

**CITY OF WAUKEGAN**

Waukegan, IL

**FINANCIAL STATEMENTS**

As of and for the Year Ended April 30, 2012

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# CITY OF WAUKEGAN

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Waukegan  
100 N. Martin Luther King Jr. Ave.  
Waukegan, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waukegan, Illinois, as of and for the year ended April 30, 2012, which collectively comprise the City of Waukegan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Waukegan's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waukegan, Illinois as of April 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 2013 on our consideration of City of Waukegan's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the City Council  
City of Waukegan

As described in Note I, the City of Waukegan adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective May 1, 2011.

Accounting principles generally accepted in the United States of America require the the management's discussion and analysis, General Fund budgetary comparison schedule, schedules of employer's contributions and schedules of funded progress 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 the financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukegan's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 other information directly to the underlying accounting records and other records used to prepare the financial statements or to the 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 taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukegan's basic financial statements. The other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

  
Oak Brook, Illinois  
January 15, 2013

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

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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, 2012 and April 30, 2011. Please read this analysis in conjunction with the City's financial statements, which begins with of the Basic Financial Statements and the Independent Auditor's Report for the fiscal year ended April 30, 2012.

## **FINANCIAL HIGHLIGHTS**

- > The City's net assets as a result of operations are \$84.6 million for fiscal year ending April 30, 2012, with \$99.1 million invested in capital assets net of related debt, \$13.3 million in restricted assets, and a negative balance of \$(27.8) million in unrestricted assets.
  - o Governmental net assets are \$23.2 million, with \$41.1 million invested in capital assets net of related debt, \$13.3 million in restricted assets, and a negative balance of \$(31.2) million in unrestricted net assets.
  - o Business-type activities net assets are \$61.4 million, with \$58.0 million invested in capital assets net of related debt, no restricted assets, and \$3.4 million in unrestricted net assets.
  
- > Total general revenues and program revenues were \$104.5 million for the fiscal year and expenses totaled \$95.8 million. After special items and net transfers with a negative total of \$1.4 million, net assets increased \$7.4 million.
  - o During the fiscal year, the City had governmental revenues generated in tax and other governmental programs totaling \$93.1 million, expenses totaling \$85.5 million, and net special items/ transfers of \$1.7 million resulting in an increase in net assets of \$9.3 million.
  - o The City's business-type activities revenues were \$11.4 million and expenses were \$10.3 million, resulting in an increase in net assets of \$1.1 million. After \$3.1 million in transfers out, the net assets decreased \$2.0 million to a total of \$61.4 million.
  
- > The total cost of all City programs was 92% of revenues.

**CITY OF WAUKEGAN, ILLINOIS**  
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2012

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## **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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City, that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, building and zoning, streets and public works, economic development, and community development. The business-type activities of the City include a water and sewer department as well as a motor vehicle parking system.

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

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**Governmental funds.** *Governmental funds* are used to account for essentially the functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund (which is combined with the working cash fund for the purposes of this report), and the debt service fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining and individual statements* in this report.

The City adopts an annual appropriated budget for all funds of the City. Budgetary comparison statements have been provided in this report. The original budget was not amended during the year.

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

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

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

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Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Waterworks and Sewer Fund and for the Motor Vehicle Parking System, both of which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the aforementioned budgetary comparisons for the General Fund, as well as the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in this report.

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

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

**GOVERNMENT-WIDE STATEMENTS & ANALYSIS**

*Governmental Activities*

**CONDENSED STATEMENT OF NET ASSETS, AS OF APRIL 30**

<i>(in millions)</i>	Governmental Activities 2012	Governmental Activities 2011	Increase / (Decrease)
<b>Assets:</b>			
Current Assets	\$ 69.6	\$ 68.7	\$ 0.9
Internal Balances	1.6	1.0	0.6
Deferred Charges	0.8	0.9	(0.0)
Restricted Assets	0.1	0.1	-
Land Held for Resale	5.5	-	5.5
Capital Assets Net of Depreciation	107.6	119.2	(11.5)
<b>Total Assets</b>	<b>185.3</b>	<b>189.8</b>	<b>(4.5)</b>
<b>Liabilities</b>			
Current Liabilities	5.4	5.4	(0.0)
Unearned Revenue	27.1	27.7	(0.6)
Non-Current Liabilities	129.6	142.9	(13.3)
<b>Total Liabilities</b>	<b>162.1</b>	<b>176.0</b>	<b>(13.9)</b>
<b>Net Assets</b>			
Investments in Capital Assets, net of Related Debt	41.1	52.7	(11.6)
Restricted Assets	13.3	11.7	1.6
Unrestricted Assets	(31.2)	(50.6)	19.4
<b>Total Net Assets</b>	<b>23.2</b>	<b>13.8</b>	<b>9.4</b>

\*Note: numbers may not foot due to rounding.

The City's governmental activities current assets increased by \$900 thousand during the fiscal year to \$69.6 million, as the City's cash position remained relatively unchanged compared to the prior year. Internal balances increased by \$600 thousand to \$1.6 million as the City continues to stabilize the intra-fund positions Citywide. Deferred charges decreased slightly to \$800 thousand. Land for resale is a reclassification on the City's property at Fountain Square from a capital asset since the City has formally retained a broker to actively list the commercial property for sale. Capital assets, net of depreciation, decreased by \$11.5 million to \$107.6 million, as the rate of depreciation outpaced new and reinvestment in the City's governmental assets. Total governmental activities assets decreased by \$4.5 million to \$185.3 million.

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

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Governmental activities' current liabilities remain unchanged at \$5.4 million for the fiscal year. Unearned revenue increased decreased \$600 thousand to \$27.1 million associated with tax dollars recorded for accrual purposes. Non-current liabilities decreased \$13.3 million to \$129.6 million as the City's obligations in excess of one-year have declined due to a reduced debt position. Total governmental activities liabilities are \$162.1 million, down \$13.9 million over the prior fiscal year.

Total governmental activities net assets increased \$9.4 million to \$23.2 million for the fiscal year, as capital assets net of related debt decreased \$11.6 million to \$41.1 million; restricted assets increased \$1.6 million to \$13.3 million; and, unrestricted assets remained in a negative yet improved balance for a total of \$(31.2) million at the close of the fiscal year.

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

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

**CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30**

<i>(in millions)</i>	Governmental Activities 2012	Governmental Activities 2011	Increase / (Decrease)
<b>Revenues:</b>			
Program Revenues			
Charges for Services	\$ 13.1	\$ 13.1	\$ (0.0)
Operating Grants & Contributions	3.1	2.9	0.2
Capital Grants & Contributions	0.3	0.6	(0.2)
General Revenues			
Taxes	51.5	47.5	4.0
Intergovernmental	12.2	13.3	(1.1)
Investment Income	0.2	0.3	(0.1)
Litigation Proceeds	12.7	-	12.7
Miscellaneous	0.0	0.9	(0.8)
<b>Total Revenues</b>	<b>93.1</b>	<b>78.5</b>	<b>14.6</b>
<b>Expenses:</b>			
General Government	7.6	6.3	1.3
Public Safety	46.4	48.8	(2.4)
Building & Zoning	1.3	1.4	(0.0)
Streets, Bridges & Public Works	13.5	14.1	(0.6)
Sanitation & Environment	5.1	4.6	0.4
Economic Development	3.7	1.4	2.3
Culture & Recreation	0.1	0.1	0.0
Community Development	1.4	1.5	(0.2)
Interest & Fiscal Charges	6.6	5.1	1.5
<b>Total Expenses</b>	<b>85.5</b>	<b>83.3</b>	<b>\$ 2.2</b>
<b>Excess (Deficiency) Before Transfers and Special Items</b>	<b>7.6</b>	<b>(4.8)</b>	
Special Item - decline in value of property held for resale	(1.4)	-	
Net Transfers	3.1	0.1	
<b>Change in Net Assets</b>	<b>9.3</b>	<b>(4.7)</b>	
Net Assets, beginning of year	13.8	18.5	
<b>Net Assets, end of year</b>	<b>\$ 23.2</b>	<b>\$ 13.8</b>	

\*Note: numbers may not foot due to rounding.

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

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The City's governmental activities revenues increased \$14.6 million versus the prior year to a total of \$93.1 million, and expenses increased \$2.2 million versus the prior year to a total of \$85.5 million. The fiscal year ended with an excess before transfers and special items of \$7.6 million. After net transfers of \$3.1 million and a special item of \$(1.4) million, net assets increased by \$9.3 million for the fiscal year to \$23.2 million.

Charges for service revenues were flat compared to the prior fiscal year. Operating grants and contributions offset each other to be flat versus the prior year as well. Taxes, the City's largest source of governmental activities revenues grew 8%, or \$4.0 million from the prior year as Property Taxes collected increased in tandem with the City's pension obligations grew, and the City implemented a Food & Beverage tax during the fiscal year. Intergovernmental revenues declined by \$1.1 million or (8)%, as statewide income sources continue to be negatively impacted by general economic malaise. Investment income and miscellaneous revenue remained relatively flat compared to the prior year. The City prevailed in a lawsuit against an insurance company that had originally denied coverage related to a wrongful incarceration judgment against the City. The City issued bonds to pay the damages in the claim, and will use the entire amount of litigation proceeds to retire the long-term bonds issued for that purpose.

Total governmental activities expenses increased by \$2.2 million to \$85.5 million. Most areas saw decreases versus prior year due to the citywide holding staffing levels down and reducing contractual costs. This is demonstrated by the decreased expenditures in Public Safety, Building & Zoning, Streets Bridges & Public Works, and Community Development. General Government had increased due to legal and settlement related issues. The sanitation costs are associated with built-in contractual increases for refuse collection with the City's provider, Veolia. Economic development costs related to contractual obligations under sales tax rebate agreements and redevelopment agreement. Interest and fiscal charges also increased related to the City's debt position.

The City realized a loss in value of property held for resale, which is reflected under special items, and benefitted from the transfer-in of funds from non-governmental activities of \$3.1 million. The net excess combined with the special items and transfers led to an increase in net assets of \$9.3 million for a total of \$23.2 million.

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

*Business-Type Activities*

**CONDENSED STATEMENT OF NET ASSETS, AS OF APRIL 30**

<i>(in millions)</i>	Business-type Activities 2012	Business-type Activities 2011	Increase / (Decrease)
<b>Assets:</b>			
Current Assets	\$ 5.7	\$ 7.0	\$ (1.3)
Internal Balances	(1.6)	(1.0)	(0.6)
Deferred Charges	0.1	0.2	(0.1)
Restricted Assets	0.6	0.6	0.0
Capital Assets Net of Depreciation	66.6	67.9	(1.3)
<b>Total Assets</b>	<b>71.5</b>	<b>74.7</b>	<b>(3.2)</b>
<b>Liabilities</b>			
Current Liabilities	0.8	1.2	(0.4)
Non-Current Liabilities	9.3	10.1	(0.8)
<b>Total Liabilities</b>	<b>10.0</b>	<b>11.3</b>	<b>(1.3)</b>
<b>Net Assets</b>			
Investments in Capital Assets, net of Related Debt	58.0	59.8	(1.8)
Restricted Assets	-	-	-
Unrestricted Assets	3.4	3.6	(0.2)
<b>Total Net Assets</b>	<b>61.4</b>	<b>63.4</b>	<b>(2.0)</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 71.5</b>	<b>\$ 74.7</b>	<b>\$ (3.2)</b>

\*Note: numbers may not foot due to rounding.

The City's business-type activities current assets decreased by \$1.3 million during the fiscal year to \$5.7 million, largely due to the spend-down of cash from the 2010 Water & Sewer Revenue Bond during the fiscal year. Internal balances declined as intra-fund loans were repaid. Deferred charges and restricted assets remained relatively the same. Capital assets, net of depreciation, decreased by \$1.3 million mostly attributed to depreciation expense outpacing new capital investments. Total business-type activities assets decreased \$3.2 million for the fiscal year.

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

Business-type activities current liabilities decreased \$1.3 million related to both current and non-current liabilities being reduced. Non-current liabilities, in particular accounts payable at year's end decreased significantly, and liabilities due in more than one year also saw a decline. Total business-type activities liabilities are \$10 million for the fiscal year.

Total business-type activities net assets declined by \$2 million to \$61.4 million for the fiscal year. Capital assets net of related debt declined by \$1.8 million to \$58 million, unrestricted assets were cut by \$200 thousand by fiscal year end.

**CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30**

<i>(in millions)</i>	Business-type Activities 2012	Business-type Activities 2011	Increase / (Decrease)
<b>Revenues:</b>			
Program Revenues			
Charges for Services	\$ 11.3	\$ 12.5	\$ (1.2)
Operating Grants & Contributions	-	0.6	(0.6)
Capital Grants & Contributions	-	-	-
General Revenues			
Sales tax	0.1	0.1	0.0
Investment Income	-	-	-
Miscellaneous	-	0.2	(0.2)
<b>Total Revenues</b>	<b>11.4</b>	<b>13.5</b>	<b>(2.0)</b>
<b>Expenses:</b>			
Water & Sewer	9.4	6.9	2.5
Motor Vehicle Parking Lot	0.9	0.9	(0.0)
<b>Total Expenses</b>	<b>10.3</b>	<b>7.8</b>	<b>\$ 2.5</b>
Excess (Deficiency) Before Transfers	1.2	5.7	
Net Transfers	(3.1)	(0.1)	
Change in Net Assets	(2.0)	5.6	
Net Assets, beginning of year	63.4	57.8	
Net Assets, end of year	<b>\$ 61.4</b>	<b>\$ 63.4</b>	

\*Note: numbers may not foot due to rounding.

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

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The City's business-type activities revenues decreased \$2 million from the prior year to a total of \$11.4 million. The largest revenue, charges for services, dropped \$1.2 million. Water fees are collected on a use basis, and as the number of vacant homes has increased due to the economy, water use, and therefore water sales, has declined. Expenses increased from the prior year due to the purposely spend-down of 2010 bond process on water system capital projects. Revenues continued to outpace expenses resulting in an excess before transfers of \$1.2 million. After net transfers, the net assets decreased by \$2 million for the fiscal year to a total of \$61.4 million.

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

**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, 2012**

<i>(in thousands)</i>	Budget	Actual	Over / (Under) Budget	
<b>Revenues:</b>				
Property Taxes	\$ 12,461	\$ 12,526	\$ 66	1%
Other Taxes	23,976	24,096	120	1%
Intergovernmental	10,022	10,972	950	9%
Licenses	2,674	2,798	124	5%
Permits	1,259	1,189	(70)	-6%
Franchise Fees	681	1,055	374	55%
Fine & Forfeitures	2,659	2,344	(315)	-12%
Charges for Services	3,063	2,991	(72)	-2%
Miscellaneous Revenues	572	795	223	39%
Investment Income	50	9	(41)	-83%
<b>Total Revenues</b>	<b>57,417</b>	<b>58,775</b>	<b>1,358</b>	<b>2%</b>
<b>Expenses:</b>				
Central Services	4,123	5,824	1,702	41%
Public Safety - Police & Comm	26,217	27,776	1,558	6%
Public Safety - Fire	18,336	16,728	(1,609)	-9%
Building & Zoning	1,197	1,313	116	10%
Streets, Bridges & Public Works	5,398	5,829	431	8%
Sanitation & Environment	5,128	5,083	(45)	-1%
Economic Development	641	651	11	2%
Culture & Recreation	121	-	(121)	-100%
Capital outlay	141	408	267	190%
Debt Service	448	181	(267)	-60%
<b>Total Expenses</b>	<b>61,750</b>	<b>63,793</b>	<b>2,043</b>	<b>3%</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (4,333)</b>	<b>(5,018)</b>		
Net Transfers in / (out)		1,054		
Proceeds of GO debt, capital leases & sales of assets		1,741		
<b>Total Other Financing Sources (Uses)</b>		<b>2,796</b>		
<b>Excess (deficiency) after Other Financing Sources (Uses)</b>		<b>\$ (2,223)</b>		

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

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Total General Fund revenues finished \$1.4 million over the budget projections for a total of \$58.8 million. As expected, property taxes performed close to budgeted estimates. Sales tax and utility tax performed poorly versus the budget estimates; however this was offset with the favorable variance in home rule and local use sales tax, telecommunication tax, and the food & beverage tax bring the "Other Taxes" category's actual figures within 1% of the budget. The City's share of State of Illinois income tax and personal property replacement tax, as well as federal and state grants received, performed well finishing 9% over the budget.

While license revenue beat budget projections by \$124 thousand due to an aggressive stance on compliance with licensing Citywide, permits, fines and forfeitures, charges for services and investment income finished under budget due to continued economic pressures downward. Franchise fees performed very well, due to conservative budgeting and a focus on collections. Miscellaneous revenues, including non-recurring reimbursements, finished over budget for a total of \$795 thousand.

General Fund expenses came in over budget by \$2 million, or 3%, for a total of \$63.8 million. The driver behind the uptick in expenses are large one-time payouts related to workers compensation and general liability settlements, as well as enhanced economic development agreement payments. The City did well controlling costs relative to controls in payroll overtime, and contract compliance.

The General Fund's fiscal year excess of expenditures over revenues led to a \$5 million deficit before transfers. After transfers-in from other funds, and other financing sources, the General Fund realized a deficit of \$2.2 million.

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

***Water & Sewer Fund***

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

(in thousands)	Budget	Actual	Over / (Under) Budget	
<b>Revenues:</b>				
Charges for Services	\$9,713	\$10,105	\$392	4%
Fine & Forfeitures	350	200	(150)	-43%
Permits	20	66	46	228%
Miscellaneous Revenues	84	14	(70)	-83%
<b>Total Revenues</b>	<b>10,167</b>	<b>10,385</b>	<b>218</b>	<b>2%</b>
<b>Expenses:</b>				
Personnel, Contractual & Commodities	\$6,244	\$6,642	\$398	6%
Depreciation	-	2,167	2,167	N/A
Capital outlay	1,962	441	(1,520)	-77%
<b>Total Expenses</b>	<b>8,206</b>	<b>9,251</b>	<b>1,045</b>	<b>13%</b>
Operating Income (Loss)	<u>\$ 1,961</u>	<u>1,134</u>		
Non-Operating Revenues (Expenses)		(140)		
Transfers and Contributions		<u>(3,489)</u>		
<b>Income / (Loss)</b>		<b><u><u>\$ (2,495)</u></u></b>		

Total Water & Sewer revenues finished \$218 thousand, or 2%, over the budget projections for a total of \$10.4 million. Water & Sewer expenses finished over budget by \$1 million. This is primarily due to the fact that the City budgets on a cash basis, but records actual performance on an accrual basis including the recognition of depreciation expense. The fund generated an operating income of \$1.1 million, and after non-operating revenues and transfers ended with a loss of \$2.5 million. Ending net assets increased to \$59 million.

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

**EMPLOYEES' RETIREMENT OBLIGATIONS**

The City's obligations for the three employees' retirement systems as of April 30, 2012 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.

	Illinois Municipal Retirement Fund	Waukegan Police Pension Fund	Waukegan Firefighters' Pension Fund
Annual pension costs (APC)	\$1,859,037	\$6,500,207	\$4,359,292
Contributions made	\$1,455,839	\$5,670,179	\$4,083,106
Percentage of APC contributed	78%	87%	94%
Net pension obligation	\$770,756	\$8,368,659	\$5,149,519

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

The City's group health insurance plan provides coverage to active and non-active employees at blended premium rates. Non-active employees include retirees or other qualified terminated employees. The cost of including the non-active employees in the plan(s) results in other postemployment benefit (OPEB) obligation. The OPEB as of April 30, 2012 is shown below.

Net OPEB Obligations Beginning of Year	Annual OPEB Cost	Contributions made (net of adjustments)	Net OPEB Obligations End of Year
\$5,976,298	\$3,422,658	\$(1,300,930)	\$8,098,026

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

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

**CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2012 is shown below (net of accumulated depreciation).

**CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION, APRIL 30**

<i>(in thousands)</i>	2012	2011	Increase / (Decrease)
	<u>Governmental Activities</u>		
Land <i>(not depreciated)</i>	\$ 6,265	\$ 13,173	\$ (6,908)
Construction in progress <i>(not depreciated)</i>	-	112	(112)
Land improvements	975	797	178
Buildings	34,099	34,728	(629)
Machinery, equipment and vehicles	4,154	4,223	(68)
Infrastructure	62,122	66,132	(4,010)
Total Net Capital Assets	<u>107,615</u>	<u>119,165</u>	<u>(11,550)</u>
	<u>Business-Type Activities</u>		
Land <i>(not depreciated)</i>	\$ 2,417	\$ 2,417	\$ -
Construction in progress <i>(not depreciated)</i>	-	153	(153)
Land improvements	91	98	(7)
Buildings	12,458	12,224	234
Machinery, equipment and vehicles	658	947	(290)
Infrastructure	51,004	52,053	(1,049)
Total Net Capital Assets	<u>66,628</u>	<u>67,892</u>	<u>(1,264)</u>
Grand Total	<u>\$ 174,243</u>	<u>\$ 187,057</u>	<u>\$ (12,814)</u>

The City's total capital assets, net of accumulated depreciation, decreased by \$12.8 million from last fiscal year to the current fiscal year as the annual depreciation expense exceeded the value of the year's additions to the assets. More detailed information about capital assets can be found in Note IV.(D.) of the basic financial statements.

**CITY OF WAUKEGAN, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2012**

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**DEBT ADMINISTRATION**

The City's outstanding governmental general obligation debt as of April 30, 2012 is as follows:

2003A Capital Appreciation GO Bonds	\$2,900,000
2005A G.O. Refunding	20,360,000
2009A G.O. Bonds	27,205,000
2010A G.O. Bonds	4,805,000
2010B G.O. Refunding Bonds	3,905,000
2010C G.O. Bonds	7,180,000
2012A G.O. Refunding Bonds	23,490,000
2012 B G.O. TIF (Woodland Foods Project) Bonds	<u>1,675,000</u>
 Total	 <u>\$ 91,520,000</u>

More detailed information on long-term debt can be found in Note IV.(F.) of the basic financial statements.

**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 assets) or results of operations (revenues, expense, and other changes in net assets).

