-	-	(81,879)	(214,260)	-	(854,102)
-	-	-	-	-	2,160
<u>495,492</u>	<u>81,879</u>	<u>(81,879)</u>	<u>(214,260)</u>	<u>-</u>	<u>(180,517)</u>
565,755	(152,703)	(87,602)	(208,304)	65	2,113,485
-	446,341	81,879	208,304	44,475	8,827,303
<u>\$ 565,755</u>	<u>\$ 293,638</u>	<u>\$ (5,723)</u>	<u>\$ -</u>	<u>\$ 44,540</u>	<u>\$ 10,940,788</u>

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ -	\$ -	\$ 133,068	\$ 133,068
Motor fuel tax	2,400,000	2,400,000	2,931,304	531,304
INVESTMENT INCOME				
Investment income	-	-	174	174
Total Revenues	<u>2,400,000</u>	<u>2,400,000</u>	<u>3,064,546</u>	<u>664,546</u>
EXPENDITURES				
STREETS, BRIDGES AND PUBLIC WORKS				
Personnel services	898,010	898,010	864,068	33,942
Personnel benefits	486,990	486,990	361,426	125,564
Contractual services	350,000	350,000	606,868	(256,868)
Commodities	665,000	665,000	907,674	(242,674)
Capital outlay	-	-	23,969	(23,969)
Total Expenditures	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,764,005</u>	<u>(364,005)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>300,541</u>	<u>300,541</u>
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	2,160	2,160
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>2,160</u>	<u>2,160</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>302,701</u>	<u>\$ 302,701</u>
FUND BALANCE - Beginning of Year			<u>994,328</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,297,029</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INTERGOVERNMENTAL				
Intergovernmental	\$ 700,000	\$ 700,000	\$ 524,338	\$ (175,662)
MISCELLANEOUS				
Liens	<u>149,000</u>	<u>149,000</u>	<u>16,971</u>	<u>(132,029)</u>
Total Revenues	<u>849,000</u>	<u>849,000</u>	<u>541,309</u>	<u>(307,691)</u>
EXPENDITURES				
COMMUNITY DEVELOPMENT				
Personnel services	276,900	276,900	229,567	47,333
Personnel benefits	191,100	190,970	88,902	102,068
Contractual services	519,143	519,273	294,878	224,395
Commodities	5,820	5,820	2,123	3,697
Capital outlay	<u>102,000</u>	<u>102,000</u>	<u>-</u>	<u>102,000</u>
Total Expenditures	<u>1,094,963</u>	<u>1,094,963</u>	<u>615,470</u>	<u>479,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(245,963)</u>	<u>(245,963)</u>	<u>(74,161)</u>	<u>171,802</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>62,471</u>	<u>62,471</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>62,471</u>	<u>62,471</u>
Net Change in Fund Balance	<u>\$ (245,963)</u>	<u>\$ (245,963)</u>	<u>(11,690)</u>	<u>\$ 234,273</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(30,692)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (42,382)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 320,000	\$ 320,000	\$ 382,301	\$ 62,301
State grants	35,000	35,000	24,875	(10,125)
FINES AND FORFEITURES				
Code enforcement/zoning	10,000	10,000	1,958	(8,042)
Customs/border patrol	30,000	30,000	307,077	277,077
Equipment reimbursement	-	-	4,185	4,185
INVESTMENT INCOME				
Investment income	-	-	46	46
Total Revenues	<u>395,000</u>	<u>395,000</u>	<u>720,442</u>	<u>325,442</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICE				
Personnel services	-	-	21,085	(21,085)
Contractual services	65,000	80,000	81,575	(1,575)
Commodities	50,000	174,000	228,658	(54,658)
Capital outlay	50,000	185,000	199,218	(14,218)
Total Expenditures	<u>165,000</u>	<u>439,000</u>	<u>530,536</u>	<u>(91,536)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>230,000</u>	<u>(44,000)</u>	<u>189,906</u>	<u>233,906</u>
OTHER FINANCING USES				
Transfers out	-	-	(495,492)	(495,492)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(495,492)</u>	<u>(495,492)</u>
Net Change in Fund Balance	<u>\$ 230,000</u>	<u>\$ (44,000)</u>	<u>(305,586)</u>	<u>\$ (261,586)</u>
FUND BALANCE - Beginning of Year			<u>1,508,103</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,202,517</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
CHARGES FOR SERVICES				
911 emergency surcharge	\$ 900,634	\$ 900,634	\$ 744,913	\$ (155,721)
INVESTMENT INCOME				
Investment income	2,400	2,400	-	(2,400)
MISCELLANEOUS				
Other miscellaneous revenue	-	-	96	96
Total Revenues	<u>903,034</u>	<u>903,034</u>	<u>745,009</u>	<u>(158,025)</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Personnel services	156,020	156,020	75,464	80,556
Personnel benefits	82,900	82,900	52,858	30,042
Contractual services	533,100	533,100	469,501	63,599
Commodities	12,750	12,750	6,351	6,399
Capital outlay	<u>577,500</u>	<u>577,500</u>	<u>76,740</u>	<u>500,760</u>
Total Public Safety - Police and Communication Services	<u>1,362,270</u>	<u>1,362,270</u>	<u>680,914</u>	<u>681,356</u>
DEBT SERVICE				
Principal	-	-	198,052	(198,052)
Interest and fiscal charges	-	-	<u>10,442</u>	<u>(10,442)</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>208,494</u>	<u>(208,494)</u>
Total Expenditures	<u>1,362,270</u>	<u>1,362,270</u>	<u>889,408</u>	<u>472,862</u>
Net Change in Fund Balance	<u>\$ (459,236)</u>	<u>\$ (459,236)</u>	(144,399)	<u>\$ 314,837</u>
FUND BALANCE - Beginning of Year (as restated)			<u>1,434,784</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,290,385</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ 450,000	\$ 450,000	\$ 450,672	\$ 672
INTERGOVERNMENTAL				
Federal grants	1,450,000	1,450,000	1,448,564	(1,436)
INVESTMENT INCOME				
Investment income	-	-	427	427
Total Investment Income	-	-	427	427
Total Revenues	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,899,663</u>	<u>(337)</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Personnel services	1,320,000	1,320,000	1,065,057	254,943
Personnel benefits	520,000	520,000	225,892	294,108
Contractual services	10,000	40,558	61,842	(21,284)
Commodities	50,000	19,442	11,600	7,842
Total Expenditures	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,364,391</u>	<u>535,609</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	535,272	<u>\$ 535,272</u>
FUND BALANCE - Beginning of Year			<u>365,007</u>	
FUND BALANCE - END OF YEAR			<u>\$ 900,279</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,435,686	\$ 35,686
Total Revenues	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,435,686</u>	<u>35,686</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Contractual services	<u>701,000</u>	<u>701,000</u>	<u>187,533</u>	<u>513,467</u>
Total Expenditures	<u>701,000</u>	<u>701,000</u>	<u>187,533</u>	<u>513,467</u>
Net Change in Fund Balance	<u>\$ 699,000</u>	<u>\$ 699,000</u>	1,248,153	<u>\$ 549,153</u>
FUND BALANCE - Beginning of Year			<u>3,071,726</u>	
FUND BALANCE - END OF YEAR			<u>\$ 4,319,879</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property taxes	\$ 400,000	\$ 400,000	\$ 400,942	\$ 942
INTERGOVERNMENTAL				
Intergovernmental	<u>840,000</u>	<u>840,000</u>	<u>1,016,641</u>	<u>176,641</u>
Total Revenues	<u>1,240,000</u>	<u>1,240,000</u>	<u>1,417,583</u>	<u>177,583</u>
EXPENDITURES				
PUBLIC SAFETY - FIRE SERVICES				
Personnel services	947,000	947,000	886,502	60,498
Personnel benefits	<u>291,200</u>	<u>291,200</u>	<u>172,312</u>	<u>118,888</u>
Total Expenditures	<u>1,238,200</u>	<u>1,238,200</u>	<u>1,058,814</u>	<u>179,386</u>
Net Change in Fund Balance	<u>\$ 1,800</u>	<u>\$ 1,800</u>	358,769	<u>\$ 356,969</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(64,016)</u>	
FUND BALANCE - END OF YEAR			<u>\$ 294,753</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SUNSET/DELANY TIF #6 - NONMAJOR SPECIAL REVENUE
 FUND
 For the Year Ended April 30, 2014