**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.

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# CITY OF WAUKEGAN

## STATEMENT OF NET ASSETS As of April 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Public Library
<b>ASSETS</b>				
Cash and investments	\$ 29,226,583	\$ 3,253,163	\$ 32,479,746	\$ 2,849,537
Receivables (net)				
Taxes receivable	26,305,961	-	26,305,961	3,840,142
Other taxes	5,499,326	-	5,499,326	19,806
Intergovernmental	3,776,517	-	3,776,517	-
Accounts	1,967,877	2,314,382	4,282,259	-
Special assessments	1,587,774	93,797	1,681,571	-
Prepaid items	839,702	40,999	880,701	-
Inventories	349,440	-	349,440	-
Internal balances	1,640,096	(1,640,096)	-	-
Deferred charges	834,949	139,926	974,875	-
Restricted assets				
Cash and investments	109,286	626,331	735,617	-
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	1,324,058	131,780	1,455,838	-
Buildings	49,329,034	18,504,450	67,833,484	7,239,069
Machinery, equipment, and vehicles	27,368,158	7,533,726	34,901,884	1,616,104
Infrastructure	199,956,123	85,916,512	285,872,635	-
Less Accumulated depreciation	<u>(178,627,559)</u>	<u>(47,875,153)</u>	<u>(224,502,712)</u>	<u>(4,240,207)</u>
Total Assets	<u>185,287,435</u>	<u>71,456,545</u>	<u>256,743,980</u>	<u>11,395,937</u>
<b>LIABILITIES</b>				
Accounts payable	1,665,929	409,489	2,075,418	54,897
Accrued payroll	998,559	90,716	1,089,275	20,000
Other liabilities	1,415,873	120,710	1,536,583	80,889
Interest payable	956,993	99,543	1,056,536	46,496
Claims payable	127,660	-	127,660	-
Unearned revenue	27,136,997	-	27,136,997	3,933,478
Deposits	194,797	35,777	230,574	-
Noncurrent liabilities				
Due within one year	19,028,053	1,120,211	20,148,264	283,489
Due in more than one year	<u>110,595,314</u>	<u>8,145,147</u>	<u>118,740,461</u>	<u>3,759,174</u>
Total Liabilities	<u>162,120,175</u>	<u>10,021,593</u>	<u>172,141,768</u>	<u>8,178,423</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	41,082,362	57,994,703	99,077,065	1,407,899
Restricted for				
TIF development	3,825,492	-	3,825,492	-
Police activities	1,733,662	-	1,733,662	-
Debt service	5,198,469	-	5,198,469	-
Cemetery care	735	-	735	-
Highway and streets	872,737	-	872,737	-
911 communications	1,608,773	-	1,608,773	-
Firefighter activities	7,601	-	7,601	-
Housing rehabilitation	37,024	-	37,024	-
Library	-	-	-	157,378
Unrestricted (deficit)	<u>(31,199,595)</u>	<u>3,440,249</u>	<u>(27,759,346)</u>	<u>1,652,237</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 23,167,260</u>	<u>\$ 61,434,952</u>	<u>\$ 84,602,212</u>	<u>\$ 3,217,514</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF ACTIVITIES  
For the Year Ended April 30, 2012

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 7,550,544	\$ 6,425,105	\$ -	\$ -
Public safety	46,398,403	5,174,030	1,744,422	8,233
Building and zoning	1,313,232	27,566	-	-
Streets, bridges and public works	13,522,675	284,219	54,833	320,819
Sanitation and environment	5,075,375	1,040,999	-	-
Economic development	3,665,989	-	-	-
Culture and recreation	91,618	100	-	-
Community development	1,356,021	126,707	1,332,293	-
Interest and fiscal charges	6,562,629	-	-	-
Total Governmental Activities	<u>85,536,486</u>	<u>13,078,726</u>	<u>3,131,548</u>	<u>329,052</u>
Business-type Activities				
Water & sewer	9,390,062	10,385,140	-	-
Motor vehicle parking lot	902,603	928,781	-	-
Total Business-type Activities	<u>10,292,665</u>	<u>11,313,921</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 95,829,151</u>	<u>\$ 24,392,647</u>	<u>\$ 3,131,548</u>	<u>\$ 329,052</u>
<b>Component Unit</b>				
Public Library	<u>\$ 4,097,962</u>	<u>\$ 98,001</u>	<u>\$ 366,639</u>	<u>\$ -</u>
<b>General Revenues</b>				
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				
Litigation proceeds				
Miscellaneous				
Total General Revenues				
Special item - decline in value of property held for resale				
Transfers				
Change in net assets				
NET ASSETS - Beginning of Year				
NET ASSETS - END OF YEAR				

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Public Library
\$ (1,125,439)	\$ -	\$ (1,125,439)	\$ -
(39,471,718)	-	(39,471,718)	-
(1,285,666)	-	(1,285,666)	-
(12,862,804)	-	(12,862,804)	-
(4,034,376)	-	(4,034,376)	-
(3,665,989)	-	(3,665,989)	-
(91,518)	-	(91,518)	-
102,979	-	102,979	-
<u>(6,562,629)</u>	-	<u>(6,562,629)</u>	-
<u>(68,997,160)</u>	-	<u>(68,997,160)</u>	-
-	995,078	995,078	-
-	<u>26,178</u>	<u>26,178</u>	-
-	<u>1,021,256</u>	<u>1,021,256</u>	-
<u>(68,997,160)</u>	<u>1,021,256</u>	<u>(67,975,904)</u>	-
-	-	-	<u>(3,633,322)</u>
27,283,122	-	27,283,122	3,664,696
13,761,061	132,000	13,893,061	-
3,109,982	-	3,109,982	-
1,302,333	-	1,302,333	-
4,125,426	-	4,125,426	-
1,913,590	-	1,913,590	-
6,427,943	-	6,427,943	-
3,138,563	-	3,138,563	-
2,646,306	-	2,646,306	-
-	-	-	60,633
175,449	233	175,682	3,081
12,656,830	-	12,656,830	-
<u>45,011</u>	<u>751</u>	<u>45,762</u>	<u>9,878</u>
76,585,616	132,984	76,718,600	3,738,288
(1,362,726)	-	(1,362,726)	-
<u>3,119,704</u>	<u>(3,119,704)</u>	-	-
9,345,434	(1,965,464)	7,379,970	104,966
<u>13,821,826</u>	<u>63,400,416</u>	<u>77,222,242</u>	<u>3,112,548</u>
<u>\$ 23,167,260</u>	<u>\$ 61,434,952</u>	<u>\$ 84,602,212</u>	<u>\$ 3,217,514</u>

See accompanying notes to financial statements.

**CITY OF WAUKEGAN**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of April 30, 2012

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 13,953,077	\$ 3,939,739	\$ 10,524,947
Receivables (net)			
Property taxes	13,039,941	11,552,301	1,713,719
Other taxes	5,499,326	-	-
Intergovernmental	3,122,215	-	654,302
Accounts	1,490,706	106,174	351,769
Special assessments	-	1,587,774	-
Due from other funds	9,052,439	2,109,888	443,955
Prepaid items	108,314	-	48,117
Inventories	-	-	349,440
Restricted cash and investments	-	109,286	-
<b>TOTAL ASSETS</b>	<b><u>\$ 46,266,018</u></b>	<b><u>\$ 19,405,162</u></b>	<b><u>\$ 14,086,249</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,150,698	\$ 21	\$ 508,521
Accrued payroll	953,209	-	45,350
Other current liabilities	912,474	-	503,399
Deposits	194,797	-	-
Due to other funds	2,547,229	118,141	690,380
Deferred revenues	<u>16,250,580</u>	<u>13,131,538</u>	<u>2,372,063</u>
Total Liabilities	<u>22,008,987</u>	<u>13,249,700</u>	<u>4,119,713</u>
Fund Balances			
Nonspendable	7,368,074	-	398,292
Restricted	-	6,155,462	9,234,372
Committed	4,939,969	-	-
Assigned	-	-	845,733
Unassigned (deficit)	<u>11,948,988</u>	<u>-</u>	<u>(511,861)</u>
Total Fund Balances	<u>24,257,031</u>	<u>6,155,462</u>	<u>9,966,536</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 46,266,018</u></b>	<b><u>\$ 19,405,162</u></b>	<b><u>\$ 14,086,249</u></b>

See accompanying notes to financial statements.

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Totals

\$ 28,417,763

26,305,961  
5,499,326  
3,776,517  
1,948,649  
1,587,774  
11,606,282  
156,431  
349,440  
109,286

\$ 79,757,429

\$ 1,659,240  
998,559  
1,415,873  
194,797  
3,355,750  
31,754,181  
39,378,400

7,766,366  
15,389,834  
4,939,969  
845,733  
11,437,127  
40,379,029

\$ 79,757,429

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## CITY OF WAUKEGAN

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

As of April 30, 2012

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Total Fund Balances - Governmental Funds	\$ 40,379,029
Amounts reported for governmental activities in the statement of net assets 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.	107,614,034
Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	4,617,184
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 assets as governmental activities.	(5,232,576)
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>(129,745,411)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 23,167,260</u></b>

See accompanying notes to financial statements.

## CITY OF WAUKEGAN

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended April 30, 2012

	General Fund	Debt Service	Nonmajor Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 12,526,090	\$ 12,290,983	\$ 2,466,049
Other taxes	24,096,278	-	-
Intergovernmental	10,971,933	-	5,124,326
Licenses	2,797,578	-	-
Permits	1,188,935	-	-
Franchise fees	1,054,721	-	-
Fines and forfeitures	2,344,454	67,265	199,045
Charges for services	2,991,098	-	869,289
Miscellaneous	794,971	12,656,830	240,839
Investment income	8,633	158,473	2,304
Total Revenues	58,774,691	25,173,551	8,901,852
<b>EXPENDITURES</b>			
Current			
Central services	5,824,137	-	-
Public safety - police and communication services	27,775,583	-	606,794
Public safety - fire services	16,727,705	-	481,367
Streets, bridges and public works	5,829,461	-	1,791,618
Building and zoning	1,312,803	-	-
Sanitation and environment	5,082,767	-	-
Economic development	651,354	-	2,906,353
Community development	-	-	1,198,695
Capital Outlay	407,904	-	4,085,877
Debt Service			
Principal	87,279	8,793,000	88,498
Interest and fiscal charges	94,063	4,104,795	23,402
Total Expenditures	63,793,056	12,897,795	11,182,604
Excess (deficiency) of revenues over expenditures	(5,018,365)	12,275,756	(2,280,752)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	10,691,413	1,745,312	7,257,840
Transfers out	(9,637,175)	(1,506,571)	(2,747,598)
General obligation debt issued	1,570,504	23,594,496	-
Capital lease value	138,182	-	379,108
Premium on debt	-	2,898,312	-
Payment to escrow agent	-	(35,069,183)	-
Sale of capital assets	32,737	-	810
Total Other Financing Sources (Uses)	2,795,661	(8,337,634)	4,890,160
<b>Net Change in Fund Balances</b>	(2,222,704)	3,938,122	2,609,408
FUND BALANCES - Beginning of Year (as restated)	26,479,735	2,217,340	7,357,128
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 24,257,031</b>	<b>\$ 6,155,462</b>	<b>\$ 9,966,536</b>

See accompanying notes to financial statements.

---

Totals  
\$ 27,283,122  
24,096,278  
16,096,259  
2,797,578  
1,188,935  
1,054,721  
2,610,764  
3,860,387  
13,692,640  
169,410  
92,850,094

5,824,137

28,382,377  
17,209,072  
7,621,079  
1,312,803  
5,082,767  
3,557,707  
1,198,695  
4,493,781

8,968,777

4,222,260

87,873,455

4,976,639

19,694,565  
(13,891,344)  
25,165,000  
517,290  
2,898,312  
(35,069,183)  
33,547

(651,813)

4,324,826

36,054,203

\$ 40,379,029

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, 2012

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Net change in fund balances - total governmental funds	\$	4,324,826
--	----	-----------

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

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		4,493,781
Some items reported as capital outlay were not capitalized		(430,234)
Depreciation is reported in the government-wide financial statements		(8,593,721)
Net book value of assets retired		(122,083)

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

Special assessments		(40,199)
Grants		481,367
Taxes		(1,027,393)
Accounts receivable		69,418

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

Debt issued		(25,165,000)
Capital lease value		(517,290)
Principal repaid		8,968,777

Advance refundings of bond issuances are reported as an other financing use in the governmental funds. However, advance refundings are considered a change in long-term liabilities in the Statement of Net Assets.

30,610,190

Some of the bonds are accretion bonds. Accretion of the bonds during the year increases the carrying value of the bonds and will be repaid using future year resources. The current year's accretion is charged to interest expense in the Statement of Activities.

(1,392,624)

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

Debt discount and issuance costs		(26,399)
Debt discount, premium, and refunding loss		589,835

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, 2012

---

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

Compensated absences	1,386,453
Net pension obligation	(1,106,214)
IMRF net pension obligation	(403,198)
Other postemployment benefits liability	(1,962,570)
Environmental clean up liabilities	7,392
Claims payable	2,300,313
Accrued interest on debt	168,181
Impairment of the the value of land held for resale.	(1,362,726)
Internal service funds are used by management to charge self insurance costs to individual funds. The change in net assets of the internal service fund reported with governmental activities.	<u>(1,905,448)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 9,345,434</u></b>

**CITY OF WAUKEGAN**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 As of April 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 3,002,899	\$ 250,264	\$ 3,253,163	\$ 808,820
Receivables (net)				
Accounts	2,293,410	20,972	2,314,382	19,228
Prepaid items	<u>37,879</u>	<u>3,120</u>	<u>40,999</u>	<u>683,271</u>
Total Current Assets	<u>5,334,188</u>	<u>274,356</u>	<u>5,608,544</u>	<u>1,511,319</u>
Noncurrent Assets				
Restricted Assets				
Restricted cash and investments	-	626,331	626,331	-
Special assessment receivable	93,797	-	93,797	-
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	1,158,748	1,257,980	2,416,728	-
Capital assets, being depreciated	55,199,980	9,011,335	64,211,315	890
Other Assets				
Deferred charges	<u>73,981</u>	<u>65,945</u>	<u>139,926</u>	<u>-</u>
Total Noncurrent Assets	<u>56,526,506</u>	<u>10,961,591</u>	<u>67,488,097</u>	<u>890</u>
Total Assets	<u>61,860,694</u>	<u>11,235,947</u>	<u>73,096,641</u>	<u>1,512,209</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			Governmental
	Water &	Motor Vehicle	Totals	Activities
	Sewer	Parking Lot		Internal Service
			Totals	Funds
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 374,388	\$ 35,101	\$ 409,489	\$ 6,689
Accrued payroll	87,287	3,429	90,716	-
Interest payable	21,842	77,701	99,543	-
Claims payable	-	-	-	127,660
Other current liabilities	109,183	11,527	120,710	-
Due to other funds	1,449,705	15,631	1,465,336	6,785,196
Current portion of long term debt	759,870	360,341	1,120,211	-
Deposits	35,777	-	35,777	-
Total Current Liabilities	<u>2,838,052</u>	<u>503,730</u>	<u>3,341,782</u>	<u>6,919,545</u>
Noncurrent Liabilities				
Long-Term Debt				
Noncurrent portion of long term debt	<u>2,494,124</u>	<u>5,651,023</u>	<u>8,145,147</u>	-
Total Noncurrent Liabilities	<u>2,494,124</u>	<u>5,651,023</u>	<u>8,145,147</u>	-
Total Liabilities	<u>5,332,176</u>	<u>6,154,753</u>	<u>11,486,929</u>	<u>6,919,545</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	53,669,443	4,325,260	57,994,703	-
Unrestricted (deficit)	<u>2,859,075</u>	<u>755,934</u>	<u>3,615,009</u>	<u>(5,407,336)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 56,528,518</u>	<u>\$ 5,081,194</u>	61,609,712	(5,407,336)
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.			(174,760)	174,760
Net Assets Business-type Activities			<u>\$ 61,434,952</u>	
Net internal service funds reported in the statement of net assets as governmental activities				<u>\$ (5,232,576)</u>

See accompanying notes to financial statements.

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# CITY OF WAUKEGAN

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

For the Year Ended April 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water & Sewer	Motor Vehicle	Totals	Internal Service Funds
		Parking Lot		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 10,105,230	\$ 809,101	\$ 10,914,331	\$ 5,810,329
Fines and forfeitures	199,821	-	199,821	-
Permits	65,647	-	65,647	-
Miscellaneous	14,442	119,680	134,122	921,152
Total Operating Revenues	<u>10,385,140</u>	<u>928,781</u>	<u>11,313,921</u>	<u>6,731,481</u>
<b>OPERATING EXPENSES</b>				
Personnel services	3,206,080	113,079	3,319,159	-
Personnel benefits	1,663,445	53,956	1,717,401	-
Contractual services	1,135,309	156,125	1,291,434	21,926
Commodities	637,320	7,749	645,069	109
Claims and judgments	-	-	-	60,874
Insurance premiums	-	-	-	5,869,819
Depreciation	2,167,389	329,703	2,497,092	-
Professional services	441,444	-	441,444	-
Total Operating Expenses	<u>9,250,987</u>	<u>660,612</u>	<u>9,911,599</u>	<u>5,952,728</u>
Operating Income	<u>1,134,153</u>	<u>268,169</u>	<u>1,402,322</u>	<u>778,753</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	184	49	233	-
Other miscellaneous revenue	-	751	751	-
Home rule sales tax	-	132,000	132,000	-
Debt issuance costs	(2,506)	(11,293)	(13,799)	-
Interest expense	(137,729)	(230,222)	(367,951)	-
Total Nonoperating Revenues (Expenses)	<u>(140,051)</u>	<u>(108,715)</u>	<u>(248,766)</u>	<u>-</u>
Income Before Transfers	<u>994,102</u>	<u>159,454</u>	<u>1,153,556</u>	<u>778,753</u>
<b>TRANSFERS</b>				
Transfers in	336,055	369,012	705,067	680,693
Transfers out	(3,824,771)	-	(3,824,771)	(3,364,210)
Total Transfers	<u>(3,488,716)</u>	<u>369,012</u>	<u>(3,119,704)</u>	<u>(2,683,517)</u>
Change in Net Assets	<u>(2,494,614)</u>	<u>528,466</u>	<u>(1,966,148)</u>	<u>(1,904,764)</u>
NET ASSETS - Beginning of Year	<u>59,023,132</u>	<u>4,552,728</u>	<u>63,575,860</u>	<u>(3,502,572)</u>
NET ASSETS - END OF YEAR	<u>\$ 56,528,518</u>	<u>\$ 5,081,194</u>	<u>\$ 61,609,712</u>	<u>\$ (5,407,336)</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			684	
Change in Net Assets of Business-type Activities			<u>\$ (1,965,464)</u>	

See accompanying notes to financial statements.

**CITY OF WAUKEGAN**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended April 30, 2012

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Water & Sewer	Motor Vehicle Parking Lot	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 10,900,572	\$ 1,139,104	\$ 12,039,676	\$ 6,728,969
Paid to suppliers for goods and services	(3,531,690)	(225,977)	(3,757,667)	(6,622,915)
Paid to employees for services	(3,206,079)	(113,079)	(3,319,158)	(1,250)
Net Cash Flows From Operating Activities	<u>4,162,803</u>	<u>800,048</u>	<u>4,962,851</u>	<u>104,804</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	<u>184</u>	<u>49</u>	<u>233</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>184</u>	<u>49</u>	<u>233</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers	(3,488,716)	369,012	(3,119,704)	(2,683,517)
Interfund borrowings	<u>-</u>	<u>(544,069)</u>	<u>(544,069)</u>	<u>2,627,172</u>
Net Cash Flows From Noncapital Financing Activities	<u>(3,488,716)</u>	<u>(175,057)</u>	<u>(3,663,773)</u>	<u>(56,345)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt retired	(671,702)	(345,000)	(1,016,702)	-
Interest paid	(142,379)	(233,816)	(376,195)	-
Special assessments received	43,383	-	43,383	-
Acquisition and construction of capital assets	<u>(1,386,495)</u>	<u>-</u>	<u>(1,386,495)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,157,193)</u>	<u>(578,816)</u>	<u>(2,736,009)</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(1,482,922)</b>	<b>46,224</b>	<b>(1,436,698)</b>	<b>48,459</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,485,821</u>	<u>204,040</u>	<u>4,689,861</u>	<u>760,361</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 3,002,899</u></b>	<b><u>\$ 250,264</u></b>	<b><u>\$ 3,253,163</u></b>	<b><u>\$ 808,820</u></b>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Water & Sewer	Motor Vehicle Parking Lot	Totals	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 1,134,153	\$ 268,169	\$ 1,402,322	\$ 778,753
Nonoperating revenue	-	132,751	132,751	-
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	2,167,389	329,703	2,497,092	-
Changes in assets and liabilities				
Accounts receivable	(127,823)	(6,642)	(134,465)	(2,512)
Prepaid items	25,367	(2,566)	22,801	(683,271)
Accounts payable	(358,371)	(2,754)	(361,125)	(20,884)
Accrued salaries	(62,824)	(1,571)	(64,395)	(200)
Other current liabilities	95,099	3,326	98,425	-
Compensated absences	7,412	(4,582)	2,830	-
Claims payable	-	-	-	32,918
Customer deposits	19,836	-	19,836	-
Due to/from other funds	1,099,220	84,214	1,183,434	-
Deferred charges	4,187	-	4,187	-
Other postemployment benefits	159,158	-	159,158	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 4,162,803</b>	<b>\$ 800,048</b>	<b>\$ 4,962,851</b>	<b>\$ 104,804</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>				
Cash and investments - statement of net assets	\$ 3,002,899	\$ 250,264	\$ 3,253,163	\$ 808,820
Restricted cash and investments - statement of net assets	-	626,331	626,331	-
Total Cash and Investments	3,002,899	876,595	3,879,494	808,820
Less: Noncash equivalents	-	(626,331)	(626,331)	-
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 3,002,899</b>	<b>\$ 250,264</b>	<b>\$ 3,253,163</b>	<b>\$ 808,820</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
None				

See accompanying notes to financial statements.

# CITY OF WAUKEGAN

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS As of April 30, 2012

---

	<u>Pension Trusts</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 400,448
Investments	
Money markets	33,308,648
State and local obligations	3,087,091
US Government and agency obligations	12,031,324
Common and preferred stocks	24,818,613
Mutual funds	26,666,144
Corporate bonds	1,819,361
Annuities	5,403,366
Accrued interest	290,206
Prepaid items	517
Total Assets	<u>107,825,718</u>
<b>LIABILITIES</b>	
Accounts payable	<u>41,751</u>
Total Liabilities	<u>41,751</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits (a schedule of funding progress is presented in the required supplementary information)	<u>107,783,967</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 107,783,967</u>

See accompanying notes to financial statements.

**CITY OF WAUKEGAN**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For the Year Ended April 30, 2012**

---

	<u>Pension Trusts</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 9,753,285
Plan members	2,025,404
Other	<u>1,041</u>
Total Contributions	<u>11,779,730</u>
Investment income	
Investment income	2,737,603
Net appreciation in the fair value of investments	<u>555,432</u>
Total Investment Income	3,293,035
Less investment expense	<u>229,299</u>
Net investment Income	<u>3,063,736</u>
Total Additions	<u>14,843,466</u>
<b>DEDUCTIONS</b>	
Benefits	10,875,644
Contractual services	103,100
Administrative	<u>123,138</u>
Total Deductions	<u>11,101,882</u>
 Change in Net Assets	 3,741,584
NET ASSETS - Beginning of Year	<u>104,042,383</u>
 NET ASSETS - END OF YEAR	 <u>\$ 107,783,967</u>

See accompanying notes to financial statements.