	<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>\$ 9,905</u>	<u>\$ (990,095)</u>
Total Revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>9,905</u>	<u>(990,095)</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Contractual services	<u>1,000,000</u>	<u>1,000,000</u>	<u>3,662</u>	<u>996,338</u>
Total Expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>3,662</u>	<u>996,338</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	6,243	<u>\$ 6,243</u>
FUND BALANCE - Beginning of Year			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ 6,243</u>	

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, 2014

	<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, 2014

	<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>50,001</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes - TIF	\$ -	\$ -	\$ 11	\$ 11
Total Revenues	-	-	11	11
EXPENDITURES				
Total Expenditures	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	11	\$ 11
FUND BALANCE - Beginning of Year			11,089	
FUND BALANCE - END OF YEAR			\$ 11,100	

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 1,316,000	\$ 1,316,000	\$ 1,002,592	\$ (313,408)
Total Revenues	1,316,000	1,316,000	1,002,592	(313,408)
EXPENDITURES				
COMMUNITY DEVELOPMENT				
Contractual services	646,500	601,371	743,344	(141,973)
Capital Outlay	679,000	724,129	256,194	467,935
Total Expenditures	1,325,500	1,325,500	999,538	325,962
Excess (deficiency) of revenues over (under) expenditures	(9,500)	(9,500)	3,054	12,554
OTHER FINANCING USES				
Transfers out	-	-	(62,471)	(62,471)
Total Other Financing Uses	-	-	(62,471)	(62,471)
Net Change in Fund Balance	\$ (9,500)	\$ (9,500)	(59,417)	\$ (49,917)
FUND BALANCE - Beginning of Year			178,324	
FUND BALANCE - END OF YEAR			\$ 118,907	

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, 2014

	<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	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	31,583	31,583
Total Other Financing Sources (Uses)	-	-	31,583	31,583
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	31,583	<u>\$ 31,583</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(31,583)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ -</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ -	\$ -	\$ 26,830	\$ 26,830
Investment income	-	-	57	57
Total Revenues	-	-	<u>26,887</u>	<u>26,887</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Contractual services	-	-	13,267	(13,267)
Total Expenditures	-	-	<u>13,267</u>	<u>(13,267)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	13,620	<u>\$ 13,620</u>
FUND BALANCE - Beginning of Year			<u>274,798</u>	
FUND BALANCE - END OF YEAR			<u>\$ 288,418</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
FINES AND FORFEITURES				
Prison review agency	\$ 64,000	\$ 64,000	\$ 58,329	\$ (5,671)
Late payment/penalties	23,000	23,000	46,862	23,862
CHARGES FOR SERVICES				
Special events - police reimbursement	1,000	1,000	-	(1,000)
Total Revenues	<u>88,000</u>	<u>88,000</u>	<u>105,191</u>	<u>17,191</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Contractual services	8,000	3,822	-	3,822
Commodities	-	1,254	1,254	-
Capital outlay	80,000	82,924	82,923	1
Total Expenditures	<u>88,000</u>	<u>88,000</u>	<u>84,177</u>	<u>3,823</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	21,014	<u>\$ 21,014</u>
FUND BALANCE - Beginning of Year			<u>234,435</u>	
FUND BALANCE - END OF YEAR			<u>\$ 255,449</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - LOCAL FORFEITURE FUND - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INTERGOVERNMENTAL				
State grants	\$ -	\$ -	\$ 109,200	\$ 109,200
Other	-	-	45,969	45,969
FINES AND FORFEITURES				
Street value drugs	-	-	425	425
INVESTMENT INCOME				
Investment income	-	-	4	4
Total Revenues	-	-	<u>155,598</u>	<u>155,598</u>
EXPENDITURES				
PUBLIC SAFETY				
Personnel benefits	-	-	253	(253)
Contractual services	-	-	4,676	(4,676)
Commodities	-	<u>100,000</u>	<u>80,406</u>	<u>19,594</u>
Total Expenditures	-	<u>100,000</u>	<u>85,335</u>	<u>14,665</u>
Excess of revenues over expenditures	-	(100,000)	<u>70,263</u>	<u>170,263</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	<u>495,492</u>	<u>495,492</u>
Total Other Financing Sources	-	-	<u>495,492</u>	<u>495,492</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (100,000)</u>	565,755	<u>\$ 665,755</u>
FUND BALANCE - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ 565,755</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INVESTMENT INCOME				
Investment income	\$ -	\$ -	\$ 39	\$ 39
Total Revenues	<u>-</u>	<u>-</u>	<u>39</u>	<u>39</u>
EXPENDITURES				
EQUIPMENT REPLACEMENT				
Capital Outlay	<u>2,600,000</u>	<u>2,600,000</u>	<u>234,621</u>	<u>2,365,379</u>
Total Expenditures	<u>2,600,000</u>	<u>2,600,000</u>	<u>234,621</u>	<u>2,365,379</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,600,000)</u>	<u>(2,600,000)</u>	<u>(234,582)</u>	<u>2,365,418</u>
OTHER FINANCING SOURCES				
Debt issued	2,600,000	2,600,000	-	(2,600,000)
Transfers in	<u>-</u>	<u>-</u>	<u>81,879</u>	<u>81,879</u>
Total Other Financing Sources	<u>2,600,000</u>	<u>2,600,000</u>	<u>81,879</u>	<u>(2,518,121)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(152,703)</u>	<u>\$ (152,703)</u>
FUND BALANCE - Beginning of Year			<u>446,341</u>	
FUND BALANCE - END OF YEAR			<u>\$ 293,638</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
STREETS, BRIDGES AND PUBLIC WORKS				
Capital outlay	<u>7,400,000</u>	<u>7,400,000</u>	<u>5,723</u>	<u>7,394,277</u>
Total Expenditures	<u>7,400,000</u>	<u>7,400,000</u>	<u>5,723</u>	<u>7,394,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,400,000)</u>	<u>(7,400,000)</u>	<u>(5,723)</u>	<u>7,394,277</u>
OTHER FINANCING SOURCES				
Debt issued	7,400,000	7,400,000	-	(7,400,000)
Transfers out	<u>-</u>	<u>-</u>	<u>(81,879)</u>	<u>(81,879)</u>
Total Other Financing Sources	<u>7,400,000</u>	<u>7,400,000</u>	<u>(81,879)</u>	<u>(7,481,879)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(87,602)	<u>\$ (87,602)</u>
FUND BALANCE - Beginning of Year			<u>81,879</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (5,723)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
MISCELLANEOUS				
Miscellaneous	\$ -	\$ -	\$ 5,956	\$ 5,956
Total Revenues	<u>-</u>	<u>-</u>	<u>5,956</u>	<u>5,956</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(214,260)</u>	<u>(214,260)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(214,260)</u>	<u>(214,260)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(208,304)</u>	<u>\$ (208,304)</u>
FUND BALANCE - Beginning of Year			<u>208,304</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INVESTMENT INCOME				
Investment income	\$ -	\$ -	\$ 65	\$ 65
Total Revenues	<u>-</u>	<u>-</u>	<u>65</u>	<u>65</u>
EXPENDITURES				
CULTURE AND RECREATION				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>65</u>	<u>65</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	65	<u>\$ 65</u>
FUND BALANCE - Beginning of Year (as restated)			<u>44,475</u>	
FUND BALANCE - END OF YEAR			<u>\$ 44,540</u>	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 13,070,600	\$ 13,070,600	\$ 11,906,497	\$ (1,164,103)
Fines and forfeitures	301,500	301,500	289,050	(12,450)
Permits	119,200	119,200	82,802	(36,398)
Miscellaneous	<u>23,100</u>	<u>23,100</u>	<u>30,589</u>	<u>7,489</u>
Total Operating Revenues	<u>13,514,400</u>	<u>13,514,400</u>	<u>12,308,938</u>	<u>(1,205,462)</u>
OPERATING EXPENSES				
Personnel services	2,919,100	2,819,100	3,216,460	(397,360)
Personnel benefits	1,465,300	1,595,594	1,670,861	(75,267)
Contractual services	2,792,600	2,713,830	1,144,443	1,569,387
Commodities	581,900	631,665	593,675	37,990
Professional services	7,520,000	7,520,205	35,120	7,485,085
Depreciation	<u>-</u>	<u>-</u>	<u>2,083,752</u>	<u>(2,083,752)</u>
Total Operating Expenses	<u>15,278,900</u>	<u>15,280,394</u>	<u>8,744,311</u>	<u>6,536,083</u>
Operating Income (Loss)	<u>(1,764,500)</u>	<u>(1,765,994)</u>	<u>3,564,627</u>	<u>5,330,621</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	4,099	4,099
Special assessments	-	-	21,054	21,054
Interest and fiscal charges	-	-	(312,259)	(312,259)
Debt discount amortization	<u>-</u>	<u>-</u>	<u>(9,480)</u>	<u>(9,480)</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(296,586)</u>	<u>(296,586)</u>
Net Income Before Transfers	<u>(1,764,500)</u>	<u>(1,765,994)</u>	<u>3,268,041</u>	<u>5,034,035</u>
TRANSFERS				
Transfers out	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(667,000)</u>	<u>833,000</u>
Net Transfers	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(667,000)</u>	<u>833,000</u>
Change in net position	<u>\$ (3,264,500)</u>	<u>\$ (3,265,994)</u>	2,601,041	<u>\$ 5,867,035</u>
NET POSITION - Beginning of Year (as restated)			<u>59,060,870</u>	
NET POSITION - END OF YEAR			<u>\$ 61,661,911</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 673,500	\$ 673,500	\$ 769,579	\$ 96,079
Miscellaneous	225,000	225,000	178,913	(46,087)
Total Operating Revenues	898,500	898,500	948,492	49,992
OPERATING EXPENSES				
Personnel services	107,500	107,500	112,574	(5,074)
Personnel benefits	58,700	54,648	58,850	(4,202)
Contractual services	764,800	763,947	142,040	621,907
Commodities	9,500	14,405	13,740	665
Depreciation	-	-	320,217	(320,217)
Total Operating Expenses	940,500	940,500	647,421	293,079
Operating Income	(42,000)	(42,000)	301,071	343,071
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	71	71
Home rule sales tax	42,000	42,000	152,000	110,000
Rental income	-	-	250	250
Interest and fiscal charges	-	-	(265,610)	(265,610)
Total Nonoperating Revenues (Expenses)	42,000	42,000	(113,289)	(155,289)
Net Income Before Transfers	-	-	187,782	187,782
TRANSFERS				
Transfers out	-	-	(16,296)	(16,296)
Net Transfers	-	-	(16,296)	(16,296)
Change in net position	\$ -	\$ -	171,486	\$ 171,486
NET POSITION - Beginning of Year (as restated)			5,260,888	
NET POSITION - END OF YEAR			\$ 5,432,374	

CITY OF WAUKEGAN

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of April 30, 2014

	Employee Benefit Plan	Safety and Risk Management	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 324,596	\$ 2,022,593	\$ 2,347,189
Receivables			
Accounts	2,942	6,334	9,276
Due from other funds	-	611,429	611,429
Prepaid items	33,838	-	33,838
Total Current Assets	361,376	2,640,356	3,001,732
Noncurrent Assets			
Capital assets			
Capital assets being depreciated	5,968	-	5,968
Less: Accumulated depreciation	(5,078)	-	(5,078)
Total Noncurrent Assets	890	-	890
Total Assets	362,266	2,640,356	3,002,622
LIABILITIES			
Current Liabilities			
Accounts payable	66,047	-	66,047
Due to other funds	692,728	6,851,443	7,544,171
Total Current Liabilities	758,775	6,851,443	7,610,218
Total Liabilities	758,775	6,851,443	7,610,218
NET POSITION			
Unrestricted (deficit)	(396,509)	(4,211,087)	(4,607,596)
TOTAL NET POSITION	\$ (396,509)	\$ (4,211,087)	\$ (4,607,596)

CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended April 30, 2014

	<u>Employee Benefit Plan</u>	<u>Safety and Risk Management</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 6,825,669	\$ -	\$ 6,825,669
Miscellaneous	<u>30</u>	<u>736,938</u>	<u>736,968</u>
Total Operating Revenues	<u>6,825,699</u>	<u>736,938</u>	<u>7,562,637</u>
OPERATING EXPENSES			
Personnel benefits	-	12,158	12,158
Contractual services	35,485	1,558	37,043
Commodities	-	1,127	1,127
Claims and judgments	99,957	-	99,957
Insurance premiums	<u>6,853,570</u>	<u>-</u>	<u>6,853,570</u>
Total Operating Expenses	<u>6,989,012</u>	<u>14,843</u>	<u>7,003,855</u>
Operating Income (Loss)	<u>(163,313)</u>	<u>722,095</u>	<u>558,782</u>
NET POSITION (DEFICIT) - Beginning of Year (as restated)	<u>(233,196)</u>	<u>(4,933,182)</u>	<u>(5,166,378)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (396,509)</u>	<u>\$ (4,211,087)</u>	<u>\$ (4,607,596)</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended April 30, 2014

	<u>Employee Benefit Plan</u>	<u>Safety and Risk Management</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 6,825,701	\$ 736,938	\$ 7,562,639
Paid to suppliers for goods and services	<u>(7,542,546)</u>	<u>(14,843)</u>	<u>(7,557,389)</u>
Net Cash Flows From Operating Activities	<u>(716,845)</u>	<u>722,095</u>	<u>5,250</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund borrowings	<u>403,574</u>	<u>221,177</u>	<u>624,751</u>
Net Cash Flows From Noncapital Financing Activities	<u>403,574</u>	<u>221,177</u>	<u>624,751</u>
Net Change in Cash and Cash Equivalents	(313,271)	943,272	630,001
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>637,867</u>	<u>1,079,321</u>	<u>1,717,188</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 324,596</u>	<u>\$ 2,022,593</u>	<u>\$ 2,347,189</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss) (loss)	\$ (163,313)	\$ 722,095	\$ 558,782
Changes in assets and liabilities			
Accounts receivable	2	-	2
Prepaid items	(33,838)	-	(33,838)
Accounts payable	<u>(519,696)</u>	<u>-</u>	<u>(519,696)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (716,845)</u>	<u>\$ 722,095</u>	<u>\$ 5,250</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, 2014

	<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	\$ 644,000	\$ 644,000	\$ -	\$ (644,000)
Premiums city	6,439,000	6,439,000	5,395,196	(1,043,804)
Premiums employees	1,736,000	1,736,000	1,430,473	(305,527)
Miscellaneous	<u>180,000</u>	<u>180,000</u>	30	<u>(179,970)</u>
Total Operating Revenues	<u>8,999,000</u>	<u>8,999,000</u>	<u>6,825,699</u>	<u>(2,173,301)</u>
OPERATING EXPENSES				
Contractual services	34,000	36,084	35,485	599
Claims and judgments	45,000	42,916	99,957	(57,041)
Insurance premiums	<u>8,912,000</u>	<u>8,912,000</u>	<u>6,853,570</u>	<u>2,058,430</u>
Total Operating Expenses	<u>8,991,000</u>	<u>8,991,000</u>	<u>6,989,012</u>	<u>2,001,988</u>
Operating Income (Loss)	<u>\$ 8,000</u>	<u>\$ 8,000</u>	(163,313)	<u>\$ (171,313)</u>
NET POSITION (DEFICIT) - Beginning of Year			<u>(233,196)</u>	
NET POSITION (DEFICIT) - END OF YEAR			<u>\$ (396,509)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services				
Miscellaneous	\$ 185,000	\$ 185,000	\$ 736,938	\$ 551,938
Total Operating Revenues	185,000	185,000	736,938	551,938
OPERATING EXPENSES				
Personnel benefits	-	-	12,158	(12,158)
Contractual services	-	-	1,558	(1,558)
Commodities	-	-	1,127	(1,127)
Total Operating Expenses	-	-	14,843	(14,843)
Operating Income	\$ 185,000	\$ 185,000	722,095	\$ 537,095
NET POSITION (DEFICIT) - Beginning of Year (as restated)			(4,933,182)	
NET POSITION (DEFICIT) - END OF YEAR			\$ (4,211,087)	