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# CITY OF WAUKEGAN

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

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

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

#### ***A. REPORTING ENTITY***

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

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

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

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#### 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. No separate annual financial report is issued for the PPERS.

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

##### *Discretely Presented Component Units*

##### *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.L. 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, 2012. 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, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### 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 February 2009, the GASB issued statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The City made the decision to implement this standard effective May 1, 2011.

##### *Government-Wide Financial Statements*

The statement of net assets 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, 2012

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

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

##### *Fund Financial Statements*

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/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, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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

The City reports the following major governmental funds:

- General fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt service fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID 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, 2012

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

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#### *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	Lakefront redevelopment TIF #1
Community development block grant	Home rehab assistance
Narcotics forfeiture	Neighborhood stabilization
911 Emergency system	Wetland mitigation
Public safety grants - police	Downtown waterfront TIF #4
Fountain square TIF #5	Environment & risk management
Public safety grants - fire	Scoopin' the Genesee
Lakefront-downtown HR sales tax	Prisoner review/DUI SB 740
Lewis Avenue TIF #2	Coke plan superfund site
Belvidere mall redevelopment TIF #3	

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 & sidewalk rehabilitation  
2001A capital improvement  
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 & risk management

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

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.

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

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

##### *Fund Financial Statements (cont.)*

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

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

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

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

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

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

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. 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.

# CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

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

#### *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, LIABILITIES, AND NET ASSETS OR EQUITY*

#### *1. Deposits and Investments*

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

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

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds and equity securities. 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 Police Pension funds' 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.

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

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

##### *1. Deposits and Investments (cont.)*

#### **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.

#### **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.

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

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

##### *1. Deposits and Investments (cont.)*

See Note IV. A. for further information.

##### *2. Receivables*

Property taxes for levy year 2011 attaches as an enforceable lien on January 1, 2011, 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 2012 tax levy, which attached as an enforceable lien on the property as of January 1, 2012, has not been recorded as a receivable as of April 30, 2012, as the tax has not yet been levied by the City and will not be levied until December 2012, and therefore, the levy is not measurable at April 30, 2012.

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 2011 property tax levy is recognized as a receivable and deferral in fiscal 2012, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2012, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2011 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to .37 percent (\$160,640) of outstanding property taxes at April 30, 2012. The City did collect taxes within 60 days of year-end for which a revenue was not recorded. It is the City's intention to use those funds for the 2013 fiscal year.

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 assets. 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, 2012

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

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#### *D. ASSETS, LIABILITIES, AND NET ASSETS 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 assets.

##### *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 assets. 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, 2012

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

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

#### *6. Other Assets*

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

#### *7. Compensated Absences*

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at April 30, 2012, are determined on the basis of current salary rates and include salary related payments.

#### *8. Long-Term Obligations/Conduit Debt*

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

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

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

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

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

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

##### *9. Claims and Judgments*

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

##### *10. Equity Classifications*

###### **Government-Wide Statements**

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

- a. Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

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

###### ***Fund Statements***

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

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

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

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

##### *10. Equity Classifications (cont.)*

###### **Fund Statements (cont.)**

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

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.

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 \$4,939,969.

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

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

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

##### *10. Equity Classifications (cont.)*

###### *Fund Statements (cont.)*

See Note IV. I. for further information.

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

##### *11. Land Held for Resale*

The City has purchased certain properties with the intention of reselling the property. The balance of land held for resale at April 30, 2012 is \$5,535,000 and is included on the Statement of Net Assets. Land held for resale is valued at the lower of cost or net realizable value.

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

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#### *A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS*

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

General obligation bonds and notes payable	\$	91,520,000
Special assessment b-bonds		2,275,000
Compensated absences		2,830,414
Capital leases		875,479
Environmental cleanup liabilities		1,218,294
Other postemployment benefits liability		7,769,758
Net pension obligation		13,518,178
IMRF net pension obligation		770,756
Claims payable		9,564,388
Accrued interest		956,993
Unamortized debt discount, premium, refunding losses, and issue costs		<u>(1,553,849)</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>129,745,411</u>

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

### NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. BUDGETARY INFORMATION

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

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

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

#### B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General	\$ 61,749,609	\$ 63,793,056	\$ 2,043,447
Debt service	12,502,466	12,897,795	395,329
Narcotics forfeiture	-	3,267	3,267
Lakefront-downtown HR sales tax	-	553	553
Lewis Ave TIF #2	928,018	1,265,560	337,542
Belvidere Mall redevelopment TIF #3	928,018	1,456,577	528,559
Neighborhood stablization	-	127,647	127,647
Fountain square special assessment	-	6,008	6,008
Safety & risk management	5,000	7,162	2,162
Employee benefit plan	5,266,438	5,945,566	679,128
Water & sewer	8,311,425	9,388,716	1,077,291
Motor vehicle parking system	849,520	902,127	52,607
Police pension	4,965,500	6,395,281	1,429,781
Firefighters' pension	4,705,000	4,935,900	230,900

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, 2012

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

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*C. DEFICIT BALANCES*

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

As of April 30, 2012, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Public safety grants - fire	\$ 473,766	Grant reimbursement timing
Neighborhood stabilization	38,095	Grant reimbursement timing
Safety & risk management	5,670,271	Excess of expenses over revenues

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

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**NOTE IV - DETAILED NOTES ON ALL FUNDS**

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*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 assets and balance sheet as cash and investments. The deposits and investments of the pension trust funds are held separately from those of other funds.

## CITY OF WAUKEGAN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

#### 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	\$ 28,443,135	\$ 28,743,159	Custodial
Money markets	33,818,205	33,818,205	Custodial
Money market mutual funds	1,119,456	1,119,475	Credit, interest rate
State and local bonds	3,087,091	3,087,091	Credit, custodial, concentration, interest rate
US treasuries	2,447,896	2,447,896	Custodial, interest rate
US agencies	9,583,428	9,583,428	Credit, custodial, concentration, interest rate
Corporate bonds	1,819,361	1,819,361	Credit, custodial, concentration, interest rate
Stocks	24,818,613	24,818,613	Custodial, concentration
Equity mutual funds	26,666,144	26,666,144	N/A
Illinois funds	3,539,704	3,539,516	Credit
Annuities	5,403,366	5,403,366	Credit, interest rate
Petty cash	3,959	-	N/A
 Total Deposits and Investments	 \$140,750,358	 \$141,046,254	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 32,479,746		
Restricted cash and investments	735,617		
Per statement of net assets- fiduciary funds			
Pension trust funds	107,534,995		
 Total Deposits and Investments	 \$140,750,358		

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), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

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

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

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#### A. DEPOSITS AND INVESTMENTS (cont.)

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer, subject to a \$500 million aggregate firm limit. \$108,254,022 of the City's investments are covered by SIPC.

The City maintains collateral agreements with its banks. At April 30, 2012, the banks had pledged various government securities in the amount of \$18,389,375 to secure the City's deposits.

#### *Custodial Credit Risk*

##### **Deposits**

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

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

##### **Investments**

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

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

#### *Credit Risk*

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

As of April 30, 2012, the City's investments were rated as follows:

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

## CITY OF WAUKEGAN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

##### A. DEPOSITS AND INVESTMENTS (cont.)

##### *Credit Risk (cont.)*

##### Police Pension

State and local bonds	A+, AA+, AA,
Corporate bonds	AAA, AA-
Annuities	A+, AA+, AA- A

The City's money market mutual fund and Illinois funds are rated AAAM.

##### *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, 2012, the City's investments were as follows:

Investment Type	Fair Value	Maturity			
		Less than one year	One to five years	Five to ten years	More than ten years
Money market mutual funds	\$ 1,119,475	\$ 1,119,475	\$ -	\$ -	\$ -
<b>Totals</b>	<b>\$ 1,119,475</b>	<b>\$ 1,119,475</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

##### Firefighters' pension fund

Investment Type	Fair Value	Maturity			
		Less than one year	One to five years	Five to ten years	More then ten years
State and local obligations	\$ 570,944	\$ -	\$ 286,837	\$ 197,706	\$ 86,401
U.S. Treasuries	2,447,896	-	100,012	2,347,884	-
U.S. agencies	6,806,680	2,950	2,846,484	3,498,547	458,699
Corporate bonds	1,584,412	585,425	746,825	252,162	-
Annuities	2,407,440	-	2,407,440	-	-
<b>Totals</b>	<b>\$ 13,817,372</b>	<b>\$ 588,375</b>	<b>\$ 6,387,598</b>	<b>\$ 6,296,299</b>	<b>\$ 545,100</b>

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

*A. DEPOSITS AND INVESTMENTS (cont.)*

*Interest Rate Risk (cont.)*

*Police pension fund*

Investment Type	Fair Value	Maturity			
		Less than one year	One to five years	Five to ten years	Over ten years
State and local obligations	\$ 2,516,147	\$ 20,626	\$ 798,239	\$ 1,504,765	\$ 192,517
U.S. agencies	2,776,748	-	27,186	423,775	2,325,787
Corporate bonds	234,949	-	130,638	104,311	-
Annuities	<u>2,995,926</u>	-	-	-	<u>2,995,926</u>
Totals	<u>\$ 8,523,770</u>	<u>\$ 20,626</u>	<u>\$ 956,063</u>	<u>\$ 2,032,851</u>	<u>\$ 5,514,230</u>

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, 2012

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

**B. RECEIVABLES**

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

	General Fund	Debt Service Fund	Internal Service	Nonmajor Funds	Totals
Receivables					
Taxes	\$13,086,893	\$ 8,665,989	\$ -	\$ 1,713,719	\$ 23,466,601
Sales tax	3,532,453	-	-	-	3,532,453
Utility	757,436	-	-	-	757,436
Local use	316,586	-	-	-	316,586
Telecom	816,929	-	-	-	816,929
Hotel/motel	75,922	-	-	-	75,922
Income	2,656,971	-	-	-	2,656,971
Replacement	465,244	-	-	-	465,244
Accounts	1,490,706	106,174	19,228	351,769	1,967,877
Motor fuel tax	-	-	-	172,935	172,935
Grants	-	-	-	481,367	481,367
Special assessment	-	1,587,774	-	-	1,587,774
Gross receivables	23,199,140	10,359,937	19,228	2,719,790	36,298,095
Less: Allowance for uncollectibles	(46,952)	(113,688)	-	-	(160,640)
Net Total Receivables	<u>\$23,152,188</u>	<u>\$10,246,249</u>	<u>\$ 19,228</u>	<u>\$ 2,719,790</u>	<u>\$ 36,137,455</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 & 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	\$ 83,369
Total Uncollectibles of the Current Fiscal Year	\$ 83,369

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

**B. RECEIVABLES (cont.)**

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 26,305,961	\$ 26,305,961
Vehicle licenses	-	831,036	831,036
Utility	121,659	-	121,659
Sales tax	1,134,213	-	1,134,213
Income tax	770,873	-	770,873
Local use tax	106,905	-	106,905
Telecom tax	245,953	-	245,953
Grants	481,367	-	481,367
Special assessment	1,579,237	-	1,579,237
911 surcharge	<u>176,977</u>	<u>-</u>	<u>176,977</u>
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 4,617,184</u>	 <u>\$ 27,136,997</u>	 <u>\$ 31,754,181</u>

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

Following is a list of restricted assets at April 30, 2012:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Assets</u>
Bond reserve account	\$ 735,617	\$ 626,331	\$ 109,286
 Total Restricted Assets	 <u>\$ 735,617</u>	 <u>\$ 626,331</u>	 <u>\$ 109,286</u>

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Adjustments*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 13,173,319	\$(6,897,726)	\$ -	\$ 10,483	\$ 6,265,110
Construction in progress	<u>111,600</u>	<u>-</u>	<u>-</u>	<u>111,600</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>13,284,919</u>	<u>(6,897,726)</u>	<u>-</u>	<u>122,083</u>	<u>6,265,110</u>
Capital assets being depreciated					
Land improvements	1,033,053	-	291,005	-	1,324,058
Buildings	48,612,016	-	717,018	-	49,329,034
Machinery, equipment, and vehicles	\$ 26,665,578	\$ -	\$ 995,031	\$ 292,451	\$ 27,368,158
Infrastructure	<u>197,895,630</u>	<u>-</u>	<u>2,060,493</u>	<u>-</u>	<u>199,956,123</u>
Total Capital Assets Being Depreciated	<u>274,206,277</u>	<u>-</u>	<u>4,063,547</u>	<u>292,451</u>	<u>277,977,373</u>
Total Capital Assets	<u>287,491,196</u>	<u>(6,897,726)</u>	<u>4,063,547</u>	<u>414,534</u>	<u>284,242,483</u>
Less: Accumulated depreciation for					
Land improvements	(235,804)	-	(113,058)	-	(348,862)
Buildings	(13,883,784)	-	(1,346,266)	-	(15,230,050)
Machinery, equipment, and vehicles	(22,442,777)	-	(1,063,703)	292,451	(23,214,029)
Infrastructure	<u>(131,763,924)</u>	<u>-</u>	<u>(6,070,694)</u>	<u>-</u>	<u>(137,834,618)</u>
Total Accumulated Depreciation	<u>(168,326,289)</u>	<u>-</u>	<u>(8,593,721)</u>	<u>292,451</u>	<u>(176,627,559)</u>
Net Capital Assets Being Depreciated	<u>105,879,988</u>	<u>-</u>	<u>(4,530,174)</u>	<u>-</u>	<u>101,349,814</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 119,164,907</u>	<u>\$(6,897,726)</u>	<u>\$(4,530,174)</u>	<u>\$ 122,083</u>	<u>\$ 107,614,924</u>

\* Land is held for resale. Moved to a separate line on the government-wide financial statements.

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 1,468,403
Public safety	847,340
Public works, which includes the depreciation of infrastructure	6,186,965
Leisure activities	<u>91,013</u>
Total Governmental Activities Depreciation Expense	<u>\$ 8,593,721</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciation				
Land	\$ 2,416,728	\$ -	\$ -	\$ 2,416,728
Construction in progress	<u>153,045</u>	<u>-</u>	<u>153,045</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>2,569,773</u>	<u>-</u>	<u>153,045</u>	<u>2,416,728</u>
Capital assets being depreciated				
Land improvements	131,780	-	-	131,780
Buildings and improvements	17,817,655	686,795	-	18,504,450
Machinery, equipment, and vehicles	7,510,435	37,446	14,155	7,533,726
Infrastructure	<u>85,254,258</u>	<u>662,254</u>	<u>-</u>	<u>85,916,512</u>
Total Capital Assets Being Depreciated	<u>110,714,128</u>	<u>1,386,495</u>	<u>14,155</u>	<u>112,086,468</u>
Total Capital Assets	<u>113,283,901</u>	<u>1,386,495</u>	<u>167,200</u>	<u>114,503,196</u>
Less: Accumulated depreciation for				
Land improvements	(33,906)	(6,589)	-	(40,495)
Buildings and improvements	(5,593,663)	(452,603)	-	(6,046,266)
Machinery, equipment, and vehicles	(6,563,524)	(326,531)	14,155	(6,875,900)
Infrastructure	<u>(33,201,123)</u>	<u>(1,711,369)</u>	<u>-</u>	<u>(34,912,492)</u>
Total Accumulated Depreciation	<u>(45,392,216)</u>	<u>(2,497,092)</u>	<u>14,155</u>	<u>(47,875,153)</u>
Net Capital Assets Being Depreciated	<u>65,321,912</u>	<u>(1,110,597)</u>	<u>-</u>	<u>64,211,315</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 67,891,685</u>	<u>\$ (1,110,597)</u>	<u>\$ 153,045</u>	<u>\$ 66,628,043</u>

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

*D. CAPITAL ASSETS (cont.)*

Depreciation expense was charged to functions as follows:

<b>Business-type Activities</b>		
Water and sewer		\$ 2,167,389
Motor vehicle parking		<u>329,703</u>
Total Business-type Activities Depreciation Expense		<u>\$ 2,497,092</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:

Receivable Fund	Payable Fund	Amount
General	Water and sewer	\$ 1,449,705
General	Motor vehicle parking lot	15,631
General	Non-major funds	690,380
General	Debt service	118,141
General	Internal service funds	6,778,582
Debt service	General	2,103,274
Debt service	Internal service funds	6,614
Non-major funds	General fund	<u>443,955</u>
Total - Fund Financial Statements		11,606,282
Add: Interfund receivables created with internal service fund eliminations		174,760
Less: Government-wide eliminations		<u>(10,140,946)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 1,640,096</u>

All amounts are due within one year, except for amounts due to the General Fund.

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.

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

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

*Interfund Receivables/Payables (cont.)*

For the statement of net assets, 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:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Non-major funds	\$ 2,046,385	To repay expenditures paid out of the general fund and to close funds
General	Water and sewer	3,807,600	To repay expenditures paid out of the general fund and to move funds per the City Council to balance the budget
General	Debt service	1,506,571	To close out funds and return home rule sales tax to the General Fund
General	Internal service funds	3,330,857	To reimburse expenditures related to benefits
Debt service	General	1,745,312	Foregiveness of an interfund loan
Water and sewer	General	303,614	To repay expenditures
Water and sewer	Internal service funds	32,441	To repay expenditures
Motor vehicle parking lot	General	369,012	To repay expenditures
Internal service funds	Water and sewer	17,171	To reimburse expenditures related to benefits
Internal service funds	Internal service funds	912	To move expenditures to the appropriate fund.
Internal service funds	General	662,610	To reimburse expenditures related to benefits
Nonmajor funds	General	6,556,627	To repay expenditures and close funds with negative fund balances
Nonmajor funds	Nonmajor funds	<u>701,213</u>	To close out funds and move expenditures to the proper fund
Total - Fund Financial Statements		21,080,325	
Less: Fund eliminations		<u>(17,960,621)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 3,119,704</u>	

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

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

**Transfers (cont.)**

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 3,824,771
Business-type Activities	Governmental Activities	<u>(705,067)</u>
Total Government-wide Financial Statements		<u>\$ 3,119,704</u>

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

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

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended April 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 104,297,566	\$ 26,557,624	\$ 39,335,190	\$ 91,520,000	\$ 8,460,000
Special assessment b-bonds	2,343,000	-	68,000	2,275,000	71,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	399,254	2,898,313	165,665	3,131,902	-
Refundings -					
Gains/(Losses)	<u>(528,320)</u>	<u>(3,392,977)</u>	<u>(70,495)</u>	<u>(3,850,802)</u>	<u>-</u>
Sub-totals	<u>106,511,500</u>	<u>26,062,960</u>	<u>39,498,360</u>	<u>93,076,100</u>	<u>8,531,000</u>
<b>Other Liabilities</b>					
Vested compensated absences	4,216,867	1,501,782	2,888,235	2,830,414	707,603
Capital leases	533,966	517,290	175,777	875,479	225,062
Environmental cleanup liabilities	1,225,686	-	7,392	1,218,294	-
Net OPEB obligation	5,807,188	3,165,914	1,203,344	7,769,758	-
Net pension obligation	12,411,964	10,859,499	9,753,285	13,518,178	9,564,388
IMRF net pension obligation	367,558	403,198	-	770,756	-
Claims payable	11,864,701	4,039,725	6,340,038	9,564,388	-
Total Other Liabilities	<u>36,427,930</u>	<u>20,487,408</u>	<u>20,368,071</u>	<u>36,547,267</u>	<u>10,497,053</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 142,939,430</u>	<u>\$ 46,550,368</u>	<u>\$ 59,866,431</u>	<u>\$ 129,623,367</u>	<u>\$ 19,028,053</u>

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

**F. LONG-TERM OBLIGATIONS (cont.)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Business-type Activities</b>					
<b>Bonds and Notes Payable</b>					
General obligation debt	\$ 1,565,705	\$ -	\$ 606,702	\$ 959,003	\$ 632,123
Revenue bonds	8,180,000	-	410,000	7,770,000	425,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	<u>(46,769)</u>	<u>-</u>	<u>(2,506)</u>	<u>(44,263)</u>	<u>-</u>
Sub-totals	<u>9,698,936</u>	<u>-</u>	<u>1,014,196</u>	<u>8,684,740</u>	<u>1,057,123</u>
<b>Other Liabilities</b>					
Vested compensated absences	249,520	197,261	194,431	252,350	63,088
Other postemployment benefits	<u>169,110</u>	<u>256,744</u>	<u>97,586</u>	<u>328,268</u>	<u>-</u>
Total Other Liabilities	<u>418,630</u>	<u>454,005</u>	<u>292,017</u>	<u>580,618</u>	<u>63,088</u>
<b>Total Business-type Activities Long-Term Liabilities</b>	<u>\$ 10,117,566</u>	<u>\$ 454,005</u>	<u>\$ 1,306,213</u>	<u>\$ 9,265,358</u>	<u>\$ 1,120,211</u>

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. Capital leases, net pensions and OPEB obligations, and compensated absences will be paid primarily from the General Fund. The environmental remediation liability will be paid for from the Environment and Risk Management Fund.

**General Obligation Debt**

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

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

*F. LONG-TERM OBLIGATIONS (cont.)*

*General Obligation Debt (cont.)*

**Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2012</u>
2003A Capital Appreciation G.O. Bonds	August 14, 2003	2022	1.45 - 5.86%	\$ 46,405,000	\$ 2,900,000
2005A G.O. Refunding	September 14, 2005	2024	3.25 - 5.00%	24,760,000	20,360,000
2009A G.O. Bonds	December 1, 2009	2020	4.25 - 5.25%	30,000,000	27,205,000
2010A G.O. Bonds	July 1, 2010	2016	2.50 - 4.00%	7,650,000	4,805,000
2010B G.O. Refunding Bonds	June 9, 2010	2022	3.00 - 4.00%	11,620,000	3,905,000
2010C G.O. Bonds	September 7, 2010	2031	3.00 - 4.25%	7,180,000	7,180,000
2012A G.O. Bonds	July 19, 2012	2023	3.00 - 5.00%	23,490,000	23,490,000
2012B G.O. Bonds	April 17, 2012	2023	2.75 - 4.51%	1,675,000	<u>1,675,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 91,520,000</u>

**Business-type Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2012</u>
2006 G.O. Note	April 4, 2006	2014	4.09%	\$ 4,000,000	<u>\$ 959,003</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 959,003</u>

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2013	\$ 8,460,000	\$ 2,758,299	\$ 632,123	\$ 32,781
2014	8,180,000	3,098,234	326,880	6,662
2015	7,570,000	3,336,659	-	-
2016	7,980,000	3,017,684	-	-
2017	8,515,000	2,682,797	-	-
2018-2022	39,600,000	7,399,133	-	-
2023-2027	7,460,000	1,443,204	-	-
2028-2031	3,755,000	406,025	-	-
Totals	<u>\$ 91,520,000</u>	<u>\$ 24,142,035</u>	<u>\$ 959,003</u>	<u>\$ 39,443</u>

**Revenue Debt**

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

The City has pledged future Motor Vehicle Parking System revenues, net of specified operating expenses, to repay \$8.2 million in parking fees and sales tax revenue bonds issued in 2004. Proceeds from the bonds provided financing for the parking garage. The bonds are payable solely from Motor Vehicle Parking System of the City and the City's portion of the parking fee revenues and are payable through 2025. Annual principal and interest payments on the bonds are expected to require 100% of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,846,523. Principal and interest paid for the current year and total customer net revenues were \$588,816 and \$597,921, 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. 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 2031. Annual principal and interest payments on the bonds are expected to require 10% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,678,075. Principal and interest paid for the current year and total customer net revenues were \$144,475 and \$3,301,726, respectively.