CITY OF WAUKEGAN

COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
As of April 30, 2014

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 240,798	\$ 445,088	\$ 685,886
Investments			
Money markets	364,657	12,672,692	13,037,349
State and local obligations	1,945,131	583,738	2,528,869
US Government and agency obligations	9,832,493	3,084,872	12,917,365
Mutual funds	42,779,186	30,642,380	73,421,566
Corporate bonds	10,166,116	2,895,323	13,061,439
Annuities	7,537,345	5,945,957	13,483,302
Accrued interest	164,624	120,761	285,385
Prepaid items	<u>7,016</u>	<u>517</u>	<u>7,533</u>
Total Assets	<u>73,037,366</u>	<u>56,391,328</u>	<u>129,428,694</u>
LIABILITIES			
Accounts payable	<u>17,475</u>	<u>35,298</u>	<u>52,773</u>
Total Liabilities	<u>17,475</u>	<u>35,298</u>	<u>52,773</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 73,019,891</u>	<u>\$ 56,356,030</u>	<u>\$ 129,375,921</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
For the Year Ended April 30, 2014

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
ADDITIONS			
Contributions			
Employer	\$ 5,637,735	\$ 3,844,794	\$ 9,482,529
Plan members	1,336,312	927,589	2,263,901
Other	<u>61,532</u>	<u>57,605</u>	<u>119,137</u>
Total Contributions	<u>7,035,579</u>	<u>4,829,988</u>	<u>11,865,567</u>
INVESTMENT INCOME			
Investment income	1,881,214	488,036	2,369,250
Net (depreciation) appreciation in the fair value of investments	<u>4,923,685</u>	<u>4,673,572</u>	<u>9,597,257</u>
Total Investment Income	6,804,899	5,161,608	11,966,507
Less: Investment expense	<u>94,945</u>	<u>89,610</u>	<u>184,555</u>
Net Investment Income	<u>6,709,954</u>	<u>5,071,998</u>	<u>11,781,952</u>
Total Additions	<u>13,745,533</u>	<u>9,901,986</u>	<u>23,647,519</u>
DEDUCTIONS			
Benefits	6,330,809	5,137,493	11,468,302
Contractual services	78,353	73,257	151,610
Administration	<u>48,215</u>	<u>49,775</u>	<u>97,990</u>
Total Deductions	<u>6,457,377</u>	<u>5,260,525</u>	<u>11,717,902</u>
Change in Net Position	7,288,156	4,641,461	11,929,617
NET POSITION - Beginning of Year	<u>65,731,735</u>	<u>51,714,569</u>	<u>117,446,304</u>
NET POSITION, END OF YEAR	<u>\$ 73,019,891</u>	<u>\$ 56,356,030</u>	<u>\$ 129,375,921</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
ADDITIONS				
Contributions				
Employer	\$ 5,629,700	\$ 5,629,700	\$ 5,637,735	\$ (8,035)
Plan members	1,416,000	1,416,000	1,336,312	79,688
Other	<u>6,000</u>	<u>6,000</u>	<u>61,532</u>	<u>(55,532)</u>
Total Contributions	<u>7,051,700</u>	<u>7,051,700</u>	<u>7,035,579</u>	<u>16,121</u>
INVESTMENT INCOME				
Investment income	1,553,000	1,553,000	1,881,214	(328,214)
Net appreciation in the fair value of investments	<u>4,300,000</u>	<u>4,300,000</u>	<u>4,923,685</u>	<u>(623,685)</u>
Total Investment Income	5,853,000	5,853,000	6,804,899	(951,899)
Less: Investment expense	<u>130,000</u>	<u>130,000</u>	<u>94,945</u>	<u>35,055</u>
Net Investment Income	<u>5,723,000</u>	<u>5,723,000</u>	<u>6,709,954</u>	<u>(986,954)</u>
Total Additions	<u>12,774,700</u>	<u>12,774,700</u>	<u>13,745,533</u>	<u>(970,833)</u>
DEDUCTIONS				
Benefits	7,200,000	7,200,000	6,330,809	869,191
Contractual services	65,000	65,000	78,353	(13,353)
Administration	<u>22,600</u>	<u>22,600</u>	<u>48,215</u>	<u>(25,615)</u>
Total Deductions	<u>7,287,600</u>	<u>7,287,600</u>	<u>6,457,377</u>	<u>830,223</u>
 Change in net position	 <u>\$ 5,487,100</u>	 <u>\$ 5,487,100</u>	 7,288,156	 <u>\$ (1,801,056)</u>
 NET POSITION, Beginning of Year			 <u>65,731,735</u>	
 NET POSITION, END OF YEAR			 <u>\$ 73,019,891</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
ADDITIONS				
Contributions				
Employer	\$ 3,836,800	\$ 3,836,800	\$ 3,844,794	\$ (7,994)
Plan members	967,000	967,000	927,589	39,411
Other	<u>26,000</u>	<u>26,000</u>	<u>57,605</u>	<u>(31,605)</u>
Total Contributions	<u>4,829,800</u>	<u>4,829,800</u>	<u>4,829,988</u>	<u>(188)</u>
INVESTMENT INCOME				
Investment income	1,525,150	1,525,150	488,036	1,037,114
Net appreciation in the fair value of investments	<u>3,700,000</u>	<u>3,700,000</u>	<u>4,673,572</u>	<u>(973,572)</u>
Total Investment Income	5,225,150	5,225,150	5,161,608	63,542
Less: Investment expense	<u>230,000</u>	<u>230,000</u>	<u>89,610</u>	<u>140,390</u>
Net Investment Income	<u>4,995,150</u>	<u>4,995,150</u>	<u>5,071,998</u>	<u>(76,848)</u>
Total Additions	<u>9,824,950</u>	<u>9,824,950</u>	<u>9,901,986</u>	<u>(77,036)</u>
DEDUCTIONS				
Benefits	5,400,000	5,400,000	5,137,493	262,507
Contractual services	230,600	230,600	73,257	157,343
Administration	<u>17,500</u>	<u>17,500</u>	<u>49,775</u>	<u>(32,275)</u>
Total Deductions	<u>5,648,100</u>	<u>5,648,100</u>	<u>5,260,525</u>	<u>387,575</u>
 Change in net position	 <u>\$ 4,176,850</u>	 <u>\$ 4,176,850</u>	 4,641,461	 <u>\$ (464,611)</u>
 NET POSITION, Beginning of Year			 <u>51,714,569</u>	
 NET POSITION, END OF YEAR			 <u>\$ 56,356,030</u>	

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.	149-158
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	159-171
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.	172-176
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.	177-181
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.	182-185

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 Ten Fiscal Years

	2005	2006	2007	2008
<i>(in thousands)</i>				
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	\$ (9,540)	\$ (13,303)	\$ (11,117)	\$ (8,704)
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	\$ 44,937	\$ 45,036	\$ 44,867	\$ 44,171
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	\$ 35,396	\$ 31,733	\$ 33,751	\$ 35,467

Source: Statement of Net Position

	2009	2010	2011	2012	2013	2014
\$	52,967	\$ 57,218	\$ 52,654	\$ 41,082	\$ 38,461	\$ 38,918
	6,313	11,872	11,746	13,284	10,753	13,874
	(38,001)	(50,638)	(50,578)	(31,200)	(28,223)	(28,173)
\$	21,279	\$ 18,452	\$ 13,822	\$ 23,167	\$ 20,990	\$ 24,619
\$	61,805	\$ 60,780	\$ 59,814	\$ 57,995	\$ 56,409	\$ 56,139
	-	-	-	-	-	-
	(4,553)	(3,003)	3,586	3,440	7,914	10,733
\$	57,252	\$ 57,777	\$ 63,400	\$ 61,435	\$ 64,323	\$ 66,872
\$	114,772	\$ 117,998	\$ 112,469	\$ 99,077	\$ 94,870	\$ 95,057
	6,313	11,872	11,746	13,284	10,753	13,874
	(42,554)	(53,641)	(46,992)	(27,759)	(20,309)	(17,441)
\$	78,531	\$ 76,229	\$ 77,223	\$ 84,602	\$ 85,313	\$ 91,491