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

*F. LONG-TERM OBLIGATIONS (cont.)*

*Revenue Debt (cont.)*

Revenue debt payable at April 30, 2012, 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, 2012</u>
<u>Water Utility</u>					
2010D Revenue Bonds	September 7, 2010	2031	3.00 - 5.00%	\$ 1,825,000	<u>\$ 1,760,000</u>
<u>Motor Vehicle Parking Lot Fund</u>					
2004A Parking Fees and Sales Tax Revenue Bonds	April 5, 2004	2025	2.25 - 3.85%	8,245,000	<u>6,010,000</u>
				Total Motor Vehicle Parking Lot Fund	<u>6,010,000</u>
					<u>\$ 7,770,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 425,000	\$ 310,629
2014	440,000	296,979
2015	455,000	281,929
2016	470,000	265,654
2017	495,000	248,654
2018-2022	2,785,000	944,616
2023-2027	2,205,000	342,638
2028-2031	<u>495,000</u>	<u>63,500</u>
Totals	<u>\$ 7,770,000</u>	<u>\$ 2,754,599</u>

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

*F. LONG-TERM OBLIGATIONS (cont.)*

*Special Assessment B-Bonds*

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

Special assessment B-Bonds at April 30, 2012, consists of the following:

<b>Governmental Activities</b>					
<u>Special Assessment B-Bonds</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2012</u>
Special Assessment Improvement Bond, Series 2005	June 1, 2005	2030	6.125%	\$ 3,695,000	\$ <u>2,275,000</u>
Total Governmental Activities Special Assessment B-Bonds					\$ <u>2,275,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Special Assessment B-Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 71,000	\$ 139,344
2014	76,000	134,995
2015	81,000	130,340
2016	86,000	125,379
2017	91,000	120,111
2018-2022	551,000	509,294
2023-2027	748,000	317,888
2028-2030	<u>571,000</u>	<u>71,356</u>
Totals	\$ <u>2,275,000</u>	\$ <u>1,548,707</u>

*Capital Leases*

Refer to Note IV. G.

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

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#### *F. LONG-TERM OBLIGATIONS (cont.)*

##### *Advance Refunding*

In April 2012, the City received \$9,081,750 of insurance company litigation proceeds to advance refund \$7,715,000 of outstanding bonds with an average interest rate of 3%. The proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements. The City received a second litigation settlement in April 2012 of \$3,575,081 which was used to defease bonds in fiscal year 2013.

The cash flow requirements on the refunded bonds prior to the advance refunding was \$10,735,800 from 2013 through 2022.

On July 19, 2012, the City issued \$23,490,000 in general obligation bonds with an average interest rate of 4.6% to advance refund \$22,895,190 of outstanding bonds with an average interest rate of 5.32%. The net proceeds of \$25,987,433 (after payment of underwriting fees, insurance and other issuance costs and consideration of a premium on the issuances) were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the bonds are considered defeased and have been removed from these financial statements.

The cash flow requirements on the refunded bonds prior to the refunding was \$31,830,000 from 2013 through 2023. The cash requirements on the 2012 refunding bonds are \$31,097,086 from 2012 through 2023. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,865,660.

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

### 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, 2012, are as follows:

<u>Years</u>	Governmental Activities		
	Principal	Interest	Totals
2013	\$ 225,062	\$ 39,062	\$ 264,124
2014	235,561	28,562	264,123
2015	221,536	17,587	239,123
2016	86,842	7,256	94,098
2017	91,027	3,071	94,098
2018	15,451	91	15,542
Totals	\$ 875,479	\$ 95,629	\$ 971,108

#### H. POLLUTION REMEDIATION OBLIGATIONS

At year end April 30, 2012, 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, 2012, the obligation and net liability was \$1,218,294. 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, 2012

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

##### *I. NET ASSETS/FUND BALANCES*

Net assets reported on the government wide statement of net assets at April 30, 2012, includes the following:

##### ***Governmental Activities***

Invested in Capital Assets, Net of Related Debt	
Land	\$ 6,265,110
Other capital assets, net of accumulated depreciation	101,349,814
Less: Long-term capital-related debt outstanding (excluding unspent capital related debt proceeds)	(68,086,411)
Plus: Unamortized premiums, discounts, and refunding gains and losses	<u>1,553,849</u>
 Total Invested in Capital Assets, Net of Related Debt	 <u><u>\$ 41,082,362</u></u>

##### ***Governmental Funds***

Governmental fund balances reported on the fund financial statements at April 30, 2012, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Prepaid items	\$ 108,314	\$ -	\$ 48,117	\$ 156,431
Inventories	-	-	349,440	349,440
Noncurrent interfunds	7,259,760	-	-	7,259,760
Permanent fund principal	-	-	735	735
<b>Restricted for:</b>				
Debt service	-	6,155,462	-	6,155,462
Highways and streets	-	-	2,245,815	2,245,815
Police	-	-	1,733,662	1,733,662
911 communication	-	-	1,392,379	1,392,379
Housing rehabilitation	-	-	37,024	37,024
TIF development	-	-	3,825,492	3,825,492
<b>Committed to:</b>				
Stabilization	4,939,969	-	-	4,939,969
<b>Assigned to:</b>				
Highways and streets	-	-	845,733	845,733
<b>Unassigned:</b>	<u>11,948,988</u>	<u>-</u>	<u>(511,861)</u>	<u>11,437,127</u>
 Total fund balances	 <u><u>\$ 24,257,031</u></u>	 <u><u>\$ 6,155,462</u></u>	 <u><u>\$ 9,966,536</u></u>	 <u><u>\$ 40,379,029</u></u>

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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

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#### I. NET ASSETS/FUND BALANCES (cont.)

##### *Business-type Activities*

Invested in capital assets, net of related debt	
Land	\$ 2,416,728
Other capital assets, net of accumulated depreciation	64,211,315
Less: Long-term capital-related debt outstanding	(8,729,003)
Plus: Unamortized premiums, discounts, and refunding gains and losses	95,663
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 57,994,703</u>

#### J. RESTATEMENT OF FUND BALANCES

Fund balance has been restated due to the implementation of GASB Statement No. 54. The Working Cash Fund previously reported as a special revenue fund has been combined with the General Fund for financial reporting purposes using the new fund-type definitions described under GASB Statement No. 54.

##### General Fund

General Fund balance - April 30, 2011 (as reported)	\$ 5,022,529
Add: Working Cash fund balance	<u>21,457,206</u>
Fund Balance - April 30, 2011 (as restated)	<u>\$ 26,479,735</u>

##### Working Cash Fund

Working Cash Fund balance - April 30, 2011 (as reported)	\$ 21,457,206
Less: Consolidation into the General Fund	<u>(21,457,206)</u>
Fund Balance - April 30, 2011 (as restated)	<u>\$ -</u>

#### K. SPECIAL ITEM

During 2012, the City's land held for resale was revalued. As a result of that re-evaluation, the City recorded a special loss in the Governmental Activities of \$1,362,726.

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

**L. 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 assets and statement of activities.

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits with financial institutions	\$ 2,234,065	\$ 2,324,806	Custodial
Illinois Funds	614,972	614,972	Credit
Petty cash	500	-	N/A
 Total Deposits and Investments	 \$ 2,849,537	 \$ 2,939,778	

***Custodial Credit Risk***

**Deposits**

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

Uninsured and uncollateralized	\$ 1,713,197
 Total	 \$ 1,713,197

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

*L. 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, 2012, the Library's investments were rated as follows:

Investment Type	Standard & Poors
Illinois Funds	AAA

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	
Construction in progress	825,194	-	825,194	-	
Buildings and Improvements	5,294,692	1,944,377	-	7,239,069	20-40
Furniture and equipment	1,524,840	91,264	-	1,616,104	5-20
Less: Accumulated depreciation	(4,000,890)	(239,317)	-	(4,240,207)	
Totals	\$ 3,715,322	\$ 1,796,324	\$ 825,194	\$ 4,686,452	

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

**L. COMPONENT UNIT (cont.)**

**WAUKEGAN PUBLIC LIBRARY (cont.)**

d. Long-Term Obligations

Long-term obligations activity for the year ended April 30, 2012 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	\$ 3,840,000	\$ -	\$ 150,000	\$ 3,690,000	\$ 150,000
Capital leases	-	245,376	40,888	204,488	46,627
Compensated absences	<u>126,689</u>	<u>21,486</u>	<u>-</u>	<u>148,175</u>	<u>86,862</u>
Totals	<u>\$ 3,966,689</u>	<u>\$ 266,862</u>	<u>\$ 190,888</u>	<u>\$ 4,042,663</u>	<u>\$ 283,489</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>\$ 3,690,000</u>
Total		<u>\$ 4,000,000</u>	<u>\$ 3,690,000</u>

Annual sinking fund redemptions begin January 1, 2030.

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

*L. COMPONENT UNIT (cont.)*

*WAUKEGAN PUBLIC LIBRARY (cont.)*

d. Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2013	\$ 150,000	\$ 140,262	\$ 290,262
2014	155,000	136,512	291,512
2015	160,000	132,638	292,638
2016	165,000	127,838	292,838
2017	170,000	122,887	292,887
2018-2022	945,000	519,838	1,464,838
2023-2027	1,140,000	316,512	1,456,512
2028-2030	805,000	71,085	876,085
Totals	\$ 3,690,000	\$ 1,567,572	\$ 5,257,572

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, 2012, \$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, 2012 are as follows:

	<i>Total</i>
2013	\$ 54,974
2014	54,974
2015	54,974
2016	54,974
2017	4,581
Total minimum lease payments	224,478
Less: amount representing interest	(19,990)
Present value of minimum lease payments	\$ 204,488

# CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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

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### L. COMPONENT UNIT (cont.)

#### WAUKEGAN PUBLIC LIBRARY (cont.)

##### e. Employee Retirement System

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2011 was 10.76 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, 2011 was 30 years.

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

##### f. Operating Leases

The library leases equipment under a non-cancelable operating lease. Total costs for such leases were \$30,372 for the year ended April 30, 2012. At April 30, 2012, the future minimum lease payments for hte lease are as follows:

	<u>Total</u>
2013	\$ 30,372
2014	<u>25,310</u>
Total	<u>\$ 55,682</u>

##### g. Subsequent event

The library opened a \$500,000 line of credit on May 14, 2012.

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE V - OTHER INFORMATION

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#### *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 2012, the City's required contribution rate was 10.76%.

#### **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, 2012

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### NOTE V - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### Police Pension (cont.)

At April 30, 2012, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	146
Current employees:	
Vested	108
Non vested	<u>36</u>
 Total	 <u><u>290</u></u>

As provide 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, 2012

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### NOTE V - OTHER INFORMATION (cont.)

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#### 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 July 1, 1993 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033. For the year ended April 30, 2012, the City's contribution was 49.87% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

##### Firefighters' Pension

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

At April 30, 2012, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	121
Current employees:	
Vested	82
Non vested	<u>28</u>
Total	<u><u>231</u></u>

## CITY OF WAUKEGAN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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#### NOTE V - OTHER INFORMATION (cont.)

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##### *A. EMPLOYEES' RETIREMENT SYSTEM (cont.)*

##### Firefighters' Pension (cont.)

As provide 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, 2012, 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 July 1, 1993 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded by the year 2033. For the year ended April 30, 2012, the City's contribution was 44.83% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

**CITY OF WAUKEGAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

**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, 2011	May 1, 2011	May 1, 2011
Contribution rates:			
Employer	10.76%	49.87%	44.83%
Employee	4.50%	9.91%	9.46%
Annual required contribution	\$1,859,037	\$6,629,144	\$4,451,904
Contributions made	\$1,455,839	\$5,670,179	\$4,083,106
Actuarial cost method	Entry-age normal 5 year smoothed	Entry-age normal 5 year smoothed	Entry-age normal 5 year smoothed
Asset valuation method	market	market	market
Amortization method	Level percentage of payroll, open	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	30 years	22 years, 2 months	22 years, 2 months
Actuarial assumptions:			
Investment rate of return	7.50%	7.00%	7.00%
	Compounded annually	Compounded annually	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, 2012

#### 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	\$ 1,859,037	\$ 6,629,144	\$ 4,451,904
Interest on net pension obligation	-	516,726	333,391
Adjustment to annual required contribution	-	(645,663)	(426,003)
Annual pension cost	1,859,037	6,500,207	4,359,292
Contributions made	(1,455,839)	(5,670,179)	(4,083,106)
Change in net pension obligation	403,198	830,028	276,186
Net pension obligation, beginning of year	367,558	7,538,631	4,873,333
Net pension obligation, end of year	<u>\$ 770,756</u>	<u>\$ 8,368,659</u>	<u>\$ 5,149,519</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)	2012	\$ 1,859,037	\$ 6,500,207	\$ 4,359,292
	2011	1,610,256	5,847,112	4,201,691
	2010	1,342,553	6,377,174	4,348,007
Contributions made	2012	\$ 1,455,839	\$ 5,670,179	\$ 4,083,106
	2011	1,242,698	3,566,929	2,617,459
	2010	1,342,553	3,321,274	2,408,610
Percentage of APC contributed	2012	78%	87%	94%
	2011	77%	61%	62%
	2010	100%	52%	55%
Net pension obligation	2012	\$ 770,756	\$ 8,368,659	\$ 5,149,519
	2011	367,558	7,538,631	4,873,333
	2010	-	5,258,448	3,289,101

## CITY OF WAUKEGAN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

#### **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, 2011	May 1, 2011	May 1, 2011
Actuarial Valuation Date			
Actuarial Valuation of Assets (a)	\$ 24,554,176	\$ 58,046,246	\$ 45,653,784
Actuarial Accrued Liability (AAL) - Entry Age (b)	\$ 39,275,148	\$ 134,309,936	\$ 92,564,935
Unfunded AAL (UAAL) (b - a)	\$ 14,720,972	\$ 76,263,690	\$ 46,911,151
Funded Ratio (a/b)	63 %	43 %	49 %
Covered Payroll (c)	13,530,108	11,369,401	9,107,658
UAAL as a Percentage of Covered Payroll ((b-a)/c)	109 %	671 %	515 %

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

### NOTE V - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

#### PENSION SEGMENT INFORMATION

##### *Fiduciary Net Assets*

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>Assets</b>			
Cash and cash equivalents	\$ 277,746	\$ 122,702	\$ 400,448
Investments			
Money Markets	21,694,184	11,614,464	33,308,648
State and local obligations	2,516,147	570,944	3,087,091
US Government and agency obligations	2,776,748	9,254,576	12,031,324
Common and preferred stocks	10,695,347	14,123,266	24,818,613
Mutual funds	18,479,856	8,186,288	26,666,144
Corporate Bonds	234,949	1,584,412	1,819,361
Annuities	2,995,926	2,407,440	5,403,366
Receivables			
Accrued interest	108,473	181,733	290,206
Prepaid items	-	517	517
Total Assets	<u>59,779,376</u>	<u>48,046,342</u>	<u>107,825,718</u>
<b>Liabilities</b>			
Accounts payable	17,158	24,593	41,751
Total Liabilities	<u>17,158</u>	<u>24,593</u>	<u>41,751</u>
<b>Net assets</b>			
Held in trust for pension benefits	<u>\$ 59,762,218</u>	<u>\$ 48,021,749</u>	<u>\$ 107,783,967</u>

## CITY OF WAUKEGAN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

#### NOTE V - OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

###### Changes in Plan Net Assets

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>Additions</b>			
Contributions			
Employer	\$ 5,670,179	\$ 4,083,106	\$ 9,753,285
Plan members	1,164,275	861,129	2,025,404
Other	1,041	-	1,041
Total Contributions	6,835,495	4,944,235	11,779,730
Investment income	1,275,758	2,017,277	3,293,035
Less investment expense	129,918	99,381	229,299
Net investment income	1,145,840	1,917,896	3,063,736
Total Additions	7,981,335	6,862,131	14,843,466
<b>Deductions</b>			
Administration and contractual services	\$ 78,799	\$ 147,439	\$ 226,238
Benefits	6,186,564	4,689,080	10,875,644
Total Deductions	6,265,363	4,836,519	11,101,882
Net change in net assets	1,715,972	2,025,612	3,741,584
Net assets, beginning of the year	58,046,246	45,996,137	104,042,383
Net assets, end of the year	\$ 59,762,218	\$ 48,021,749	\$ 107,783,967

##### B. RISK MANAGEMENT

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

###### *Self Insurance*

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

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE V - OTHER INFORMATION (cont.)

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#### *B. RISK MANAGEMENT (cont.)*

##### *Self Insurance (cont.)*

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

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

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

##### *Claims Liability*

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims - Beginning of Year	\$ 13,643,332	\$ 11,864,701
Current year claims and changes in estimates	1,683,975	4,039,725
Claim payments	<u>(3,462,606)</u>	<u>(6,340,038)</u>
 Unpaid Claims - End of Year	 <u>\$ 11,864,701</u>	 <u>\$ 9,564,388</u>

#### *C. COMMITMENTS AND CONTINGENCIES*

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

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

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE V - OTHER INFORMATION (cont.)

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#### *C. COMMITMENTS AND CONTINGENCIES (cont.)*

During 2011, the City borrowed \$7,180,000 for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the Capital equipment replacement and Street & sidewalk rehabilitation fund. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The balance of contract amounts plus open purchase orders will be paid out of the restricted fund balance in the fund.

The City has a line of credit with First Midwest Bank in the amount of \$2,500,000. The maturity date is July 18, 2013. The line of credit carries an annual fee of 1%. No amounts have been drawn on the line of credit as of April 30, 2012.

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 future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$407,069.

#### *D. OTHER POSTEMPLOYMENT BENEFITS*

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

#### *Summary of Significant Accounting Policies*

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

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

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE V - OTHER INFORMATION (cont.)

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#### *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 2012, total member contributions was zero.

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

Annual required contribution	\$	3,408,454
Interest on net OPEB obligation		268,933
Adjustment to annual required contribution		<u>(254,729)</u>
Annual OPEB cost		3,422,658
Contributions made		<u>(1,300,930)</u>
Increase in net OPEB obligation (asset)		2,121,728
Net OPEB Obligation (Asset) - Beginning of Year		<u>5,976,298</u>
Net OPEB Obligation (Asset) - End of Year	\$	<u><u>8,098,026</u></u>



## CITY OF WAUKEGAN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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#### **NOTE V - OTHER INFORMATION (cont.)**

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##### ***D. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

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

In the April 30, 2012 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, 2012, was 30 years.

##### ***E. SUBSEQUENT EVENTS***

The City received litigation proceeds of \$3,575,081 in April, 2012. Those proceeds were used to refund \$3,905,000 G.O. Bonds in May of 2013.

On October 15, 2012 the City issued first lien water and sewer system revenue bonds in the amount of \$8,180,000 with an interest rate of 2.00-3.25%. This amount will be used fund water and sewer capital projects.

##### ***F. TAX INCREMENT FINANCING DISTRICT***

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

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

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

# CITY OF WAUKEGAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE V - OTHER INFORMATION (cont.)

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF WAUKEGAN

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Property taxes	\$ 12,460,514	\$ 12,526,090	\$ 65,576
Other taxes	23,976,000	24,096,278	120,278
Intergovernmental	10,022,000	10,971,933	949,933
Licenses	2,673,900	2,797,578	123,678
Permits	1,258,550	1,188,935	(69,615)
Franchise fees	681,000	1,054,721	373,721
Fines and forfeitures	2,659,450	2,344,454	(314,996)
Charges for services	3,063,450	2,991,098	(72,352)
Miscellaneous	571,746	794,971	223,225
Investment income	50,000	8,633	(41,367)
Total Revenues	<u>57,416,610</u>	<u>58,774,691</u>	<u>1,358,081</u>
<b>EXPENDITURES</b>			
Current:			
Central services	4,122,627	5,824,137	(1,701,510)
Public safety - police and communication services	26,217,291	27,775,583	(1,558,292)
Public safety - fire services	18,336,251	16,727,705	1,608,546
Streets, bridges and public works	5,398,378	5,829,461	(431,083)
Building and zoning	1,196,702	1,312,803	(116,101)
Sanitation and environment	5,127,724	5,082,767	44,957
Economic development	640,616	651,354	(10,738)
Culture and recreation	121,200	-	121,200
Capital Outlay	140,800	407,904	(267,104)
Debt Service	448,020	181,342	266,678
Total Expenditures	<u>61,749,609</u>	<u>63,793,056</u>	<u>(2,043,447)</u>
Deficiency of revenues under expenditures	<u>(4,332,999)</u>	<u>(5,018,365)</u>	<u>(685,366)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,328,000	10,691,413	6,363,413
Transfers out	-	(9,637,175)	(9,637,175)
General obligation debt issued	-	1,570,504	1,570,504
Capital lease value	-	138,182	138,182
Sale of capital assets	5,000	32,737	27,737
Total Other Financing Sources (Uses)	<u>4,333,000</u>	<u>2,795,661</u>	<u>(1,537,339)</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>(2,222,704)</u>	<u>\$ (2,222,705)</u>
<b>FUND BALANCE - Beginning of Year</b>		<u>26,479,735</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 24,257,031</u>	

See accountants' report and accompanying notes to required supplementary information.

**CITY OF WAUKEGAN**

ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDED PROGRESS  
 April 30, 2012

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$ 1,859,037	78.00%	\$ 770,756
12/31/10	1,610,256	100.00%	367,558
12/31/09	1,342,553	100.00%	-

<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>
12/31/11	\$ 24,554,176	\$ 39,275,148	\$14,720,972	62.52%	\$13,530,108	108.80%
12/31/10	23,454,600	37,677,247	14,222,647	62.25%	14,585,653	97.51%
12/31/09	28,706,060	42,077,924	13,371,864	68.22%	17,526,803	76.29%
12/31/08	37,098,051	44,678,076	7,580,025	83.03%	16,479,069	46.00%
12/31/07	43,581,006	41,630,123	(1,950,883)	104.69%	16,423,725	-%
12/31/06	40,926,998	39,637,084	(1,289,914)	103.25%	15,680,561	-%

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, 2009
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  
 April 30, 2012

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
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	81.53%	5,258,448

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial 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>
05/01/2011	\$ 58,046,246	\$134,309,936	\$ 76,263,690	43.22%	\$11,369,401	670.78%
05/01/2009	53,103,438	18,064,243	64,960,805	44.98%	12,094,598	537.11%
04/30/2009	47,996,571	18,064,243	70,067,672	40.65%	11,979,401	584.90%
04/30/2008	56,355,072	02,910,629	46,555,557	54.76%	12,065,474	385.86%
04/30/2007	56,314,511	97,508,642	41,194,131	57.75%	11,043,518	373.02%
04/30/2006	51,544,889	88,853,004	37,308,115	58.01%	10,538,598	354.01%

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, 2011
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	22 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  
 April 30, 2012

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
04/30/2012	\$ 4,451,904	91.72%	\$ 5,149,519
04/30/2011	4,072,774	59.14%	4,873,333
04/30/2010	4,072,774	90.82%	3,289,101

<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>
05/01/2011	\$ 45,653,784	\$ 92,564,935	\$ 46,911,151	49.32%	\$ 9,107,658	515.07%
05/01/2009	42,076,398	85,245,143	43,168,745	49.36%	8,954,045	482.11%
04/30/2009	38,711,111	85,245,143	46,534,032	45.41%	9,191,138	506.29%
04/30/2008	44,580,636	73,715,485	29,134,849	60.48%	8,601,446	338.72%
04/30/2007	43,530,091	70,573,418	27,043,327	61.68%	7,745,032	349.17%
04/30/2006	40,561,192	66,090,127	25,528,935	61.37%	7,763,386	328.84%

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, 2011
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	22 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  
April 30, 2012

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
04/30/2012	\$ 3,408,454	38.17%	\$ 8,098,026
04/30/2011	3,252,776	36.61%	5,976,298
04/30/2010	3,088,996	34.89%	3,880,948

<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>
05/01/2011	\$ -	\$ 45,376,524	\$ 45,376,524	-%	\$33,861,194	134.01%
05/01/2010	-	43,213,650	43,213,650	-%	32,874,946	131.45%
05/01/2009	-	41,031,042	41,031,042	-%	32,352,472	126.83%

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, 2011
Actuarial cost method	Entry Age normal
Amortization method	Projected Unit Credit
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, 2012

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### *BUDGETARY INFORMATION*

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

Excess expenditures over appropriations are as follows:

	<u>Final Budget</u>	<u>Expenditures and Other Financing Sources</u>	<u>Excess</u>
General Fund	\$ 61,749,609	\$ 63,793,056	\$ 2,043,447

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**SUPPLEMENTARY INFORMATION**

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## CITY OF WAUKEGAN

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>PROPERTY TAXES</b>			
Property taxes - general	\$ 2,366,729	\$ 2,380,610	\$ 13,881
Property taxes - pension	9,733,785	9,753,285	19,500
Property taxes - road and bridge	<u>360,000</u>	<u>392,195</u>	<u>32,195</u>
<b>Total Property Taxes</b>	<u>12,460,514</u>	<u>12,526,090</u>	<u>65,576</u>
<b>OTHER TAXES</b>			
Sales	8,600,000	8,236,745	(363,255)
Home rule sales	5,200,000	5,473,534	273,534
Local use	1,111,000	1,300,102	189,102
Utility taxes	4,420,000	4,003,767	(416,233)
Telecommunication taxes	3,105,000	3,168,540	63,540
Hotel/Motel	925,000	963,658	38,658
Municipal auto rental	15,000	19,704	4,704
Food and Beverage Tax	<u>600,000</u>	<u>930,228</u>	<u>330,228</u>
<b>Total Other Taxes</b>	<u>23,976,000</u>	<u>24,096,278</u>	<u>120,278</u>
<b>INTERGOVERNMENTAL</b>			
Income tax	7,255,000	7,571,450	316,450
Personal property replacement tax	2,560,000	3,138,563	578,563
Federal grants	207,000	256,645	49,645
State grants	<u>-</u>	<u>5,275</u>	<u>5,275</u>
<b>Total Intergovernmental</b>	<u>10,022,000</u>	<u>10,971,933</u>	<u>949,933</u>
<b>LICENSES</b>			
Vehicle	1,592,000	1,429,258	(162,742)
Liquor	7,300	181,375	174,075
Determined by square feet	-	428,125	428,125
Amusement devices	21,400	35,387	13,987
Animal	14,000	38,941	24,941
Juke box	3,600	4,000	400
Taxi company	3,600	283	(3,317)
Tobacco dealer	19,000	28,600	9,600
Vending machine	41,000	38,228	(2,772)
Bicycle	-	11	11
Contractor's registration	-	61,756	61,756
Pawn shop	4,000	13,500	9,500
Rental property	346,000	434,085	88,085
Carnival	-	100	100
Sales door	-	4,482	4,482
Billiard	-	1,925	1,925
Public transportation	-	5,320	5,320
Raffle ordinance	-	232	232

## CITY OF WAUKEGAN

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>LICENSES (cont.)</b>			
Garbage stickers	\$ 32,000	\$ 28,949	\$ (3,051)
Day care	20,000	22,650	2,650
Business flat fee	-	5,800	5,800
Business general	<u>570,000</u>	<u>34,571</u>	<u>(535,429)</u>
 Total Licenses	 <u>2,673,900</u>	 <u>2,797,578</u>	 <u>123,678</u>
<b>PERMITS</b>			
Building	890,000	697,082	(192,918)
Electrical	101,500	144,663	43,163
Plumbing	40,000	77,691	37,691
Heating (HVAC)	59,000	161,893	102,893
Occupancy/residential	16,600	12,290	(4,310)
Signs	21,000	18,396	(2,604)
Demolition	1,200	-	(1,200)
Food handlers	100	30	(70)
City drivers	5,600	4,095	(1,505)
Alarms	100	-	(100)
Fire protection construction work	18,300	21,134	2,834
Elevator	49,000	-	(49,000)
Roadway damage	15,150	21,226	6,076
Hazardous materials	41,000	30,285	(10,715)
Water shed development	<u>-</u>	<u>150</u>	<u>150</u>
 Total Permits	 <u>1,258,550</u>	 <u>1,188,935</u>	 <u>(69,615)</u>
<b>FRANCHISE FEES</b>			
Cable television	465,000	755,021	290,021
Off-track betting	193,000	224,507	31,507
Video service	<u>23,000</u>	<u>75,193</u>	<u>52,193</u>
 Total Franchise Fees	 <u>681,000</u>	 <u>1,054,721</u>	 <u>373,721</u>

## CITY OF WAUKEGAN

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>FINE AND FORFEITURES</b>			
Parking	\$ 1,445,000	\$ 1,322,299	\$ (122,701)
Tobacco enforcement violation	9,000	4,900	(4,100)
Court ordered fines	4,000	12,155	8,155
Seizures	500,000	370,525	(129,475)
Code enforcement	25,000	58,022	33,022
Bail bonds	54,000	-	(54,000)
Judgement bond	9,500	94,546	85,046
Municipal prosecution	7,000	24,274	17,274
Suspended licenses	-	200	200
Prison review agency	-	6,074	6,074
Automated traffic enforcement	30,200	54,369	24,169
Arrest fines	-	770	770
Judgement bond	-	78,364	78,364
DUI fines	400,000	227,227	(172,773)
Pace shelter advertising income	5,000	-	(5,000)
State route highway maintenance	70,000	55,059	(14,941)
State route traffic maintenance	5,800	950	(4,850)
Unit school district police security	55,000	-	(55,000)
Waukegan housing authority security	34,500	25,920	(8,580)
Illinois liquor control	-	8,800	8,800
IL training reimbursement - fire	3,000	-	(3,000)
IL training reimbursement - police	450	-	(450)
Tuition - fire training class	2,000	-	(2,000)
	<u>2,659,450</u>	<u>2,344,454</u>	<u>(314,996)</u>
Total Fine and Forfeitures			
<b>CHARGES FOR SERVICES</b>			
Subpoena	1,000	866	(134)
Board-up service	50	30	(20)
Plans and specifications review	222,000	123,927	(98,073)
Weed cutting	300	5,050	4,750
Recycle bins	1,300	1,967	667
Conservation	-	11	11
Fire reports	200	5	(195)
Ambulance service	1,000,000	1,076,702	76,702
Vital statistics	32,300	36,163	3,863
Liquor license filing	2,000	1,810	(190)
False fire alarm	20,000	23,210	3,210
False burglar alarm	23,000	36,805	13,805
Burglar alarm subscribe	8,700	26,086	17,386
Fire alarm subscribe	85,000	138,490	53,490
Photo copy	18,000	2,923	(15,077)
Elevator inspection	-	14,100	14,100
Registrar's services	-	2,711	2,711
Ambulance inspection	100	120	20

**CITY OF WAUKEGAN**

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -  
GENERAL FUND

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>CHARGES FOR SERVICES (cont.)</b>			
Taxi inspections	\$ 3,500	\$ 3,040	\$ (460)
City animal control	150	-	(150)
Sidewalk construction/waiver	150	-	(150)
Zoning subdivision annexation	10,500	12,050	1,550
Zoning letters and certifications	42,000	67,925	25,925
Grave Openings/Lots	4,100	4,450	350
Street openings	6,800	9,950	3,150
Zoning ordinance and maps	-	114	114
Engineering subdivision inspection	23,000	-	(23,000)
Fire Prevention/BOCA	100	8,075	7,975
License fee - fire department	5,800	10,391	4,591
Animal shelter kennel	-	35	35
Finger print - liquor license	1,200	2,470	1,270
Animal impoundment	2,000	6,325	4,325
Animal veterinary	2,000	5,320	3,320
Animal surrendering	700	1,365	665
Animal transportation	50	125	75
Finger print - walk-ins	1,000	494	(506)
Rental reinspection fee	300	688	388
Job applications - fire and police	-	7,890	7,890
Fire Inspection	200	100	(100)
Rental unit inspection	-	315	315
Employee wage lien	2,000	2,140	140
Annual sign fee	118,000	18,177	(99,823)
Application for sign variance	8,000	-	(8,000)
Vacant Structure Register	69,000	155,817	86,817
Walk thru inspection	5,000	28,650	23,650
E-Citations	-	5,409	5,409
NSF check processing	1,500	2,170	670
License fee business license	6,000	79,033	73,033
Rental license	50	1,350	1,300
Police registration fee	300	-	(300)
Cellular telecom/tower	14,500	13,452	(1,048)
Garbage collection	1,260,000	964,531	(295,469)
Business registration	-	350	350
Kennel boarding	600	1,055	455
Parking lot admin reimburse	16,000	12,000	(4,000)
Special events - police reimbursement	30,000	27,387	(2,613)
Special events - public works reimbursement	-	630	630
Special events - fire reimbursement	-	23,069	23,069
Beach parking	15,000	23,780	8,780
	<u>3,063,450</u>	<u>2,991,098</u>	<u>(72,352)</u>
Total Charges for Services			

## CITY OF WAUKEGAN

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>MISCELLANEOUS REVENUES</b>			
Rental income	\$ 37,459	\$ 58,622	\$ 21,163
Donations	11,000	7,174	(3,826)
Recyclables	20,000	15,532	(4,468)
Sale of gas and oil	140,000	213,597	73,597
Reimbursements	45,750	54,918	9,168
Sale of code books	-	775	775
Sale of city ordinance books	-	100	100
Sale of labor and materials	25,000	54,607	29,607
Sale of miscellaneous items	-	7,920	7,920
Restitution payments	3,000	48	(2,952)
Special police duty events	150,000	192,192	42,192
Liens	25,000	59,872	34,872
Commissions	1,000	867	(133)
WHA in lieu tax	50,000	67,414	17,414
Special events	14,500	6,828	(7,672)
Other miscellaneous revenue	<u>49,037</u>	<u>54,505</u>	<u>5,468</u>
 Total Miscellaneous Revenues	 <u>571,746</u>	 <u>794,971</u>	 <u>223,225</u>
<b>INVESTMENT INCOME</b>			
Investment income	<u>50,000</u>	<u>8,633</u>	<u>(41,367)</u>
 Total Investment Income	 <u>50,000</u>	 <u>8,633</u>	 <u>(41,367)</u>
 <b>TOTAL REVENUES</b>	 <u>\$ 57,416,610</u>	 <u>\$ 58,774,691</u>	 <u>\$ 1,358,081</u>

## CITY OF WAUKEGAN

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>CENTRAL SERVICES</b>			
Personnel services	\$ 2,043,003	\$ 2,147,514	\$ (104,511)
Personnel benefits	943,199	991,805	(48,606)
Contractual services	1,062,275	2,627,798	(1,565,523)
Commodities	74,150	57,020	17,130
Capital outlay	<u>25,000</u>	<u>18,760</u>	<u>6,240</u>
Total Central Services	<u>4,147,627</u>	<u>5,842,897</u>	<u>(1,695,270)</u>
<b>PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES</b>			
Personnel services	14,456,075	14,875,349	(419,274)
Personnel benefits	4,435,203	5,825,012	(1,389,809)
Contractual services	1,150,468	863,942	286,526
Commodities	514,534	675,585	(161,051)
Pension contribution	<u>5,661,011</u>	<u>5,535,695</u>	<u>125,316</u>
Total Public Safety - Police and Communication Services	<u>26,217,291</u>	<u>27,775,583</u>	<u>(1,558,292)</u>
<b>PUBLIC SAFETY - FIRE SERVICES</b>			
Personnel services	10,822,980	9,295,818	1,527,162
Personnel benefits	2,551,010	2,790,208	(239,198)
Contractual services	504,487	302,654	201,833
Commodities	385,000	352,927	32,073
Pension contribution	4,072,774	3,986,098	86,676
Capital outlay	<u>-</u>	<u>138,182</u>	<u>(138,182)</u>
Total Public Safety - Fire Services	<u>18,336,251</u>	<u>16,865,887</u>	<u>1,470,364</u>
<b>BUILDING AND ZONING</b>			
Personnel services	646,033	798,616	(152,583)
Personnel benefits	316,069	283,081	32,988
Contractual services	215,200	211,616	3,584
Commodities	19,400	19,490	(90)
Capital outlay	<u>-</u>	<u>10,341</u>	<u>(10,341)</u>
Total Building and Zoning	<u>1,196,702</u>	<u>1,323,144</u>	<u>(126,442)</u>
<b>STREETS, BRIDGES AND PUBLIC WORKS</b>			
Personnel services	2,063,039	1,411,140	651,899
Personnel benefits	1,292,242	2,065,665	(773,423)
Contractual services	701,797	1,210,219	(508,422)
Commodities	1,341,300	1,142,437	198,863
Capital outlay	<u>115,800</u>	<u>28,621</u>	<u>87,179</u>
Total Streets, Bridges and Public Works	<u>5,514,178</u>	<u>5,858,082</u>	<u>(343,904)</u>
<b>SANITATION AND ENVIRONMENT</b>			
Contractual services	<u>5,127,724</u>	<u>5,082,767</u>	<u>44,957</u>
Total Sanitation and Environment	<u>5,127,724</u>	<u>5,082,767</u>	<u>44,957</u>

## CITY OF WAUKEGAN

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended April 30, 2012

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>ECONOMIC DEVELOPMENT</b>			
Personnel services	\$ 231,115	\$ 246,124	\$ (15,009)
Personnel benefits	89,001	68,177	20,824
Contractual services	318,600	334,590	(15,990)
Commodities	1,900	2,463	(563)
Capital outlay	-	212,000	(212,000)
Total Economic Development	<u>640,616</u>	<u>863,354</u>	<u>(222,738)</u>
<b>CULTURE AND RECREATION</b>			
Contractual services	<u>121,200</u>	-	<u>121,200</u>
Total Culture and Recreation	<u>121,200</u>	-	<u>121,200</u>
<b>DEBT SERVICE</b>			
Principal	116,020	87,279	28,741
Interest and fiscal charges	<u>332,000</u>	<u>94,063</u>	<u>237,937</u>
Total Debt Service	<u>448,020</u>	<u>181,342</u>	<u>266,678</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 61,749,609</u>	<u>\$ 63,793,056</u>	<u>\$ (2,043,447)</u>

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## CITY OF WAUKEGAN

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE - MAJOR DEBT SERVICE FUND For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Property taxes	\$ 12,284,957	\$ 12,290,983	\$ 6,026
Home rule sales taxes	211,509	67,265	(144,244)
Investment income	6,000	158,473	152,473
Miscellaneous	-	12,656,830	12,656,830
<b>Total Revenues</b>	<u>12,502,466</u>	<u>25,173,551</u>	<u>12,671,085</u>
<b>EXPENDITURES</b>			
<b>DEBT SERVICE</b>			
Principal	8,793,000	8,793,000	-
Interest and fiscal charges	3,709,466	4,104,795	(395,329)
<b>Total Expenditures</b>	<u>12,502,466</u>	<u>12,897,795</u>	<u>(395,329)</u>
Excess of revenues over expenditures	-	12,275,756	12,275,756
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued/premium on debt	-	26,492,808	26,492,808
Transfers in	-	1,745,312	1,745,312
Transfers out	-	(1,506,571)	(1,506,571)
Payment to escrow agent	-	(35,069,183)	(35,069,183)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(8,337,634)</u>	<u>(8,337,634)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>3,938,122</u>	<u>\$ 3,938,122</u>
FUND BALANCE - Beginning of Year		<u>2,217,340</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 6,155,462</u>	

**CITY OF WAUKEGAN**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of April 30, 2012

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System
<b>ASSETS</b>				
Cash and cash equivalents	\$ 500,270	\$ 127,009	\$ 1,423,939	\$ 1,399,004
Receivables (net)				
Property taxes	-	-	-	-
Intergovernmental	172,935	-	-	-
Accounts	660	750	3,050	344,855
Due from other funds	-	6,752	165,203	-
Prepaid items	8,700	-	-	39,417
Inventories	349,440	-	-	-
	<u>349,440</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,032,005</u>	<u>\$ 134,511</u>	<u>\$ 1,592,192</u>	<u>\$ 1,783,276</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 47,379	\$ 94,375	\$ -	\$ 34,219
Accrued salaries	24,783	6,452	-	2,557
Other current liabilities	29,210	9,431	453,180	2,518
Due to other funds	57,896	14,983	-	135,209
Deferred revenues	-	-	-	176,977
Total Liabilities	<u>159,268</u>	<u>125,241</u>	<u>453,180</u>	<u>351,480</u>
Fund Balances				
Nonspendable	358,140	-	-	39,417
Restricted	514,597	9,270	1,139,012	1,392,379
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (Deficit)	<u>872,737</u>	<u>9,270</u>	<u>1,139,012</u>	<u>1,431,796</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,032,005</u>	<u>\$ 134,511</u>	<u>\$ 1,592,192</u>	<u>\$ 1,783,276</u>

Special Revenue

Public Safety Grants - Police	Fountain Square TIF #5	Public Safety Grants - Fire	Lakefront - Downtown Redevelopment HR Sales Tax	Lewis Avenue TIF #2	Belvidere Mall Redevelopment TIF #3	Lakefront Redevelopment TIF #1
\$ 352,047	\$ 2,281,254	\$ 13,972	\$ -	\$ 50,000	\$ 50,000	\$ 182,082
-	1,393,092	-	-	-	-	6,424
-	-	481,367	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 352,047</u>	<u>\$ 3,674,346</u>	<u>\$ 495,339</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 188,506</u>
\$ 604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	11,558	-	-	-	-
-	-	9,060	-	-	-	-
-	-	467,120	-	-	-	-
-	1,393,092	481,367	-	-	-	6,424
<u>604</u>	<u>1,393,092</u>	<u>969,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,424</u>
-	-	-	-	-	-	-
351,443	2,281,254	-	-	50,000	50,000	182,082
-	-	-	-	-	-	-
-	-	(473,766)	-	-	-	-
<u>351,443</u>	<u>2,281,254</u>	<u>(473,766)</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>182,082</u>
<u>\$ 352,047</u>	<u>\$ 3,674,346</u>	<u>\$ 495,339</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 188,506</u>

**CITY OF WAUKEGAN**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of April 30, 2012

	Special Revenue			
	Home Rehab Assistance	Neighborhood Stabilization	Wetland Mitigation	Downtown Waterfront TIF #4
<b>ASSETS</b>				
Cash and cash equivalents	\$ 41,124	\$ -	\$ -	\$ 1,262,156
Receivables (net)				
Property taxes	-	-	-	314,203
Intergovernmental	-	-	-	-
Accounts	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Inventories	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 41,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,576,359</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 13,370	\$ 22,923	\$ -	\$ -
Accrued salaries	-	-	-	-
Other current liabilities	-	-	-	-
Due to other funds	-	15,172	-	-
Deferred revenues	-	-	-	314,203
<b>Total Liabilities</b>	<u>13,370</u>	<u>38,095</u>	<u>-</u>	<u>314,203</u>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	27,754	-	-	1,262,156
Assigned	-	-	-	-
Unassigned (deficit)	-	(38,095)	-	-
<b>Total Fund Balances (Deficit)</b>	<u>27,754</u>	<u>(38,095)</u>	<u>-</u>	<u>1,262,156</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 41,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,576,359</u>

Special Revenue				Capital Projects		
Environment and Risk Management	Scoopin' The Genesee	Prisoner Review/DUI SB 740	Coke Plant Superfund Site	Capital Equipment Replacement	Street & Sidewalk Rehabilitation	2001A Capital Improvements
\$ -	\$ -	\$ 260,519	\$ -	\$ 1,502,640	\$ 863,946	\$ -
-	-	-	-	-	-	-
-	-	2,450	-	-	-	-
-	-	-	-	272,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,969</u>	<u>\$ -</u>	<u>\$ 1,774,640</u>	<u>\$ 863,946</u>	<u>\$ -</u>
\$ -	\$ -	\$ 19,762	\$ -	\$ 12,786	\$ 257,147	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	19,762	-	12,786	257,147	-
-	-	-	-	-	-	-
-	-	243,207	-	1,254,416	476,802	-
-	-	-	-	507,438	129,997	-
-	-	-	-	-	-	-
-	-	243,207	-	1,761,854	606,799	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,969</u>	<u>\$ -</u>	<u>\$ 1,774,640</u>	<u>\$ 863,946</u>	<u>\$ -</u>

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**CITY OF WAUKEGAN**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of April 30, 2012