CITY OF WAUKEGAN

CHANGES IN NET POSITION
Last Ten 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	71,285	73,710	71,964	76,159	115,834
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	10,197	9,698	10,832	11,714	15,177
Total primary government expenses	\$ 81,483	\$ 83,408	\$ 82,796	\$ 87,873	\$ 131,011
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	14,491	13,835	13,453	15,500	13,477
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	12,654	12,294	13,213	12,300	12,025
Total primary government program revenues	\$ 27,144	\$ 26,130	\$ 26,666	\$ 27,800	\$ 25,502
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	\$ (54,339)	\$ (57,278)	\$ (56,130)	\$ (60,073)	\$ (105,509)
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	-	-	-	-	-
Gain (Loss) on Sales of Fixed Assets	15	34	(41)	-	-
Transfers	2,337	2,608	2,687	1,445	753
Total governmental activities	53,286	56,112	60,776	63,027	61,684
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	(2,229)	(2,497)	(2,549)	(1,445)	(753)
Total primary government	\$ 51,057	\$ 53,615	\$ 58,227	\$ 61,582	\$ 60,931
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	\$ (3,282)	\$ (3,663)	\$ 2,096	\$ 1,509	\$ (44,578)

Source: Statement of Activities

	2010	2011	2012	2013	2014
\$	7,084	\$ 6,250	\$ 7,551	\$ 5,924	\$ 5,528
	48,824	48,811	46,398	49,782	54,201
	-	-	1,313	1,167	1,278
	16,291	15,503	13,523	14,027	14,356
	4,355	4,644	5,075	5,889	5,079
	1,221	1,386	3,666	2,047	959
	1,610	89	1,356	2,099	1,646
	160	1,515	92	90	86
	3,597	5,095	6,563	3,782	3,429
	<u>83,142</u>	<u>83,293</u>	<u>85,536</u>	<u>84,807</u>	<u>86,563</u>
	9,575	6,891	9,390	9,423	9,071
	902	918	903	893	914
	<u>10,477</u>	<u>7,809</u>	<u>10,293</u>	<u>10,316</u>	<u>9,984</u>
\$	<u>93,619</u>	<u>91,102</u>	<u>95,829</u>	<u>95,122</u>	<u>96,547</u>
\$	11,216	\$ 13,087	\$ 13,079	\$ 12,375	\$ 12,305
	470	2,944	3,132	4,271	5,388
	7,252	575	329	84	78
	<u>18,938</u>	<u>16,606</u>	<u>16,539</u>	<u>16,730</u>	<u>17,771</u>
	11,612	12,537	10,385	13,983	12,330
	1,231	632	929	988	949
	251	-	-	-	-
	<u>13,094</u>	<u>13,169</u>	<u>11,314</u>	<u>14,971</u>	<u>13,279</u>
\$	<u>30,669</u>	<u>29,775</u>	<u>27,853</u>	<u>31,701</u>	<u>31,050</u>
\$	(64,204)	\$ (66,687)	\$ (68,997)	\$ (68,077)	\$ (68,791)
	2,617	5,360	1,021	4,656	3,294
\$	<u>(61,587)</u>	<u>(61,327)</u>	<u>(67,976)</u>	<u>(63,421)</u>	<u>(65,497)</u>
\$	20,963	\$ 24,650	\$ 27,283	\$ 26,402	\$ 29,079
	23,237	22,800	24,212	23,315	27,469
	12,534	10,673	9,567	11,347	12,239
	2,330	2,600	2,646	2,557	2,931
	223	1,188	220	355	223
	-	-	12,657	-	-
	-	-	(1,363)	-	-
	2,091	147	3,120	1,924	683
	<u>61,378</u>	<u>62,058</u>	<u>78,343</u>	<u>65,900</u>	<u>72,624</u>
\$	-	\$ 121	\$ 132	\$ 120	\$ 152
	-	288	1	37	4
	-	-	-	-	-
	(2,091)	(147)	(3,120)	(1,924)	(683)
	<u>(2,091)</u>	<u>262</u>	<u>(2,987)</u>	<u>(1,767)</u>	<u>(527)</u>
\$	<u>59,287</u>	<u>62,320</u>	<u>75,356</u>	<u>64,132</u>	<u>72,097</u>
\$	(2,827)	\$ (4,629)	\$ 9,345	\$ (2,178)	\$ 3,833
	526	5,622	(1,965)	2,888	2,767
\$	<u>(2,301)</u>	<u>993</u>	<u>7,380</u>	<u>711</u>	<u>6,600</u>

CITY OF WAUKEGAN

PROGRAM REVENUES BY FUNCTION/PROGRAM Last Ten 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: Statement of Activities

	2008	2009	2010	2011	2012	2013	2014
\$	3,322	\$ 7,108	\$ 6,696	\$ 6,390	\$ 6,425	\$ 5,845	\$ 6,719
	9,013	5,449	4,588	6,790	6,927	7,131	8,697
	-	-	-	-	28	39	14
	686	177	7,365	1,134	660	382	531
	417	356	87	492	1,041	1,247	281
	58	-	-	-	-	-	-
	1,322	286	138	1,799	1,459	2,085	1,530
	725	101	64	-	0	-	-
	<u>15,544</u>	<u>13,477</u>	<u>18,938</u>	<u>16,605</u>	<u>16,539</u>	<u>16,730</u>	<u>17,771</u>
	11,270	11,145	11,863	12,369	10,385	13,983	12,330
	867	880	1,231	800	929	988	949
	<u>12,137</u>	<u>12,025</u>	<u>13,094</u>	<u>13,169</u>	<u>11,314</u>	<u>14,971</u>	<u>13,279</u>
\$	<u>27,681</u>	<u>\$ 25,502</u>	<u>\$ 32,032</u>	<u>\$ 29,774</u>	<u>\$ 27,853</u>	<u>\$ 31,701</u>	<u>\$ 31,050</u>

CITY OF WAUKEGAN

FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

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

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 starting in 2012 "unassigned" balance in the General Fund includes loans due to Working Cash.

Source: Financial Section, Balance Sheet Governmental Funds

2010	2011	2012 (1)	2013	2014
\$ 1,705,883	\$ 2,061,135	\$ -	\$ -	\$ -
(1,600,635)	2,961,394	-	-	-
-	-	7,368,074	7,403,995	8,174,596
-	-	-	-	-
-	-	4,939,969	4,926,380	4,617,248
-	-	-	-	-
-	-	11,948,988	11,939,745	16,801,151
<u>\$ 105,248</u>	<u>\$ 5,022,529</u>	<u>\$ 24,257,031</u>	<u>\$ 24,270,120</u>	<u>\$ 29,592,995</u>
\$ 22,355,336	\$ 22,062,796	\$ -	\$ -	\$ -
-	-	398,292	321,095	234,623
-	-	18,468,744	10,972,428	14,497,894
-	-	845,733	736,524	293,638
3,355,152	5,948,208	-	-	-
(1,940,118)	2,839,701	-	-	-
43,025	477	-	-	-
2,046,484	180,492	-	-	-
-	-	(511,861)	(126,291)	(49,381)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>25,859,879</u>	<u>31,031,674</u>	<u>19,200,908</u>	<u>11,903,756</u>	<u>14,976,774</u>
<u>\$ 25,965,127</u>	<u>\$ 36,054,203</u>	<u>\$ 43,457,939</u>	<u>\$ 36,173,876</u>	<u>\$ 44,569,769</u>

CITY OF WAUKEGAN
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last ten Fiscal Years

	2005	2006	2007
Revenues			
Taxes	\$ 49,341,369	\$ 51,605,740	\$ 56,164,150
Licenses and Permits	3,338,858	3,583,303	3,591,778
Intergovernmental	2,343,280	2,189,184	2,541,570
Charges for services	2,332,852	2,486,546	2,609,643
Fines and forfeitures	5,928,972	5,298,414	4,427,069
Investment earnings	664,298	891,584	1,107,407
Other revenues	1,415,713	1,209,718	1,225,932
Total revenues	<u>65,365,342</u>	<u>67,264,489</u>	<u>71,667,549</u>
Expenditures			
General government	4,855,094	5,592,933	5,375,216
Public Safety	37,559,293	39,557,422	41,597,208
Streets, Bridges & Other Public Works	8,017,679	8,060,258	8,587,270
Building, Zoning and Economic Development	11,305,909	10,840,205	5,908,109
Sanitation and Environment	3,203,342	3,454,231	3,589,201
Capital outlay	17,458,191	4,478,728	2,730,207
Debt service			
Principal	7,055,503	5,847,577	7,533,534
Interest and Fees	2,472,974	2,380,520	2,090,501
Fees/ Bond Insurance Costs	-	535,230	-
Waukegan Port District Pass Troughs	(731,704)	(748,393)	(542,338)
Total expenditures	<u>91,196,281</u>	<u>79,998,711</u>	<u>76,868,908</u>
Excess of revenues over (under) expenditures	<u>(25,830,939)</u>	<u>(12,734,222)</u>	<u>(5,201,359)</u>
Other Financing Sources (Uses)			
Bonds / Debt issued	6,900,000	28,882,575	-
Payment to escrow agent	-	(24,649,006)	-
Costs of issuance, discounts and premiums on debt	-	-	-
Sale of Assets	796,683	34,372	112,499
Transfers in	2,778,486	2,608,389	2,936,751
Transfers out	(441,651)	-	(250,093)
Capital Leases Value	-	1,000,000	-
Total other financing sources (uses)	<u>10,033,518</u>	<u>7,876,330</u>	<u>2,799,157</u>
Net change in fund balances	<u>\$ (15,797,421)</u>	<u>\$ (4,857,892)</u>	<u>\$ (2,402,202)</u>
Debt service as a percentage of noncapital expenditures	12.9%	10.9%	13.0%