	Capital Projects	Permanant	
	Fountain Square Special Assessment	Cemetery Trust	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 214,254	\$ 731	\$ 10,524,947
Receivables (net)			
Property taxes	-	-	1,713,719
Intergovernmental	-	-	654,302
Accounts	-	4	351,769
Due from other funds	-	-	443,955
Prepaid items	-	-	48,117
Inventories	-	-	349,440
	<u>-</u>	<u>-</u>	<u>349,440</u>
<b>TOTAL ASSETS</b>	<u>\$ 214,254</u>	<u>\$ 735</u>	<u>\$ 14,086,249</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 5,956	\$ -	\$ 508,521
Accrued salaries	-	-	45,350
Other current liabilities	-	-	503,399
Due to other funds	-	-	690,380
Deferred revenues	-	-	2,372,063
Total Liabilities	<u>5,956</u>	<u>-</u>	<u>4,119,713</u>
<b>Fund Balances</b>			
Nonspendable	-	735	398,292
Restricted	-	-	9,234,372
Assigned	208,298	-	845,733
Unassigned (deficit)	-	-	(511,861)
Total Fund Balances (Deficit)	<u>208,298</u>	<u>735</u>	<u>9,966,536</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 214,254</u>	<u>\$ 735</u>	<u>\$ 14,086,249</u>

## CITY OF WAUKEGAN

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended April 30, 2012

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,748,550	1,022,146	998,577	-
Fines and forfeitures	-	-	118,401	-
Charges for services	-	-	-	866,945
Investment income	305	-	225	-
Miscellaneous	-	132,746	19,331	5,187
Total Revenues	2,748,855	1,154,892	1,136,534	872,132
<b>EXPENDITURES</b>				
Current				
Public safety - police and communication services	-	-	3,267	541,151
Public safety - fire services	-	-	-	-
Streets, bridges and public works	1,791,618	-	-	-
Economic development	-	-	-	-
Community development	-	825,158	-	-
Capital Outlay	25,935	296,842	-	414,303
Principal	-	-	-	88,498
Interest and fiscal charges	-	-	-	17,394
Total Expenditures	1,817,553	1,122,000	3,267	1,061,346
Excess (deficiency) of revenues over expenditures	931,302	32,892	1,133,267	(189,214)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	223,992	-
Transfers out	(98,821)	(46,313)	-	(10,183)
Sale of capital assets	810	-	-	-
Capital lease value	-	-	-	379,108
Total Other Financing Sources (Uses)	(98,011)	(46,313)	223,992	368,925
Net Change in Fund Balances	833,291	(13,421)	1,357,259	179,711
FUND BALANCES (DEFICIT) - Beginning of Year	39,446	22,691	(218,247)	1,252,085
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 872,737	\$ 9,270	\$ 1,139,012	\$ 1,431,796

Special Revenue

Public Safety Grants - Police	Fountain Square TIF #5	Public Safety Grants - Fire	Lakefront - Downtown Redevelopment HR Sales Tax	Lewis Avenue TIF #2	Belvidere Mall Redevelopment TIF #3	Lakefront Redevelopment TIF #1
\$ -	\$ 1,203,770	\$ -	\$ -	\$ 274,916	\$ 368,229	\$ 59,351
95,479	-	-	-	-	-	-
-	-	-	-	-	-	-
338	-	-	-	-	-	-
-	-	-	73,148	-	-	-
<u>95,817</u>	<u>1,203,770</u>	<u>-</u>	<u>73,148</u>	<u>274,916</u>	<u>368,229</u>	<u>59,351</u>
59,848	-	-	-	-	-	-
-	-	481,367	-	-	-	-
-	-	-	-	-	-	-
-	183,663	-	553	1,265,560	1,456,577	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>59,848</u>	<u>183,663</u>	<u>481,367</u>	<u>553</u>	<u>1,265,560</u>	<u>1,456,577</u>	<u>-</u>
<u>35,969</u>	<u>1,020,107</u>	<u>(481,367)</u>	<u>72,595</u>	<u>(990,644)</u>	<u>(1,088,348)</u>	<u>59,351</u>
-	-	7,601	-	-	-	10,000
(11,110)	-	-	(1,070,626)	(245,334)	(286,611)	-
-	-	-	-	-	-	-
<u>(11,110)</u>	<u>-</u>	<u>7,601</u>	<u>(1,070,626)</u>	<u>(245,334)</u>	<u>(286,611)</u>	<u>10,000</u>
24,859	1,020,107	(473,766)	(998,031)	(1,235,978)	(1,374,959)	69,351
<u>326,584</u>	<u>1,261,147</u>	<u>-</u>	<u>998,031</u>	<u>1,285,978</u>	<u>1,424,959</u>	<u>112,731</u>
<u>\$ 351,443</u>	<u>\$ 2,281,254</u>	<u>\$ (473,766)</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 182,082</u>

**CITY OF WAUKEGAN**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended April 30, 2012

	Special Revenue			
	Home Rehab Assistance	Neighborhood Stabilization	Wetland Mitigation	Downtown Waterfront TIF #4
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 559,783
Intergovernmental	247,974	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	10,427
<b>Total Revenues</b>	<u>247,974</u>	<u>-</u>	<u>-</u>	<u>570,210</u>
<b>EXPENDITURES</b>				
Current				
Public safety - police and communication services	-	-	-	-
Public safety - fire services	-	-	-	-
Streets, bridges and public works	-	-	-	-
Economic development	-	-	-	-
Community development	245,890	127,647	-	-
Capital Outlay	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>245,890</u>	<u>127,647</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,084</u>	<u>(127,647)</u>	<u>-</u>	<u>570,210</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	29	-	22,978	-
Transfers out	-	-	-	(150,131)
Sale of capital assets	-	-	-	-
Capital lease value	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>29</u>	<u>-</u>	<u>22,978</u>	<u>(150,131)</u>
<b>Net Change in Fund Balances</b>	2,113	(127,647)	22,978	420,079
FUND BALANCES (DEFICIT) - Beginning of Year	<u>25,641</u>	<u>89,552</u>	<u>(22,978)</u>	<u>842,077</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 27,754</u>	<u>\$ (38,095)</u>	<u>\$ -</u>	<u>\$ 1,262,156</u>

Special Revenue				Capital Projects		
Environment and Risk Management	Scoopin' The Genesee	Prisoner Review/DUI SB 740	Coke Plant Superfund Site	Capital Equipment Replacement	Street & Sidewalk Rehabilitation	2001A Capital Improvements
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,100	-	7,500	-	-
-	-	80,644	-	-	-	-
-	-	2,344	-	-	-	-
-	-	-	31	1,133	-	-
-	-	-	-	-	-	-
-	-	<u>87,088</u>	<u>31</u>	<u>8,633</u>	-	-
-	-	2,528	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	158,165	-	1,520,864	1,669,768	-
-	-	-	-	-	-	-
-	-	<u>160,693</u>	-	<u>1,520,864</u>	<u>1,669,768</u>	-
-	-	<u>(73,605)</u>	<u>31</u>	<u>(1,512,231)</u>	<u>(1,669,768)</u>	-
4,066,181	-	-	241,222	818,786	1,702,810	-
-	(3,900)	(123,356)	(690,160)	-	-	(7,098)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,066,181</u>	<u>(3,900)</u>	<u>(123,356)</u>	<u>(448,938)</u>	<u>818,786</u>	<u>1,702,810</u>	<u>(7,098)</u>
4,066,181	(3,900)	(196,961)	(448,907)	(693,445)	33,042	(7,098)
<u>(4,066,181)</u>	<u>3,900</u>	<u>440,168</u>	<u>448,907</u>	<u>2,455,299</u>	<u>573,757</u>	<u>7,098</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,207</u>	<u>\$ -</u>	<u>\$ 1,761,854</u>	<u>\$ 606,799</u>	<u>\$ -</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, 2012

	<u>Capital Projects</u>	<u>Permanant</u>	Total
	Fountain Square Special Assessment	Cemetery Trust	Nonmajor Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ 2,466,049
Intergovernmental	-	-	5,124,326
Fines and forfeitures	-	-	199,045
Charges for services	-	-	869,289
Investment income	14	258	2,304
Miscellaneous	-	-	240,839
Total Revenues	<u>14</u>	<u>258</u>	<u>8,901,852</u>
<b>EXPENDITURES</b>			
Current			
Public safety - police and communication services	-	-	606,794
Public safety - fire services	-	-	481,367
Streets, bridges and public works	-	-	1,791,618
Economic development	-	-	2,906,353
Community development	-	-	1,198,695
Capital Outlay	-	-	4,085,877
Principal	-	-	88,498
Interest and fiscal charges	6,008	-	23,402
Total Expenditures	<u>6,008</u>	<u>-</u>	<u>11,182,604</u>
Excess (deficiency) of revenues over expenditures	<u>(5,994)</u>	<u>258</u>	<u>(2,280,752)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	164,241	-	7,257,840
Transfers out	(3,955)	-	(2,747,598)
Sale of capital assets	-	-	810
Capital lease value	-	-	379,108
Total Other Financing Sources (Uses)	<u>160,286</u>	<u>-</u>	<u>4,890,160</u>
<b>Net Change in Fund Balances</b>	154,292	258	2,609,408
FUND BALANCES (DEFICIT) - Beginning of Year	<u>54,006</u>	<u>477</u>	<u>7,357,128</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 208,298</u>	<u>\$ 735</u>	<u>\$ 9,966,536</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>INTERGOVERNMENTAL</b>			
Motor fuel tax	\$ 2,470,000	\$ 2,646,306	\$ 176,306
State grants	-	102,244	102,244
<b>INVESTMENT INCOME</b>			
Investment income	-	305	305
Total Revenues	<u>2,470,000</u>	<u>2,748,855</u>	<u>278,855</u>
<b>EXPENDITURES</b>			
<b>STREETS, BRIDGES AND PUBLIC WORKS</b>			
Personnel services	585,917	777,585	(191,668)
Personnel benefits	324,200	266,769	57,431
Contractual services	700,000	501,492	198,508
Commodities	392,294	245,772	146,522
Capital outlay	30,000	25,935	4,065
Total Expenditures	<u>2,032,411</u>	<u>1,817,553</u>	<u>214,858</u>
Excess of revenues over expenditures	<u>437,589</u>	<u>931,302</u>	<u>493,713</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(98,821)	(98,821)
Sale of capital assets	-	810	810
Total Other Financing Sources (Uses)	<u>-</u>	<u>(98,011)</u>	<u>(98,011)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 437,589</u>	833,291	<u>\$ 395,702</u>
FUND BALANCE - Beginning of Year		<u>39,446</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 872,737</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>FINES AND FORFEITURES</b>			
Federal grants	\$ 1,141,337	\$ 1,022,146	\$ (119,191)
<b>MISCELLANEOUS</b>			
Liens	-	128,916	128,916
Reimbursements	-	3,830	3,830
Total Revenues	1,141,337	1,154,892	13,555
<b>EXPENDITURES</b>			
<b>COMMUNITY DEVELOPMENT</b>			
Personnel services	274,400	267,599	6,801
Personnel benefits	128,300	81,630	46,670
Contractual services	603,820	471,726	132,094
Commodities	5,325	4,203	1,122
Capital outlay	125,000	296,842	(171,842)
Total Expenditures	1,136,845	1,122,000	14,845
Excess of revenues over expenditures	4,492	32,892	28,400
<b>OTHER FINANCING SOURCES</b>			
Transfers out	-	(46,313)	(46,313)
Total Other Financing Sources	-	(46,313)	(46,313)
Net Change in Fund Balance	\$ 4,492	(13,421)	\$ (17,913)
FUND BALANCE - Beginning of Year		22,691	
FUND BALANCE - END OF YEAR		\$ 9,270	

## 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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>INTERGOVERNMENTAL</b>			
Federal grants	\$ 100,000	\$ 968,779	\$ 868,779
State grants	40,000	29,798	(10,202)
<b>FINES AND FORFEITURES</b>			
Code enforcement/zoning	5,000	8,615	3,615
Customs/border patrol	-	109,786	109,786
<b>INVESTMENT INCOME</b>			
Investment income	-	225	225
<b>MISCELLANEOUS INCOME</b>			
Other miscellaneous revenue	-	19,331	19,331
Total Revenues	145,000	1,136,534	991,534
<b>EXPENDITURES</b>			
<b>PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICE</b>			
Contractual services	-	3,267	(3,267)
Total Expenditures	-	3,267	(3,267)
Excess of revenues over expenditures	145,000	1,133,267	988,267
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	223,992	223,992
Total Other Financing Sources	-	223,992	223,992
Net Change in Fund Balance	\$ 145,000	1,357,259	\$ 1,212,259
FUND BALANCE (DEFICIT) - Beginning of Year		(218,247)	
FUND BALANCE - END OF YEAR		\$ 1,139,012	

**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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>PUBLIC CHARGES FOR SERVICES</b>			
911 emergency surcharge	\$ 920,000	\$ 866,945	\$ (53,055)
<b>INVESTMENT INCOME</b>			
Investment income	1,800	-	(1,800)
<b>MISCELLANEOUS</b>			
Other miscellaneous revenue	-	5,187	5,187
<b>Total Revenues</b>	<u>921,800</u>	<u>872,132</u>	<u>(49,668)</u>
<b>EXPENDITURES</b>			
<b>PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES</b>			
Personnel services	80,230	74,050	6,180
Personnel benefits	76,450	45,186	31,264
Contractual services	562,600	376,970	185,630
Commodities	15,158	44,945	(29,787)
Capital outlay	244,750	414,303	(169,553)
Total Public Safety - Police and Communication Services	<u>979,188</u>	<u>955,454</u>	<u>23,734</u>
<b>DEBT SERVICE</b>			
Principal	88,498	88,498	-
Interest and fiscal charges	17,394	17,394	-
Total Debt Service	<u>105,892</u>	<u>105,892</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,085,080</u>	<u>1,061,346</u>	<u>23,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(163,280)</u>	<u>(189,214)</u>	<u>(25,934)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(10,183)	(10,183)
Capital lease value	-	379,108	379,108
Total Other Financing Sources (Uses)	<u>-</u>	<u>368,925</u>	<u>368,925</u>
<b>Net Change in Fund Balance</b>	<u>\$ (163,280)</u>	179,711	<u>\$ 342,991</u>
FUND BALANCE - Beginning of Year		<u>1,252,085</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 1,431,796</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>INTERGOVERNMENTAL</b>			
Federal grants	\$ 464,300	\$ 95,479	\$ (368,821)
<b>INVESTMENT INCOME</b>			
Investment income	-	338	338
Total Revenues	<u>464,300</u>	<u>95,817</u>	<u>(368,483)</u>
<b>EXPENDITURES</b>			
<b>PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES</b>			
Contractual services	464,300	59,847	404,453
Commodities	-	1	(1)
Total Expenditures	<u>464,300</u>	<u>59,848</u>	<u>404,452</u>
Excess of revenues over expenditures	-	<u>35,969</u>	<u>35,969</u>
<b>OTHER FINANCING USES</b>			
Transfers out	-	(11,110)	(11,110)
Total Other Financing Uses	-	<u>(11,110)</u>	<u>(11,110)</u>
Net Change in Fund Balance	<u>\$ -</u>	24,859	<u>\$ 24,859</u>
FUND BALANCE - Beginning of Year		<u>326,584</u>	
FUND BALANCE - END OF YEAR		<u>\$ 351,443</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>TAXES</b>			
Property taxes	\$ 550,000	\$ 1,203,770	\$ 653,770
Total Revenues	<u>550,000</u>	<u>1,203,770</u>	<u>653,770</u>
<b>EXPENDITURES</b>			
<b>PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES</b>			
Contractual services	<u>550,000</u>	<u>183,663</u>	<u>366,337</u>
Total Expenditures	<u>550,000</u>	<u>183,663</u>	<u>366,337</u>
<b>Net Change In Fund Balance</b>	<u>\$ -</u>	<u>1,020,107</u>	<u>\$ 1,020,107</u>
<b>FUND BALANCE - Beginning of Year</b>		<u>1,261,147</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 2,281,254</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Personnel services	400,000	399,390	610
Personnel benefits	115,625	81,977	33,648
Contractual services	<u>53,816</u>	-	<u>53,816</u>
Total Expenditures	<u>569,441</u>	<u>481,367</u>	<u>88,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(569,441)</u>	<u>(481,367)</u>	<u>88,074</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	<u>7,601</u>	<u>7,601</u>
Total Other Financing Sources	-	<u>7,601</u>	<u>7,601</u>
Net Change in Fund Balance	<u>\$ (569,441)</u>	(473,766)	<u>\$ 95,675</u>
FUND BALANCE - Beginning of Year		-	
FUND BALANCE (DEFICIT) - END OF YEAR		<u>\$ (473,766)</u>	

**CITY OF WAUKEGAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - LAKEFRONT - DOWNTOWN REDEVELOPMENT HR SALES  
 TAX - NONMAJOR SPECIAL REVENUE FUND  
 For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Other miscellaneous revenue	\$ -	\$ 73,148	\$ 73,148
Total Revenues	<u>-</u>	<u>73,148</u>	<u>73,148</u>
<b>EXPENDITURES</b>			
<b>ECONOMIC DEVELOPMENT</b>			
Personnel benefits	<u>-</u>	<u>553</u>	<u>(553)</u>
Total Expenditures	<u>-</u>	<u>553</u>	<u>(553)</u>
Excess of revenues over expenditures	<u>-</u>	<u>72,595</u>	<u>72,595</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(520,000)</u>	<u>(1,070,626)</u>	<u>(550,626)</u>
Total Other Financing Uses	<u>(520,000)</u>	<u>(1,070,626)</u>	<u>(550,626)</u>
<b>Net Change in Fund Balance</b>	<u><u>\$ (520,000)</u></u>	<u>(998,031)</u>	<u><u>\$ (478,031)</u></u>
FUND BALANCE - Beginning of Year		<u>998,031</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u><u>\$ -</u></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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>PROPERTY TAXES</b>			
Property taxes - TIF	\$ -	\$ 274,916	\$ 274,916
Total Revenues	<u>-</u>	<u>274,916</u>	<u>274,916</u>
<b>EXPENDITURES</b>			
<b>ECONOMIC DEVELOPMENT</b>			
Contractual services	<u>928,018</u>	<u>1,265,560</u>	<u>(337,542)</u>
Total Expenditures	<u>928,018</u>	<u>1,265,560</u>	<u>(337,542)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(928,018)</u>	<u>(990,644)</u>	<u>(62,626)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>-</u>	<u>(245,334)</u>	<u>(245,334)</u>
Total Other Financing Uses	<u>-</u>	<u>(245,334)</u>	<u>(245,334)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (928,018)</u>	<u>(1,235,978)</u>	<u>\$ (307,960)</u>
FUND BALANCE - Beginning of Year		<u>1,285,978</u>	
<b>FUND BALANCE - END OF YEAR</b>		<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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>PROPERTY TAXES</b>			
Property taxes - TIF	\$ -	\$ 368,229	\$ 368,229
Total Revenues	<u>-</u>	<u>368,229</u>	<u>368,229</u>
<b>EXPENDITURES</b>			
<b>ECONOMIC DEVELOPMENT</b>			
Contractual services	<u>928,018</u>	<u>1,456,577</u>	<u>(528,559)</u>
Total Expenditures	<u>928,018</u>	<u>1,456,577</u>	<u>(528,559)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(928,018)</u>	<u>(1,088,348)</u>	<u>(160,330)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>-</u>	<u>(286,611)</u>	<u>(286,611)</u>
Total Other Financing Uses	<u>-</u>	<u>(286,611)</u>	<u>(286,611)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (928,018)</u>	<u>(1,374,959)</u>	<u>\$ (446,941)</u>
FUND BALANCE - Beginning of Year		<u>1,424,959</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 50,000</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>PROPERTY TAXES</b>			
Property taxes - general	\$ 6,200	\$ -	\$ (6,200)
Property taxes - TIF	<u>30,000</u>	<u>59,351</u>	<u>29,351</u>
Total Revenues	<u>36,200</u>	<u>59,351</u>	<u>23,151</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>36,200</u>	-	<u>36,200</u>
Total Expenditures	<u>36,200</u>	-	<u>36,200</u>
Excess of revenues over expenditures	-	<u>59,351</u>	<u>59,351</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	<u>10,000</u>	<u>10,000</u>
Total Other Financing Sources	-	<u>10,000</u>	<u>10,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>69,351</u>	<u>\$ 69,351</u>
FUND BALANCE - Beginning of Year		<u>112,731</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 182,082</u>	

**CITY OF WAUKEGAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - HOME REHAB ASSISTANCE - NONMAJOR SPECIAL  
 REVENUE FUND  
 For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>INTERGOVERNMENTAL</b>			
Federal grants	\$ 395,164	\$ 247,974	\$ (147,190)
Total Revenues	<u>395,164</u>	<u>247,974</u>	<u>(147,190)</u>
<b>EXPENDITURES</b>			
<b>COMMUNITY DEVELOPMENT</b>			
Contractual services	<u>355,648</u>	<u>245,890</u>	<u>109,758</u>
Total Expenditures	<u>355,648</u>	<u>245,890</u>	<u>109,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>39,516</u>	<u>2,084</u>	<u>(37,432)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>-</u>	<u>29</u>	<u>29</u>
Total Other Financing Sources	<u>-</u>	<u>29</u>	<u>29</u>
<b>Net Change in Fund Balance</b>	<u>\$ 39,516</u>	2,113	<u>\$ (37,403)</u>
FUND BALANCE - Beginning of Year		<u>25,641</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 27,754</u>	

**CITY OF WAUKEGAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - NEIGHBORHOOD STABILIZATION - NONMAJOR SPECIAL  
 REVENUE FUND  
 For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Contractual services	-	127,647	(127,647)
Total Expenditures	-	127,647	(127,647)
 Net Change In Fund Balance	 \$ -	 (127,647)	 \$ (127,647)
 FUND BALANCE - Beginning of Year		 89,552	
 <b>FUND BALANCE (DEFICIT) - END OF YEAR</b>		 <u>\$ (38,095)</u>	

**CITY OF WAUKEGAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - WETLAND MITIGATION - NONMAJOR SPECIAL REVENUE  
 FUND  
 For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>PUBLIC CHARGES FOR SERVICES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Total Expenditures	-	-	-
<b>OTHER FINANCING USES</b>			
Transfers in	-	22,978	22,978
Total Other Financing Uses	-	22,978	22,978
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	22,978	<u>\$ 22,978</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(22,978)</u>	
<b>FUND BALANCE - END OF YEAR</b>		<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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>PROPERTY TAXES</b>			
Property taxes - TIF	\$ 490,500	\$ 559,783	\$ 69,283
<b>MISCELLANEOUS</b>			
Reimbursements	-	10,427	10,427
Total Revenues	490,500	570,210	79,710
<b>EXPENDITURES</b>			
<b>ECONOMIC DEVELOPMENT</b>			
Capital outlay	490,500	-	490,500
Total Expenditures	490,500	-	490,500
Excess of revenues over expenditures	-	570,210	570,210
<b>OTHER FINANCING USES</b>			
Transfers out	-	(150,131)	(150,131)
Total Other Financing Uses	-	(150,131)	(150,131)
Net Change in Fund Balance	\$ -	420,079	\$ 420,079
FUND BALANCE - Beginning of Year		842,077	
FUND BALANCE - END OF YEAR		\$ 1,262,156	

**CITY OF WAUKEGAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - ENVIRONMENT & RISK MANAGEMENT - NONMAJOR  
 SPECIAL REVENUE FUND  
 For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Total Expenditures	-	-	-
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	4,066,181	4,066,181
Total Other Financing Sources	-	4,066,181	4,066,181
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	4,066,181	<u>\$ 4,066,181</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(4,066,181)</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ -</u>	

**CITY OF WAUKEGAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - SCOOPIN' THE GENESEE - NONMAJOR SPECIAL  
 REVENUE FUND  
 For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Total Expenditures	-	-	-
<b>OTHER FINANCING USES</b>			
Transfers out	-	(3,900)	(3,900)
Total Other Financing Uses	-	(3,900)	(3,900)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	(3,900)	<u>\$ (3,900)</u>
FUND BALANCE - Beginning of Year		<u>3,900</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ -</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>INTERGOVERNMENTAL REVENUES</b>			
Federal grants	\$ -	\$ 4,100	\$ 4,100
<b>FINES AND FORFEITURES</b>			
Prison review agency	48,000	59,467	11,467
Late payment/penalties	15,000	21,177	6,177
<b>CHARGES FOR SERVICES</b>			
Special events - police reimbursement	<u>5,000</u>	<u>2,344</u>	<u>(2,656)</u>
Total Revenues	<u>68,000</u>	<u>87,088</u>	<u>19,088</u>
<b>EXPENDITURES</b>			
<b>PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES</b>			
Contractual services	10,000	2,528	7,472
Capital outlay	<u>250,000</u>	<u>158,165</u>	<u>91,835</u>
Total Expenditures	<u>260,000</u>	<u>160,693</u>	<u>99,307</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(192,000)</u>	<u>(73,605)</u>	<u>118,395</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>-</u>	<u>(123,356)</u>	<u>(123,356)</u>
Total Other Financing Uses	<u>-</u>	<u>(123,356)</u>	<u>(123,356)</u>
Net Change in Fund Balance	<u>\$ (192,000)</u>	<u>(196,961)</u>	<u>\$ (4,961)</u>
FUND BALANCE - Beginning of Year		<u>440,168</u>	
FUND BALANCE - END OF YEAR		<u>\$ 243,207</u>	

**CITY OF WAUKEGAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - COKE PLANT SUPERFUND SITE - NONMAJOR SPECIAL  
 REVENUE FUND  
 For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>INVESTMENT INCOME</b>			
Investment income	\$ -	\$ 31	\$ 31
Total Revenues	<u>-</u>	<u>31</u>	<u>31</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	241,222	241,222
Transfers out	<u>(527,416)</u>	<u>(690,160)</u>	<u>(162,744)</u>
Total Other Financing Sources (Uses)	<u>(527,416)</u>	<u>(448,938)</u>	<u>78,478</u>
<b>Net Change in Fund Balance</b>	<u>\$ (527,416)</u>	<u>(448,907)</u>	<u>\$ 78,509</u>
<b>FUND BALANCE - Beginning of Year</b>		<u>448,907</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ -</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>INTERGOVERNMENTAL</b>			
Federal grants	\$ -	\$ 7,500	\$ 7,500
State grants	660,000	-	(660,000)
<b>INVESTMENT INCOME</b>			
Investment income	-	1,133	1,133
Total Revenues	660,000	8,633	(651,367)
<b>EXPENDITURES</b>			
<b>EQUIPMENT REPLACEMENT</b>			
Capital Outlay	3,939,416	1,520,864	2,418,552
Total Expenditures	3,939,416	1,520,864	2,418,552
Excess (deficiency) of revenues over (under) expenditures	(3,279,416)	(1,512,231)	1,767,185
<b>OTHER FINANCING SOURCES</b>			
Transfers in	527,416	818,786	291,370
Total Other Financing Sources	527,416	818,786	291,370
Net Change in Fund Balance	\$ (2,752,000)	(693,445)	\$ 2,058,555
FUND BALANCE - Beginning of Year		2,455,299	
FUND BALANCE - END OF YEAR		\$ 1,761,854	

## 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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>INTERGOVERNMENTAL</b>			
State grants	\$ 981,000	\$ -	\$ (981,000)
Local government grants	200,000	-	(200,000)
Total Revenues	1,181,000	-	(1,181,000)
<b>EXPENDITURES</b>			
<b>STREETS, BRIDGES AND PUBLIC WORKS</b>			
Commodities	75,000	-	75,000
Capital outlay	3,041,000	1,669,768	1,371,232
Total Expenditures	3,116,000	1,669,768	1,446,232
Excess (deficiency) of revenues over (under) expenditures	(1,935,000)	(1,669,768)	265,232
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	1,702,810	1,702,810
Total Other Financing Sources	-	1,702,810	1,702,810
Net Change in Fund Balance	\$ (1,935,000)	33,042	\$ 1,968,042
FUND BALANCE - Beginning of Year		573,757	
FUND BALANCE - END OF YEAR		\$ 606,799	

**CITY OF WAUKEGAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - 2011A CAPITAL IMPROVEMENTS - NONMAJOR CAPITAL  
 PROJECTS FUND  
 For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Total Expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(7,098)	(7,098)
Total Other Financing Sources (Uses)	-	(7,098)	(7,098)
<b>Net Change In Fund Balance</b>	<u>\$ -</u>	<u>(7,098)</u>	<u>\$ (7,098)</u>
FUND BALANCE - Beginning of Year		<u>7,098</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ -</u>	

**CITY OF WAUKEGAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - FOUNTAIN SQUARE SPECIAL ASSMT - NONMAJOR  
 CAPITAL PROJECTS FUND  
 For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Investment income	\$ -	\$ 14	\$ 14
Total Revenues	<u>-</u>	<u>14</u>	<u>14</u>
<b>EXPENDITURES</b>			
<b>ECONOMIC DEVELOPMENT</b>			
Interest and fiscal charges	-	<u>6,008</u>	<u>(6,008)</u>
Total Expenditures	<u>-</u>	<u>6,008</u>	<u>(6,008)</u>
Deficiency of revenues under expenditures	-	<u>(5,994)</u>	<u>(5,994)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	164,241	164,241
Transfers out	-	<u>(3,955)</u>	<u>(3,955)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>160,286</u>	<u>160,286</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	154,292	<u>\$ 154,292</u>
FUND BALANCE - Beginning of Year		<u>54,006</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 208,298</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>INVESTMENT INCOME</b>			
Investment income	\$ -	\$ 258	\$ 258
Total Revenues	<u>-</u>	<u>258</u>	<u>258</u>
<b>EXPENDITURES</b>			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	258	<u>\$ 258</u>
FUND BALANCE - Beginning of Year		<u>477</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 735</u>	

## CITY OF WAUKEGAN

### SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL WATER & SEWER MAJOR ENTERPRISE FUND For the Year Ended April 30, 2012

	Original And Final Budget	Actual	Variance with Final Budget
<b>OPERATING REVENUES</b>			
Charges for services	\$ 9,713,000	\$ 10,105,230	\$ 392,230
Fines and forfeitures	350,000	199,821	(150,179)
Permits	20,000	65,647	45,647
Miscellaneous	<u>84,000</u>	<u>14,442</u>	<u>(69,558)</u>
Total Operating Revenues	<u>10,167,000</u>	<u>10,385,140</u>	<u>218,140</u>
<b>OPERATING EXPENSES</b>			
Personnel services	2,974,746	3,206,080	(231,334)
Personnel benefits	1,349,156	1,663,445	(314,289)
Contractual services	1,131,795	1,135,309	(3,514)
Commodities	788,800	637,320	151,480
Depreciation	-	2,167,389	(2,167,389)
Capital Outlay	<u>1,961,593</u>	<u>441,444</u>	<u>1,520,149</u>
Total Operating Expenses	<u>8,206,090</u>	<u>9,250,987</u>	<u>(1,044,897)</u>
Operating Income (Loss)	<u>1,960,910</u>	<u>1,134,153</u>	<u>(826,757)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	-	184	184
State grants	90,000	-	(90,000)
Federal grants	220,000	-	(220,000)
Debt issuance costs	-	(2,506)	(2,506)
Interest and fiscal charges	<u>(105,335)</u>	<u>(137,729)</u>	<u>(32,394)</u>
Total Non-Operating Revenues	<u>204,665</u>	<u>(140,051)</u>	<u>(344,716)</u>
Income (Loss) Before Transfers	<u>2,165,575</u>	<u>994,102</u>	<u>(1,171,473)</u>
<b>TRANSFERS</b>			
Transfers in	-	336,055	336,055
Transfers out	<u>(3,808,000)</u>	<u>(3,824,771)</u>	<u>(16,771)</u>
Net Transfers	<u>(3,808,000)</u>	<u>(3,488,716)</u>	<u>319,284</u>
Change in net assets	<u>\$ (1,642,425)</u>	(2,494,614)	<u>\$ (852,189)</u>
NET ASSETS - Beginning of Year		<u>59,023,132</u>	
<b>NET ASSETS - END OF YEAR</b>		<u><b>\$ 56,528,518</b></u>	

**CITY OF WAUKEGAN**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
 MOTOR VEHICLE PARKING LOT MAJOR ENTERPRISE FUND  
 For the Year Ended April 30, 2012

	Original And Final Budget	Actual	Variance with Final Budget
<b>OPERATING REVENUES</b>			
Charges for services	\$ 602,000	\$ 809,101	\$ 207,101
Miscellaneous	148,000	119,680	(28,320)
Total Operating Revenues	<u>750,000</u>	<u>928,781</u>	<u>178,781</u>
<b>OPERATING EXPENSES</b>			
Personnel services	102,234	113,079	(10,845)
Personnel benefits	49,643	53,956	(4,313)
Contractual services	465,458	156,125	309,333
Commodities	8,300	7,749	551
Depreciation	-	329,703	(329,703)
Total Operating Expenses	<u>625,635</u>	<u>660,612</u>	<u>(34,977)</u>
Operating Income	<u>124,365</u>	<u>268,169</u>	<u>143,804</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	20	49	29
Homerule sales tax	120,000	132,000	12,000
Miscellaneous revenue	-	751	751
Debt issuance costs	-	(11,293)	(11,293)
Interest and fiscal charges	<u>(243,885)</u>	<u>(230,222)</u>	<u>13,663</u>
Total Non-Operating Revenues	<u>(123,865)</u>	<u>(108,715)</u>	<u>15,150</u>
Income Before Transfers	<u>500</u>	<u>159,454</u>	<u>158,954</u>
<b>TRANSFERS</b>			
Transfers in	-	369,012	369,012
Net Transfers	-	369,012	369,012
Change in net assets	<u>\$ 500</u>	528,466	<u>\$ 527,966</u>
NET ASSETS - Beginning of Year		<u>4,552,728</u>	
<b>NET ASSETS - END OF YEAR</b>		<u>\$ 5,081,194</u>	

## CITY OF WAUKEGAN

### COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS

As of April 30, 2012

	Employee Benefit Plan	Safety & Risk Management	Totals
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 378,972	\$ 429,848	\$ 808,820
Receivables			
Accounts	12,235	6,993	19,228
Prepaid items	-	683,271	683,271
Total Current Assets	391,207	1,120,112	1,511,319
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	392,097	1,120,112	1,512,209
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	1,222	5,467	6,689
Claims payable	-	127,660	127,660
Due to other funds	127,940	6,657,256	6,785,196
Total Current Liabilities	129,162	6,790,383	6,919,545
Total liabilities	129,162	6,790,383	6,919,545
<b>NET ASSETS</b>			
Unrestricted (deficit)	262,935	(5,670,271)	(5,407,336)
<b>TOTAL NET ASSETS</b>	<b>\$ 262,935</b>	<b>\$ (5,670,271)</b>	<b>\$ (5,407,336)</b>

**CITY OF WAUKEGAN**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
For the Year Ended April 30, 2012

	<u>Employee Benefit Plan</u>	<u>Safety &amp; Risk Management</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 5,810,329	\$ -	\$ 5,810,329
Miscellaneous	<u>-</u>	<u>921,152</u>	<u>921,152</u>
Total Operating Revenues	<u>5,810,329</u>	<u>921,152</u>	<u>6,731,481</u>
<b>OPERATING EXPENSES</b>			
Contractual services	21,925	1	21,926
Commodities	-	109	109
Claims and judgments	58,351	2,523	60,874
Insurance premiums	<u>5,865,290</u>	<u>4,529</u>	<u>5,869,819</u>
Total Operating Expenses	<u>5,945,566</u>	<u>7,162</u>	<u>5,952,728</u>
Operating Income (Loss)	<u>(135,237)</u>	<u>913,990</u>	<u>778,753</u>
Income (Loss) Before Transfers	<u>(135,237)</u>	<u>913,990</u>	<u>778,753</u>
<b>TRANSFERS</b>			
Transfers in	438,042	242,651	680,693
Transfers out	<u>(51,663)</u>	<u>(3,312,547)</u>	<u>(3,364,210)</u>
Total Transfers	<u>386,379</u>	<u>(3,069,896)</u>	<u>(2,683,517)</u>
Change in net assets	251,142	(2,155,906)	(1,904,764)
NET ASSETS (DEFICIT) - Beginning of Year	<u>11,793</u>	<u>(3,514,365)</u>	<u>(3,502,572)</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 262,935</u>	<u>\$ (5,670,271)</u>	<u>\$ (5,407,336)</u>

## CITY OF WAUKEGAN

### COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended April 30, 2012

	Employee Benefit Plan	Safety & Risk Management	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 5,810,329	\$ 918,640	\$ 6,728,969
Paid to suppliers for goods and services	(5,971,917)	(650,998)	(6,622,915)
Paid to employees for services	(200)	(1,050)	(1,250)
Net Cash Flows From Operating Activities	(161,788)	266,592	104,804
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers	386,379	(3,069,896)	(2,683,517)
Interfund borrowings	(443,785)	3,070,957	2,627,172
Net Cash Flows From Noncapital Financing Activities	(57,406)	1,061	(56,345)
<b>Net Change in Cash and Cash Equivalents</b>	(219,194)	267,653	48,459
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	598,166	162,195	760,361
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 378,972	\$ 429,848	\$ 808,820

**CITY OF WAUKEGAN**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended April 30, 2012**

	<u>Employee Benefit Plan</u>	<u>Safety &amp; Risk Management</u>	<u>Totals</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (135,237)	\$ 913,990	\$ 778,753
Changes in assets and liabilities			
Accounts receivable	-	(2,512)	(2,512)
Prepaid items	-	(683,271)	(683,271)
Accounts payable	(26,351)	5,467	(20,884)
Accrued salaries	(200)	-	(200)
Claims payable	-	<u>32,918</u>	<u>32,918</u>
 <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	 <b><u>\$ (161,788)</u></b>	 <b><u>\$ 266,592</u></b>	 <b><u>\$ 104,804</u></b>
 <b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None			

**CITY OF WAUKEGAN**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
 EMPLOYEES' BENEFIT PLAN FUND  
 For the Year Ended April 30, 2012

	Original And Final Budget	Actual	Variance with Final Budget
<b>OPERATING REVENUES</b>			
Charges for services			
Premiums city	\$ 5,266,438	\$ 4,719,003	\$ (547,435)
Premiums employees	-	1,091,326	1,091,326
Total Operating Revenues	<u>5,266,438</u>	<u>5,810,329</u>	<u>543,891</u>
<b>OPERATING EXPENSES</b>			
Contractual services	23,600	21,925	1,675
Claims and judgments	100	58,351	(58,251)
Insurance premiums	<u>5,242,738</u>	<u>5,865,290</u>	<u>(622,552)</u>
Total Operating Expenses	<u>5,266,438</u>	<u>5,945,566</u>	<u>(679,128)</u>
Operating Loss	-	(135,237)	(135,237)
<b>NON-OPERATING EXPENSES</b>			
Loss Before Transfers	-	(135,237)	(135,237)
<b>TRANSFERS</b>			
Transfers in	-	438,042	438,042
Transfers out	-	(51,663)	(51,663)
Net Transfers	-	<u>386,379</u>	<u>386,379</u>
Change In net assets	<u>\$ -</u>	251,142	<u>\$ 251,142</u>
NET ASSETS - Beginning of Year		<u>11,793</u>	
NET ASSETS - END OF YEAR		<u>\$ 262,935</u>	

**CITY OF WAUKEGAN**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
SAFETY & RISK MANAGEMENT FUND  
For the Year Ended April 30, 2012

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OPERATING REVENUES</b>			
Charges for services			
Miscellaneous	\$ 176,376	\$ 921,152	\$ 744,776
Total Operating Revenues	<u>176,376</u>	<u>921,152</u>	<u>744,776</u>
<b>OPERATING EXPENSES</b>			
Contractual services	2,000	1	1,999
Commodities	-	109	(109)
Claims and judgments	-	2,523	(2,523)
Bad debt expenses	<u>3,000</u>	<u>4,529</u>	<u>(1,529)</u>
Total Operating Expenses	<u>5,000</u>	<u>7,162</u>	<u>(2,162)</u>
Operating Income (Loss)	<u>171,376</u>	<u>913,990</u>	<u>742,614</u>
<b>NON-OPERATING EXPENSES</b>			
Income Before Transfers	<u>171,376</u>	<u>913,990</u>	<u>742,614</u>
<b>TRANSFERS</b>			
Transfers in	-	242,651	242,651
Transfers out	<u>-</u>	<u>(3,312,547)</u>	<u>(3,312,547)</u>
Net Transfers	<u>-</u>	<u>(3,069,896)</u>	<u>(3,069,896)</u>
Change in net assets	<u>\$ 171,376</u>	(2,155,906)	<u>\$ (2,327,282)</u>
NET ASSETS (DEFICIT) - Beginning of Year		<u>(3,514,365)</u>	
NET ASSETS (DEFICIT) - END OF YEAR		<u>\$ (5,670,271)</u>	

**CITY OF WAUKEGAN**

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS  
As of April 30, 2012

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 277,746	\$ 122,702	\$ 400,448
Investments			
Money markets	21,694,184	11,614,464	33,308,648
State and local obligations	2,516,147	570,944	3,087,091
US Government and agency obligations	2,776,748	9,254,576	12,031,324
Common and preferred stocks	10,695,347	14,123,266	24,818,613
Mutual funds	18,479,856	8,186,288	26,666,144
Corporate bonds	234,949	1,584,412	1,819,361
Annuities	2,995,926	2,407,440	5,403,366
Accrued interest	108,473	181,733	290,206
Prepaid items	-	517	517
Total Assets	<u>59,779,376</u>	<u>48,046,342</u>	<u>107,825,718</u>
<b>LIABILITIES</b>			
Accounts payable	<u>17,158</u>	<u>24,593</u>	<u>41,751</u>
Total Liabilities	<u>17,158</u>	<u>24,593</u>	<u>41,751</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 59,762,218</u>	<u>\$ 48,021,749</u>	<u>\$ 107,783,967</u>

## CITY OF WAUKEGAN

### COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS

For the Year Ended April 30, 2012

	Police Pension	Firefighters' Pension	Totals
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 5,670,179	\$ 4,083,106	\$ 9,753,285
Plan members	1,164,275	861,129	2,025,404
Other	1,041	-	1,041
Total Contributions	6,835,495	4,944,235	11,779,730
Investment income			
Investment income	1,504,025	1,233,578	2,737,603
Net (depreciation) appreciation in the fair value of investments	(228,267)	783,699	555,432
Total Investment Income	1,275,758	2,017,277	3,293,035
Less Investment expense	129,918	99,381	229,299
Net Investment Income	1,145,840	1,917,896	3,063,736
Total Additions	7,981,335	6,862,131	14,843,466
<b>DEDUCTIONS</b>			
Benefits	6,186,564	4,689,080	10,875,644
Contractual services	50,039	53,061	103,100
Administration	28,760	94,378	123,138
Total Deductions	6,265,363	4,836,519	11,101,882
 Change in Net Assets	 1,715,972	 2,025,612	 3,741,584
NET ASSETS - Beginning of Year	58,046,246	45,996,137	104,042,383
 <b>NET ASSETS, END OF YEAR</b>	 \$ 59,762,218	 \$ 48,021,749	 \$ 107,783,967

**CITY OF WAUKEGAN**

**POLICE PENSION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 5,661,011	\$ 5,670,179	\$ (9,168)
Plan members	1,500,000	1,164,275	335,725
Other	<u>-</u>	<u>1,041</u>	<u>(1,041)</u>
Total Contributions	<u>7,161,011</u>	<u>6,835,495</u>	<u>325,516</u>
<b>INVESTMENT INCOME</b>			
Investment income	2,000,000	1,504,025	495,975
Net (depreciation) appreciation in the fair value of investments	<u>-</u>	<u>(228,267)</u>	<u>228,267</u>
Total Investment Income	<u>2,000,000</u>	<u>1,275,758</u>	<u>724,242</u>
Less: Investment expense	<u>-</u>	<u>129,918</u>	<u>(129,918)</u>
Net investment income	<u>2,000,000</u>	<u>1,145,840</u>	<u>854,160</u>
Total Additions	<u>9,161,011</u>	<u>7,981,335</u>	<u>1,179,676</u>
<b>DEDUCTIONS</b>			
Benefits	4,890,500	6,186,564	(1,296,064)
Contractual services	25,000	50,039	(25,039)
Administration	<u>50,000</u>	<u>28,760</u>	<u>21,240</u>
<b>Total Deductions</b>	<u>4,965,500</u>	<u>6,265,363</u>	<u>(1,299,863)</u>
Change in net assets	<u>\$ 4,195,511</u>	<u>1,715,972</u>	<u>\$ 2,479,539</u>
NET ASSETS, Beginning of Year		<u>58,046,246</u>	
<b>NET ASSETS, END OF YEAR</b>		<u>\$ 59,762,218</u>	

**CITY OF WAUKEGAN**

**FIREFIGHTERS' PENSION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended April 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 4,072,774	\$ 4,083,106	\$ (10,332)
Plan members	<u>900,000</u>	<u>861,129</u>	<u>38,871</u>
<b>Total Contributions</b>	<u>4,972,774</u>	<u>4,944,235</u>	<u>28,539</u>
<b>INVESTMENT INCOME</b>			
Investment income	1,500,000	1,233,578	266,422
Net appreciation in the fair value of investments	-	<u>783,699</u>	<u>(783,699)</u>
Total Investment Income	<u>1,500,000</u>	<u>2,017,277</u>	<u>(517,277)</u>
Less: Investment expense	-	<u>99,381</u>	<u>(99,381)</u>
Net investment income	<u>1,500,000</u>	<u>1,917,896</u>	<u>(417,896)</u>
<b>Total Additions</b>	<u>6,472,774</u>	<u>6,862,131</u>	<u>(389,357)</u>
<b>DEDUCTIONS</b>			
Benefits	4,630,000	4,689,080	(59,080)
Contractual services	25,000	53,061	(28,061)
Administration	<u>50,000</u>	<u>94,378</u>	<u>(44,378)</u>
<b>Total Deductions</b>	<u>4,705,000</u>	<u>4,836,519</u>	<u>(131,519)</u>
Change in net assets	<u>\$ 1,767,774</u>	<u>2,025,612</u>	<u>\$ (257,838)</u>
NET ASSETS, Beginning of Year		<u>45,996,137</u>	
<b>NET ASSETS, END OF YEAR</b>		<u>\$ 48,021,749</u>	