Source: Financial Section, Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance

	2008	2009	2010	2011	2012	2013	2014
\$	59,284,717	\$ 43,598,865	\$ 44,134,461	\$ 47,429,708	\$ 51,379,400	\$ 51,164,286	\$ 56,429,857
	3,803,051	3,789,391	3,402,391	3,763,147	3,986,513	3,647,304	4,269,323
	2,955,181	16,472,643	12,095,338	16,551,786	16,096,259	19,186,682	19,988,019
	2,933,794	2,789,845	3,279,696	3,685,204	3,860,387	4,181,196	3,429,426
	4,944,792	6,264,233	4,437,924	3,697,777	2,610,764	2,514,086	2,833,120
	1,069,269	381,911	194,714	329,407	169,410	201,575	177,431
	<u>2,159,054</u>	<u>1,924,238</u>	<u>890,170</u>	<u>3,227,396</u>	<u>14,747,361</u>	<u>1,993,527</u>	<u>2,199,270</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>	<u>89,326,446</u>
	5,758,644	6,596,320	6,057,857	3,965,921	5,824,137	4,523,601	4,221,438
	43,478,169	44,399,128	43,395,282	43,527,765	45,591,449	48,129,717	48,311,806
	9,952,811	10,411,033	8,537,483	7,876,199	7,621,079	7,781,208	7,760,063
	7,139,294	7,844,128	2,899,905	4,075,298	6,069,205	4,299,508	3,463,725
	3,651,624	4,905,360	4,944,241	4,701,891	5,082,767	5,454,619	5,612,815
	4,232,717	5,972,765	2,615,607	3,392,831	4,493,781	3,637,237	892,530
	6,480,443	5,463,866	12,186,184	5,670,989	8,968,777	8,782,227	8,568,632
	2,484,421	2,226,091	1,977,108	3,147,821	4,222,260	2,835,582	3,161,753
	-	-	-	-	-	-	-
	<u>(657,898)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>81,992,762</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>	<u>7,333,684</u>
	-	-	30,000,000	14,830,000	25,165,000	-	-
	-	-	-	(7,751,641)	(35,069,183)	(3,575,080)	-
	-	-	-	84,798	2,898,312	-	-
	25,436	27,523	2,976	39,162	33,547	970	21,639
	2,109,838	3,516,142	9,823,634	2,852,417	19,694,565	2,069,169	1,568,981
	(664,415)	(2,763,124)	(7,732,583)	(2,291,370)	(13,891,344)	(145,169)	(885,685)
	<u>748,043</u>	<u>112,765</u>	<u>-</u>	<u>-</u>	<u>517,290</u>	<u>-</u>	<u>-</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>704,935</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>	<u>8,038,619</u>
	11.5%	9.4%	17.7%	12.1%	15.8%	14.2%	14.5%

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
2012	2013/2014	2.827	0.608	0.212	0.434
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

Source: Lake County Clerk Tax Extension Office, Rate Sheet 2012, based on Waukegan Township 09 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	1.009	10.136	0.272	15.648
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

CITY OF WAUKEGAN

PRINCIPAL PROPERTY TAX PAYERS BY EQUALIZED ASSESSED VALUATION Current Year

2014 Fiscal Year/Levy Year 2012

Rank	Name	EAV	% of Total EAV
1	COLLIERS INTERNATIONAL	\$ 19,968,518	1.8%
2	COMMUNITY HEALTH SYSTEMS INC	17,851,227	1.6%
3	MARQUETTE ENTERPRISES	9,458,455	0.9%
4	ALLEGIANCE HEALTHCARE CORP	8,846,090	0.8%
5	NORTHERN CROSSING JV LLC	7,874,311	0.7%
6	HEALTH CARE SERVICE CORP	7,016,468	0.6%
7	ABBOTT LABORATORIES INC	6,686,739	0.6%
8	FOUNTAIN SQUARE LLC	6,023,335	0.5%
9	PAUL, BRADY	5,439,118	0.5%
10	NICOLLS, II, C ROBERT	5,304,351	0.5%
	Total	<u>\$ 278,067,782</u>	<u>8.6%</u>
	City of Waukegan EAV	<u>\$ 1,102,871,031</u>	<u>100.0%</u>

Source: Office of the County Clerk of Lake County

Note: Data from 2004 was not available.

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>
2014	\$ 29,078,659	\$ 15,819,527	\$ 2,941,780	\$ 1,559,884
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
Change 2005 - 2014	80.0%	33.6%	-9.1%	69.9%

Notes:

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

Source: CAFR, Combined Statement of Revenues, Expenditures & Changes in Fund Balance; Details

<u>Utility tax</u>	<u>F&B tax</u>	<u>Other tax</u>	<u>Total</u>
\$ 4,383,168	\$ 1,330,000	\$ 1,316,839	\$ 56,429,857
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
4.8%	N/A	77.0%	55.3%

id Schedule of Revenues - Budget and Actual - General Fund.

CITY OF WAUKEGAN

PROPERTY TAX LEVY BY FUND April 30, 2014

Levy Year	Fiscal Year	Corporate Amount	Rate	Garbage Amount	Rate
2012	2013/2014	\$ -	-	\$ 5,756,987	0.522
2011	2012/2013	3,474,636	0.270	-	-
2010	2011/2012	2,366,729	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	-	-

Levy Year	Fiscal Year	Police Pension Amount	Rate	Fire Pension Amount	Rate
2012	2013/2014	\$ 5,635,671	0.511	\$ 3,837,991	0.348
2011	2012/2013	5,585,156	0.434	3,693,409	0.287
2010	2011/2012	5,661,011	0.393	4,072,774	0.283
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

Levy Year	Fiscal Year	Bonds Levy Amount	Rate
2012	2012/2013	\$ 11,238,256	1.019
2011	2012/2013	11,594,989	0.901
2010	2011/2012	12,407,805	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

Fire Protection		Police Protection		IMRF	
Amount	Rate	Amount	Rate	Amount	Rate
\$ 408,062	0.037	\$ 452,177	0.041	\$ -	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Aggregate Levy (not including Bonds)

Library Levy Amount	Rate	Total Amount	Rate	Change Amount	%
\$ 3,849,020	0.349	\$ 19,939,908	1.808	\$ 3,338,869	20.11%
3,847,838	0.299	16,601,039	1.290	841,787	5.34%
3,658,738	0.254	15,759,252	1.095	(3,278,084)	-17.22%
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	N/A	N/a

Grand Total

Total Amount	Rate	Change Amount	%
\$ 31,178,164	2.827	\$ 2,982,136	10.58%
28,196,028	2.191	28,971	0.10%
28,167,057	1.956	2,429,079	9.44%
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	N/A	N/A

CITY OF WAUKEGAN

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Levy Year	Fiscal Year	Taxes Levied	Amount Collected	Percentage of Levy
2012	2013/2014	\$ 31,178,164	\$ 29,078,659	93.27%
2011	2012/2013	28,196,028	26,401,544	93.64%
2010	2011/2012	28,167,057	27,283,122	96.86%
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%

Notes: amounts in excess of 100% may include prior year collections

Source: State of Illinois County of Lake, Clerk of Lake County, Certification of Assessed Valuation

Source: CAFR, Combined Statement of Revenues, Expenditures & Changes in Fund Balance; Detailed Schedule of Revenues - Budget and Actual - General Fund.

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
2012	2013/2014	\$ 676,004,015	\$ 1,897,724	\$ 272,470,012	\$ 151,082,990
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

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	\$ 1,416,290	\$ 1,102,871,031	2.827	\$ 3,676,236,770
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

CITY OF WAUKEGAN

DIRECT AND OVERLAPPING SALES TAX RATES, Last Ten Fiscal Years

April 30, 2014

Fiscal Year	Home Rule Sales Tax	RTA Sales Tax	State Sales Tax	Total Sales Tax
2014	1.00%	0.75%	6.25%	8.00%
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%

Source: Illinois Department of Revenue

All rates are as of April of each year.

CITY OF WAUKEGAN

TAXABLE SALES BY CATEGORY Last Ten Calendar Years

Classification	2004	% of Total	2005	% of Total	2006	% of Total	2007	% of Total	2008
General Merchandise	\$ 466,254	24.5%	\$ 444,194	6.0%	\$ 735,528	9.1%	\$ 1,046,503	12.1%	\$ 1,139,141
Food	1,480,167	5.4%	1,464,435	19.7%	1,459,071	18.0%	1,361,837	15.7%	1,288,694
Drinking & Eating	463,937	10.0%	610,655	8.2%	642,304	7.9%	694,627	8.0%	753,771
Apparel	158,080	10.5%	150,824	2.0%	143,956	1.8%	143,623	1.7%	181,272
Furniture & Fixtures	136,551	8.9%	169,875	2.3%	122,832	1.5%	112,002	1.3%	105,845
Lumber & Hardware	464,941	8.3%	475,556	6.4%	485,205	6.0%	485,716	5.6%	401,080
Auto & Filling Stations	1,876,294	9.8%	1,881,921	25.3%	2,095,197	25.9%	2,130,687	24.6%	1,847,857
Drugs & Other Retail	1,373,034	15.3%	1,416,078	19.0%	1,447,804	17.9%	1,515,685	17.5%	1,442,731
Agriculture & All Others	663,587	6.4%	599,930	8.1%	713,567	8.8%	926,772	10.7%	1,070,280
Manufacturers	<u>249,798</u>	0.9%	<u>234,189</u>	3.1%	<u>244,981</u>	3.0%	<u>238,758</u>	2.8%	<u>176,950</u>
Total	<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>	100.0%	<u>\$ 8,407,622</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	2009	% of Total	2010	% of Total	2011	% of Total	2012	% of Total	2013	% of Total
13.5%	\$ 1,098,568	12.8%	\$ 1,066,579	13.7%	\$ 909,500	11.2%	\$ 1,094,806	13.0%	\$ 1,062,376	11.9%
15.3%	1,227,555	14.3%	1,221,243	15.7%	1,197,988	14.8%	1,176,372	14.0%	1,179,561	13.2%
9.0%	732,740	8.5%	760,487	9.8%	808,642	10.0%	856,464	10.2%	896,358	10.0%
2.2%	156,369	1.8%	155,763	2.0%	269,989	3.3%	102,710	1.2%	101,749	1.1%
1.3%	99,491	1.2%	102,264	1.3%	98,119	1.2%	80,565	1.0%	88,835	1.0%
4.8%	396,595	4.6%	394,238	5.1%	379,058	4.7%	365,653	4.3%	395,044	4.4%
22.0%	2,363,526	27.6%	1,506,945	19.3%	1,725,712	21.3%	1,913,384	22.7%	1,806,316	20.2%
17.2%	1,466,699	17.1%	1,475,504	18.9%	1,699,520	21.0%	1,839,940	21.9%	2,327,763	26.1%
12.7%	847,454	9.9%	929,948	11.9%	824,242	10.2%	825,446	9.8%	842,240	9.4%
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%	<u>233,314</u>	2.6%
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%	<u>\$ 8,933,556</u>	100.0%

CITY OF WAUKEGAN

GENERAL BONDED DEBT BY TYPE OF ACTIVITY Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Levy Year</u>	<u>Governmental Type Activities General Obligation Bonded Debt</u>	<u>Business Type Activities General Obligation Bonded Debt*</u>	<u>Total General Obligation Bonded Debt</u>
2014	2012	\$ 71,795,000	\$ -	\$ 71,795,000
2013	2011	79,648,120	326,880	79,975,000
2012	2010	91,123,120	396,880	91,520,000
2011	2009	105,399,532	463,739	105,863,271
2010	2008	91,064,440	527,482	91,591,922
2009	2007	71,993,193	588,162	72,581,355
2008	2006	93,817,307	748,000	94,565,307
2007	2005	101,367,585	-	101,367,585
2006	2004	108,990,000	-	108,990,000
2005	2003	107,105,000	-	107,105,000

Sources:

* Fountain Square Water Storage GO Note Series 2006

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	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
2014	2012	89,078	\$ 20,324	\$ 1,102,871,031	\$ 71,795,000	6.51%	\$ 3,533	\$ 806
2013	2011	89,078	20,401	1,286,902,229	79,975,000	6.21%	3,920	898
2012	2010	89,078	20,993	1,442,086,224	91,520,000	6.35%	4,360	1,027
2011	2009	89,078	20,249	1,565,570,467	105,863,271	6.76%	5,228	1,188
2010	2008	90,622	17,498	1,627,431,047	91,591,922	5.63%	5,234	1,011
2009	2007	92,929	17,701	1,573,036,004	72,581,355	4.61%	4,100	781
2008	2006	90,788	17,648	1,467,006,918	94,565,307	6.45%	5,358	1,042
2007	2005	91,138	17,145	1,378,090,264	101,367,585	7.36%	5,912	1,112
2006	2004	91,018	18,394	1,299,561,590	108,990,000	8.39%	5,925	1,197
2005	2003	90,542	17,368	1,251,383,079	107,105,000	8.56%	6,167	1,183

Sources:

* Homerule 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 WAUKEGANOVERLAPPING BONDED DEBT
April 30, 2014

Government Body	Outstanding GO Debt	Applicable to the City	
		Percent *	Amount
Unit School District Number 60	\$ 57,968,158	93%	\$ 53,910,387
Community College District Number 532	23,891,875	47%	11,229,181
Lake County	111,055,000	45%	49,974,750
Lake County Forest Preserve District	313,540,000	45%	141,093,000
North Shore Sanitary District	1,411,177	13%	183,453
Waukegan Park District	<u>19,405,895</u>	<u>97%</u>	<u>18,823,718</u>
Total Overlapping Debt	<u>527,272,105</u>		<u>275,214,489</u>
Total Direct GO Debt	71,795,000	100%	71,795,000
Total Overlapping & Direct GO Debt			<u>\$ 347,009,489</u>

* Based on EAV of district within corporate boundaries of City of Waukegan.

CITY OF WAUKEGAN

RATIO OF GENERAL BONDED DEBT SERVICE TO TOTAL GENERAL EXPENDITURES Last Ten Fiscal Years

Fiscal Year	General Expenditures	General Obligation Debt Service	Ratio of General Obligation Debt Service to General Expenditures
2014	\$ 81,992,762	\$ 11,730,385	14.31%
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%

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 Operating Revenue	Motor Vehicle Parking & Sales Tax Net Coverage Ratio	Water & Sewer Revenue Bond Debt Service	Water & Sewer Operating Revenue	Water & Sewer Revenue Coverage Ratio
2014	\$ 591,404	\$ 948,742	160%	\$ 667,676	\$ 12,308,938	1844%
2013	593,104	1,142,497	193%	142,525	13,985,324	9813%
2012	588,816	1,061,581	180%	144,475	10,385,139	7188%
2011	588,885	921,472	156%	24,946	11,736,948	47049%
2010	588,516	1,230,866	209%	N/A		N/A
2009	587,048	880,223	150%	N/A		N/A
2008	586,110	894,649	153%	N/A		N/A
2007	587,973	868,510	148%	N/A		N/A
2006	589,723	747,635	127%	N/A		N/A
2005	216,487	649,389	300%	N/A		N/A

Notes:

Parking Fee & Sales Tax Revenue Bond issued in 2004.

Water & Sewer Revenue Bonds issued in 2010 and 2012

Source: Changes in Net Position schedule, Official Statements

CITY OF WAUKEGAN

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age
2013	89,078	\$ 1,810,421	\$ 20,324	30.7
2012	89,078	1,817,280	20,401	30.6
2011	89,078	1,870,014	20,993	30.7
2010	89,078	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

Sources:

United States Census Bureau

(1) Excludes Nursery School and College / Graduate School

<u>Education Level in Years of Schooling</u>	<u>School Enrollment (1)</u>	<u>Unemployment Rate</u>
14.2	19,733	15.1%
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%

CITY OF WAUKEGAN

PRINCIPAL EMPLOYERS Current Year

<u>Employer</u>	2014	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Lake County Press	300	0.75%
Bel Resource Inc	450	1.13%
City of Waukegan	460	1.15%
WMS Gaming Inc.	500	1.25%
Baxter Healthcare Corp	600	1.50%
Uline Inc.	900	2.25%
Unit School District No. 60	1,200	3.00%
Cardinal Health	1,200	3.00%
County of Lake	1,700	4.25%
Vista Health Victory Memorial	2,000	5.00%
Sub Total Principal Employers	<u>9,310</u>	<u>23.27%</u>
Estimated Total Number of Employees	<u>40,000</u>	

Source: Lake County Partners @ 2014 ESRI

CITY OF WAUKEGAN

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

<u>Function/Program</u>	Full-time-Equivalent			
	2005	2006	2007	2008
General government				
Central Services	30.00	32.00	35.00	33.00
Planning & Dev/ Building	35.00	35.00	38.00	38.00
Public Safety				
Fire	120.00	124.00	125.00	127.00
Police & Comm	228.00	228.00	228.00	227.00
Public Works & Engineering	<u>134.00</u>	<u>136.00</u>	<u>138.00</u>	<u>139.00</u>
Total	<u>547.00</u>	<u>555.00</u>	<u>564.00</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
35.00	28.00	26.50	29.00	28.50	29.00
36.00	31.00	23.00	19.50	19.50	20.50
125.00	123.00	117.00	109.00	121.00	122.00
216.00	261.00	228.00	176.00	190.50	193.50
<u>126.00</u>	<u>126.00</u>	<u>109.00</u>	<u>94.00</u>	<u>94.00</u>	<u>94.50</u>
<u>538.00</u>	<u>569.00</u>	<u>503.50</u>	<u>427.50</u>	<u>453.50</u>	<u>459.50</u>

CITY OF WAUKEGAN

OPERATING INDICATORS
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008
General government				
General business licenses issued	1350	1,400	1,450	1,550
Number of Commercial Units Constructed	25	15	25	9
Value of Commercial Construction	\$42,296,603	\$26,351,339	\$48,497,662	\$26,925,469
Number of Residential Single Family Constructed	94	34	45	22
Value of Residential Single Family Construction	\$20,676,062	\$7,199,975	\$7,539,955	\$3,606,100
Number of Residential Multiple Unit Family Constructed	225	30	48	85
Value of Residential Multiple Unit Family Construction	\$22,181,730	\$5,120,400	\$1,730,400	\$5,410,800
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*	81,320	79,842	82,048	77,607
Police Responses*	80,417	78,085	75,077	77,488
Physical arrests^	4,608	4,839	4,920	4,637
Traffic Citations Written ^	36,117	28,183	26,010	20,837
Parking violations^	64,656	60,615	58,164	54,482
Emergency Medical Responses^	6,004	6,864	7,607	7,331
Fire Department Mutual Aid Responses^	146	110	135	126
Fire Department Structure Fires^	95	110	126	154
Fire Department Other Fires^	127	135	156	177
Fire Department Total Fires	222	245	282	331
Fire Department Dollar Value of Structures^	\$51,259,214	\$29,404,565	\$69,796,015	\$53,332,055
Fire Department Dollar Value of Structures Lost^	\$4,572,434	\$2,823,322	\$2,547,050	\$3,164,810
Fire Department Dollar Value of Structures Saved^	\$46,686,780	\$26,581,243	\$67,248,965	\$50,167,245
Fire Department Hazmat Responses	162	197	164	257
Fire Department Total Responses	8,368	9,297	9,579	10,403
Streets & Highways				
Miles of streets resurfaced	6.0	5	6	6
Inches of snowfall	34.0	40	25	43
Tons of salt used in snow plowing	7,700	6,500	8,000	11,200
Number of parkway trees planted	-	-	25	49
Utility*				
Number of water main breaks*	60	51	57	63
Total water consumption (billions of gallons)*	4.032	4	4	3
Number of Water Meters Replaced*	683	633	769	741
Average daily consumption pumped (millions of gallons)*	11.048	10	10	9

Source: Various city departments.

Notes:

NOTE: Police responses include contact through 9-1-1, non-emergency lines, walk-up window traffic, self initiated by officer.

* Those indicators noted are reported on calendar year.

^ Those indicators noted are reported on calendar year, 2010 data is now Fiscal

Fiscal Year*						
2009	2010	2011	2012	2013	2014	
1,600	1,314	1,584	1,674	1,525	1,776	
2	3	5	-	-	1	
\$ 10,247,862	\$ 2,402,253	\$ 11,626,187	\$ -	\$ -	\$ 1,959,124	
11	23	5	7	1	4	
\$ 1,662,065	\$ 3,549,207	\$ 911,435	\$ 705,263	\$ 195,860	\$ 718,335	
36	-	1	-	-	-	
\$ 3,680,400	\$ -	\$ 10,815,878	\$ -	\$ -	\$ -	
n/a	2,736	2,285	2,809	2,664	2,829	
n/a	\$ 10,568,358	\$ 17,405,401	\$ 13,725,370	\$ 11,685,637	\$ 11,178,045	
n/a	397	231	349	317	338	
n/a	\$ 34,630,343	\$ 22,842,987	\$ 28,056,095	\$ 17,005,133	\$ 36,644,716	
57,058	67,545	76,143	78,777	76,774	72,458	
51,335	103,079	73,589	87,804	79,957	73,788	
3,260	5,349	4,343	3,687	4,886	4,720	
10,431	10,914	16,278	13,688	9,549	9,319	
33,076	35,047	48,716	19,948	19,052	25,623	
5,487	6,627	6,563	6,505	6,505	7,047	
84	152	194	210	148	362	
138	147	145	141	120	168	
162	180	144	139	120	117	
300	327	289	280	240	285	
\$ 262,993,663	\$ 212,260,160	\$ 104,411,280	\$ 106,131,775	\$ 117,403,600	\$ 34,203,324	
\$ 2,986,918	\$ 2,065,108	\$ 4,762,892	\$ 5,021,700	\$ 2,083,000	\$ 3,270,162	
\$ 260,006,745	\$ 210,195,052	\$ 99,648,388	\$ 101,110,075	\$ 175,320,600	\$ 30,933,162	
256	190	86	85	106	310	
9,826	9,651	9,879	10,089	9,895	10,299	
4	3	5	5	5	5	
72	55	78	30	45	70	
7,000	4,500	4,400	2,400	4,200	8,000	
-	-	-	1	-	-	
57	48	85	85	115	96	
4	3	3	3	3	3	
715	200	295	341	778	430	
10	9	9	8	9	8	

CITY OF WAUKEGAN

CAPITAL ASSET STATISTICS Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008
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	13	13	13
Pump Stations	2	3	3	3
Water Tanks	2	3	3	3
Parking Garages	2	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	14
Number of Middle Schools***	4	5	5	5
Number of high schools***	3	4	4	4
Number of libraries	1	1	1	1
Park District acres*	720	721	721	721

Sources: Various city departments.

* Waukegan Park District

** Lake County

*** Waukegan School District #60

2009	2010	2011	2012	2013	2014
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	213	213	247
n/a	n/a	n/a	113	113	113
n/a	n/a	n/a	157	157	157
n/a	n/a	n/a	330	330	330
n/a	n/a	n/a	350	350	350
n/a	n/a	n/a	375	375	375
n/a	n/a	n/a	12	12	12
14	15	15	15	15	15
5	5	5	5	5	5
4	3	3	3	3	3
1	2	2	2	2	2
721	721	721	721	721	721

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, 2014, and have issued our report thereon dated October 24, 2014. 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 aforementioned 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.


Oak Brook, Illinois
October 24, 2014