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**OTHER INFORMATION**

## CITY OF WAUKEGAN

## NET ASSETS BY COMPONENT

April 30, 2012

<i>(in thousands)</i>	2005	2006	2007
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 8,735	\$ 9,764	\$ 13,819
Restricted Assets	14,067	11,762	9,234
Unrestricted Assets	(32,342)	(34,829)	(34,169)
<b>Total governmental activities net assets</b>	\$ (9,540)	\$ (13,303)	\$ (11,117)
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 38,930	\$ 38,635	\$ 41,058
Restricted Assets	816	851	695
Unrestricted Assets	5,190	5,550	3,114
<b>Total business-type activities net assets</b>	\$ 44,937	\$ 45,036	\$ 44,867
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 47,665	\$ 48,399	\$ 54,876
Restricted Assets	14,883	12,613	9,929
Unrestricted Assets	(27,152)	(29,279)	(31,055)
<b>Total primary government net assets</b>	\$ 35,396	\$ 31,733	\$ 33,751

**Source:** Statement of Net Assets

\*Only eight (8) years of data has been disclosed due to GASB 34 not being implemented until 2005

	2008	2009	2010	2011	2012
\$	19,304	\$ 52,967	\$ 57,218	\$ 52,654	\$ 41,082
	14,199	6,313	11,872	11,746	13,284
	(42,207)	(38,001)	(50,638)	(50,578)	(31,200)
\$	(8,704)	\$ 21,279	\$ 18,452	\$ 13,822	\$ 23,167
\$	43,285	\$ 61,805	\$ 60,780	\$ 59,814	\$ 57,995
	560	-	-	-	-
	326	(4,553)	(3,003)	3,586	3,440
\$	44,171	\$ 57,252	\$ 57,777	\$ 63,400	\$ 61,435
\$	62,588	\$ 114,772	\$ 117,998	\$ 112,469	\$ 99,077
	14,759	6,313	11,872	11,746	13,284
	(41,881)	(42,554)	(53,641)	(46,992)	(27,759)
\$	35,467	\$ 78,531	\$ 76,229	\$ 77,223	\$ 84,602

## CITY OF WAUKEGAN

CHANGES IN NET ASSETS  
April 30, 2012

<i>(In thousands)</i>	2005	2006	2007	2008	2009
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 4,056	\$ 5,481	\$ 6,034	\$ 6,303	\$ 8,922
Public Safety	39,984	40,217	42,636	44,164	65,437
Streets, Bldges & 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	3,585	3,522	3,656	3,945
Total governmental activities expenses	<u>71,285</u>	<u>73,710</u>	<u>71,964</u>	<u>76,159</u>	<u>115,834</u>
<b>Business-type activities:</b>					
Water & Sewer	9,583	8,849	9,867	10,761	13,960
Parking System	814	850	965	953	1,217
Total business-type activities expenses	<u>10,197</u>	<u>9,698</u>	<u>10,832</u>	<u>11,714</u>	<u>15,177</u>
Total primary government expenses	<u>\$ 81,483</u>	<u>\$ 83,408</u>	<u>\$ 82,796</u>	<u>\$ 87,873</u>	<u>\$ 131,011</u>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
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	-	638
Total governmental activities program revenues	<u>14,491</u>	<u>13,835</u>	<u>13,453</u>	<u>15,500</u>	<u>13,479</u>
<b>Business-type activities:</b>					
Charges for services - Water & Sewer	12,004	11,547	11,363	11,133	10,895
Charges for services - Parking System	849	748	861	867	880
Capital grants and contributions	-	-	989	300	250
Total business-type activities program revenues	<u>12,854</u>	<u>12,294</u>	<u>13,213</u>	<u>12,300</u>	<u>12,025</u>
Total primary government program revenues	<u>\$ 27,144</u>	<u>\$ 26,130</u>	<u>\$ 26,666</u>	<u>\$ 27,800</u>	<u>\$ 25,502</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (56,795)	\$ (59,874)	\$ (58,511)	\$ (60,659)	\$ (102,357)
Business-type activities	2,456	2,596	2,381	586	(3,152)
Total primary government net expense	<u>\$ (54,339)</u>	<u>\$ (57,278)</u>	<u>\$ (56,130)</u>	<u>\$ (60,073)</u>	<u>\$ (105,509)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
Property Taxes	\$ 16,154	\$ 15,877	\$ 16,633	\$ 17,357	\$ 19,437
Sales & Utility Taxes	21,866	23,060	25,494	26,718	23,800
Income Taxes & Franchise Fees	9,728	11,119	12,367	13,864	14,028
Motor Fuel Taxes	2,648	2,646	2,726	2,639	2,444
Miscellaneous & Investment Income	537	766	910	1,004	1,222
Litigation Proceeds	-	-	-	-	-
Special Item	15	34	(41)	-	-
Transfers	2,337	2,608	2,887	1,445	753
Total governmental activities	<u>53,286</u>	<u>56,112</u>	<u>60,778</u>	<u>63,027</u>	<u>61,684</u>
<b>Business-type activities:</b>					
Utility Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Investment Income	108	111	158	-	-
Gain (Loss) on Sales of Fixed Assets	-	-	(18)	-	-
Transfers	(2,337)	(2,608)	(2,687)	(1,445)	(753)
Total business-type activities	<u>(2,229)</u>	<u>(2,497)</u>	<u>(2,549)</u>	<u>(1,445)</u>	<u>(753)</u>
Total primary government	<u>\$ 51,057</u>	<u>\$ 53,615</u>	<u>\$ 58,227</u>	<u>\$ 61,582</u>	<u>\$ 60,931</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ (3,509)	\$ (3,762)	\$ 2,265	\$ 2,368	\$ (40,673)
Business-type activities	227	99	(168)	(859)	(3,905)
Total primary government	<u>\$ (3,282)</u>	<u>\$ (3,663)</u>	<u>\$ 2,096</u>	<u>\$ 1,509</u>	<u>\$ (44,578)</u>

Source: Statement of Activities

\*Only eight (8) years of data has been disclosed due to GASB 34 not being implemented until 2005

2010	2011	2012
\$ 7,084	\$ 6,250	\$ 7,551
48,824	48,811	46,398
16,291	15,503	14,836
4,355	4,644	5,075
1,221	1,386	3,666
1,610	89	1,356
160	1,515	92
3,597	5,095	6,563
<u>83,142</u>	<u>83,293</u>	<u>85,536</u>
9,575	6,891	9,390
902	918	903
<u>10,477</u>	<u>7,809</u>	<u>10,293</u>
<u>\$ 93,619</u>	<u>\$ 91,102</u>	<u>\$ 95,829</u>

\$ 11,216	\$ 13,087	\$ 13,079
470	2,944	3,132
7,252	575	329
<u>18,938</u>	<u>16,606</u>	<u>16,539</u>
11,612	12,537	10,385
1,231	632	929
251	-	-
<u>13,094</u>	<u>13,169</u>	<u>11,314</u>
<u>\$ 30,669</u>	<u>\$ 29,775</u>	<u>\$ 27,853</u>

\$ (64,204)	\$ (66,687)	\$ (68,997)
2,617	5,360	1,021
<u>\$ (61,587)</u>	<u>\$ (61,327)</u>	<u>\$ (67,976)</u>

\$ 20,963	\$ 24,650	\$ 27,283
23,237	22,800	24,212
12,534	10,673	9,567
2,330	2,600	2,646
223	1,188	220
-	-	12,657
-	-	(1,363)
2,091	147	3,120
<u>61,378</u>	<u>62,058</u>	<u>78,343</u>

\$ -	\$ 121	\$ 132
-	288	1
-	-	-
(2,091)	(147)	(3,120)
<u>(2,091)</u>	<u>262</u>	<u>(2,987)</u>
<u>\$ 59,287</u>	<u>\$ 62,320</u>	<u>\$ 75,356</u>

\$ (2,827)	\$ (4,629)	\$ 9,345
526	5,622	(1,965)
<u>\$ (2,301)</u>	<u>\$ 993</u>	<u>\$ 7,380</u>

## CITY OF WAUKEGAN

## PROGRAM REVENUES BY FUNCTION/PROGRAM

April 30, 2012

<i>(in thousands)</i>	2005	2006	2007
<b>Function/Program</b>			
Governmental activities:			
General government	\$ 2,032	\$ 2,160	\$ 2,448
Public Safety	9,838	9,059	7,480
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	14,491	13,835	13,011
Business-type activities:			
Water & Sewer	12,004	11,547	12,352
Parking	649	748	861
Subtotal business-type activities	12,654	12,294	13,213
Total primary government	\$ 27,144	\$ 26,130	\$ 26,224

**Source:** Statement of Activities

\*Only eight (8) years of data has been disclosed due to GASB 34 not being implemented until 2005

	2008	2009	2010	2011	2012
\$	3,322	\$ 7,108	\$ 6,696	\$ 6,390	\$ 6,425
	9,013	5,449	4,588	6,790	6,927
	686	177	7,365	1,134	687
	417	356	87	492	1,041
	58	-	-	-	-
	1,322	286	138	1,799	1,459
	725	101	64	-	-
	<u>15,544</u>	<u>13,477</u>	<u>18,938</u>	<u>16,605</u>	<u>16,539</u>
	11,270	11,145	11,863	12,369	10,385
	867	880	1,231	800	929
	<u>12,137</u>	<u>12,025</u>	<u>13,094</u>	<u>13,169</u>	<u>11,314</u>
\$	<u>27,681</u>	\$ <u>25,502</u>	\$ <u>32,032</u>	\$ <u>29,774</u>	\$ <u>27,853</u>

## CITY OF WAUKEGAN

FUND BALANCES, GOVERNMENTAL FUNDS  
April 30, 2012

	2004	2005	2006
General Fund			
Reserved	\$ 4,970,322	\$ 5,360,798	\$ 4,985,255
Unreserved	5,775,259	7,062,764	8,071,702
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned (deficit)	-	-	-
Total general fund	<u>\$ 10,745,581</u>	<u>\$ 12,423,562</u>	<u>\$ 13,056,957</u>
All Other Governmental Funds			
Reserved	\$ 27,764,282	\$ 11,574,994	\$ 4,703,298
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Unreserved, reported in:			
Special revenue funds	7,002,905	6,111,377	3,739,464
Capital projects funds	(41,469)	6,113	3,768,306
Permanent fund	-	-	-
Debt service funds	287,206	205,956	280,769
Unassigned (deficit), reported in:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Permanent fund	-	-	-
Debt service funds	-	-	-
Total all other governmental funds	<u>35,012,924</u>	<u>17,898,440</u>	<u>12,491,837</u>
Total governmental funds	<u>\$ 45,758,505</u>	<u>\$ 30,322,002</u>	<u>\$ 25,548,794</u>

**Note:**

(1) The City began to report fund balances differently in 2012 when it implemented GASB 54. In that same year, the Working Cash Fund was no longer classified as a fiduciary fund and its balances were rolled into the General Fund. Therefore the 2012 "unassigned" balance in the General Fund includes fund balance that was historically maintained in a working cash special revenue fund.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (1)</u>
\$ 4,481,790	\$ 5,867,348	\$ 8,062,344	\$ 1,705,883	\$ 2,061,135	\$ -
8,422,604	6,705,002	-	(1,600,635)	2,961,394	-
-	-	-	-	-	7,368,074
-	-	-	-	-	-
-	-	-	-	-	4,939,969
-	-	-	-	-	-
-	-	-	-	-	11,948,988
<u>\$ 12,904,394</u>	<u>\$ 12,572,350</u>	<u>\$ 8,062,344</u>	<u>\$ 105,248</u>	<u>\$ 5,022,529</u>	<u>\$ 24,257,031</u>
\$ 4,155,228	\$ 2,854,587	\$ 275,000	\$ 22,355,336	\$ 22,062,796	\$ -
-	-	-	-	-	398,292
-	-	-	-	-	15,389,834
-	-	-	-	-	845,733
3,480,065	3,161,930	(1,745,657)	3,355,152	5,948,208	-
2,731,856	785,923	(761,030)	(1,940,118)	2,839,701	-
-	-	43,067	43,025	477	-
(292,740)	335,752	2,176,349	2,046,484	180,492	-
-	-	-	-	-	(511,861)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,074,409</u>	<u>7,138,192</u>	<u>(12,271)</u>	<u>25,859,879</u>	<u>31,031,674</u>	<u>16,121,998</u>
<u>\$ 22,978,803</u>	<u>\$ 19,710,542</u>	<u>\$ 8,050,073</u>	<u>\$ 25,965,127</u>	<u>\$ 36,054,203</u>	<u>\$ 40,379,029</u>

**CITY OF WAUKEGAN**  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

April 30, 2012

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

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

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

## CITY OF WAUKEGAN

### TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS April 30, 2012

<u>Fiscal Year</u>	<u>Property tax</u>	<u>Sales tax (a)</u>	<u>Telecom tax</u>	<u>Local Use tax</u>
2012	\$ 27,283,122	\$ 13,761,061	\$ 3,109,982	\$ 1,302,333
2011	24,650,456	13,207,602	3,050,354	1,306,726
2010	20,963,153	13,778,808	3,285,588	1,085,212
2009	19,437,810	13,295,674	3,344,177	1,297,715
2008	17,356,638	14,182,611	3,485,461	1,289,406
2007	16,632,724	13,248,717	3,364,500	1,172,349
2006	15,877,422	12,113,400	3,428,633	1,084,401
2005	16,154,401	11,838,411	3,236,662	918,009
2004	14,723,204	11,824,047	3,151,896	854,942
2003	10,746,032	10,131,492	2,547,245	775,294
Change 2003 - 2012	-100.0%	-100.0%	-100.0%	-100.0%

Source:

Notes:

<sup>a</sup> 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

Utility tax	F&B tax <sup>a</sup>	Other tax	Total
\$ 4,125,426	\$ 930,228	\$ 867,248	\$ 51,379,400
4,234,627	-	979,943	47,429,708
4,113,397	-	972,987	44,199,145
4,895,372	-	966,079	43,236,827
9,161,293	-	930,939	45,475,409
4,806,806	-	894,558	39,225,096
4,766,891	-	761,363	37,270,747
4,181,128	-	743,864	36,328,611
4,282,057	-	734,052	34,836,146
4,039,670	-	815,639	28,239,733
-100.0%	N/A	-100.0%	-100.0%

## CITY OF WAUKEGAN

### PROPERTY TAX LEVY BY FUND April 30, 2012

Levy Year	Fiscal Year	Corporate Amount	Rate	Garbage Amount	Rate
2010	2011/2012	\$ 2,379,442	0.165		
2009	2010/2011	8,986,374	0.574		
2008	2009/2010	8,620,482	0.530		
2007	2008/2009	8,211,467	0.523		
2006	2007/2008	7,806,691	0.533		
2005	2006/2007	7,033,606	0.511		
2004	2005/2006	6,356,323	0.490		
2003	2004/2005	6,551,245	0.524		
2002	2003/2004	3,359,509	0.291	\$ 2,916,832	0.252
2001	2002/2003	3,287,002	0.308	2,879,600	0.270

  

Levy Year	Fiscal Year	Police Pension Amount	Rate	Fire Pension Amount	Rate
2010	2011/2012	\$ 5,667,399	0.393	\$ 4,081,104	0.286
2009	2010/2011	3,569,501	0.228	2,630,158	0.168
2008	2009/2010	3,250,376	0.200	2,350,341	0.145
2007	2008/2009	2,903,049	0.185	2,379,579	0.152
2006	2007/2008	2,740,000	0.187	2,260,000	0.155
2005	2006/2007	2,764,270	0.201	2,369,958	0.172
2004	2005/2006	2,632,161	0.203	2,167,732	0.167
2003	2004/2005	2,173,755	0.174	1,869,777	0.150
2002	2003/2004	2,096,852	0.182	1,753,272	0.152
2001	2002/2003	1,900,072	0.178	1,516,157	0.142

  

Levy Year	Fiscal Year	Bonds Levy Amount	Rate
2010	2011/2012	\$ 12,416,362	0.861
2009	2010/2011	6,700,642	0.428
2008	2009/2010	4,810,966	0.296
2007	2008/2009	4,319,815	0.275
2006	2007/2008	4,004,952	0.274
2005	2006/2007	3,806,756	0.277
2004	2005/2006	3,668,244	0.283
2003	2004/2005	4,525,592	0.362
2002	2003/2004	3,605,020	0.312
2001	2002/2003	3,629,045	0.340

Library Levy Amount	Rate	Aggregate Levy (not including Bonds)			
		Total Amount	Rate	Change Amount	%
\$ 3,662,899	0.254	\$ 15,790,844	1.098	\$ (3,246,492)	-17.05%
3,851,303	0.246	19,037,336	1.216	969,592	5.37%
3,846,545	0.237	18,067,744	1.112	894,395	5.21%
3,679,254	0.234	17,173,349	1.094	852,804	5.23%
3,513,854	0.240	16,320,545	1.115	797,542	5.14%
3,355,169	0.244	15,523,003	1.128	1,176,010	8.20%
3,190,777	0.246	14,346,993	1.106	699,780	5.13%
3,052,436	0.244	13,647,213	1.092	680,581	5.25%
2,840,167	0.246	12,966,632	1.123	631,284	5.12%
2,752,517	0.258	12,335,348	1.156	N/A	N/A

Grand Total			
Total Amount	Rate	Change Amount	%
\$ 28,207,207	1.959	\$ 2,469,229	9.59%
25,737,978	1.644	2,859,268	12.50%
22,878,710	1.408	1,385,546	6.45%
21,493,164	1.369	1,167,667	5.74%
20,325,497	1.389	995,738	5.15%
19,329,759	1.405	1,314,522	7.30%
18,015,237	1.389	(157,568)	-0.87%
18,172,805	1.454	1,601,153	9.66%
16,571,652	1.435	607,259	3.80%
15,964,393	1.496	N/A	N/A

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## CITY OF WAUKEGAN

### PROPERTY TAX LEVIES AND COLLECTIONS

April 30, 2012

Levy Year	Fiscal Year	Taxes Levied	Amount Collected	Percentage of Levy
2010	2011/2012	\$ 28,207,207	\$ 28,079,992	99.55%
2009	2010/2011	25,737,978	25,656,929	99.69%
2008	2009/2010	22,878,710	22,872,289	99.97%
2007	2008/2009	21,493,164	21,495,536	100.01%
2006	2007/2008	20,325,497	20,362,650	100.18%
2005	2006/2007	19,329,759	19,290,776	99.80%
2004	2005/2006	18,015,237	18,263,674	101.38%
2003	2004/2005	18,172,805	18,131,204	99.77%
2002	2003/2004	16,571,652	16,577,410	100.03%
2001	2002/2003	15,964,393	14,661,425	91.84%

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

## CITY OF WAUKEGAN

### DIRECT AND OVERLAPPING PROPERTY TAX RATES April 30, 2012

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Levy Year	Fiscal Year	City of Waukegan	Lake County	Lake County Forest	Waukegan Township
2010	2011/2012	1.959	0.505	0.198	0.333
2009	2010/2011	1.644	0.464	0.200	0.300
2008	2009/2010	1.408	0.453	0.199	0.284
2007	2008/2009	1.389	0.444	0.201	0.281
2006	2007/2008	1.405	0.450	0.204	0.289
2005	2006/2007	1.389	0.454	0.210	0.289
2004	2005/2006	1.454	0.465	0.219	0.291
2003	2004/2005	1.435	0.490	0.225	0.287
2002	2003/2004	1.496	0.502	0.232	0.301
2001	2002/2003	1.489	0.516	0.221	0.311

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

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Overlapping Rates				
North Shore Sanitary	Waukegan Park District	School District 60	College of Lake County	Total
0.136	0.723	6.921	0.218	10.993
0.124	0.645	5.986	0.200	9.563
0.121	0.616	5.691	0.196	8.968
0.120	0.610	5.639	0.192	8.876
0.125	0.599	5.834	0.195	9.101
0.132	0.586	5.872	0.197	9.129
0.139	0.560	5.941	0.200	9.269
0.144	0.542	5.938	0.201	9.262
0.152	0.518	5.934	0.208	9.343
0.160	0.529	5.440	0.211	8.877

## CITY OF WAUKEGAN

### EQUALIZED ASSESSED VALUE (EAV) AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY April 30, 2012

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Levy Year	Fiscal Year	Residential EAV	Farm EAV	Commercial EAV	Industrial EAV
2010	2011/2012	\$ 922,374,350	\$ 2,113,730	\$ 335,763,213	\$ 179,843,319
2009	2010/2011	1,042,192,063	2,191,507	336,223,441	183,599,170
2008	2009/2010	1,088,145,802	2,086,700	353,390,712	183,139,143
2007	2008/2009	1,056,710,592	2,369,933	338,947,988	173,990,252
2006	2007/2008	n/a	n/a	n/a	n/a
2005	2006/2007	n/a	n/a	n/a	n/a
2004	2005/2006	n/a	n/a	n/a	n/a
2003	2004/2005	n/a	n/a	n/a	n/a
2002	2003/2004	n/a	n/a	n/a	n/a
2001	2002/2003	n/a	n/a	n/a	n/a

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

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

Real Estate	Railroads	Total EAV	Tax Rate	Estimated Actual Value
n/a	\$ 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	1.369	5,243,453,347
1,465,427,494	1,579,424	1,467,006,918	1.389	4,890,023,060
1,376,518,325	1,571,939	1,378,090,264	1.405	4,593,634,213
1,298,585,701	975,889	1,299,561,590	1.389	4,331,871,967
1,250,239,460	1,143,619	1,251,383,079	1.454	4,171,276,930
1,156,716,544	770,916	1,157,487,460	1.435	3,858,291,533
1,068,009,500	480,659	1,068,490,159	1.496	3,561,633,863

## CITY OF WAUKEGAN

## PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR

April 30, 2012

2012 Fiscal Year / 2010 Levy Year			2003 Fiscal Year / 2001 Levy Year		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Colliers B&K Rems	\$ 25,010,660	1.73%	Prudential Insurance Co. of America	\$ 17,967,391	1.25%
Community Health Systems Inc.	17,076,562	1.18%	Chicago Title Land Trust Co.	10,847,411	0.75%
Marquette Enterprises	9,305,524	0.65%	LaSalle 4475110	8,982,970	0.62%
Allegiance Healthcare Corp.	8,860,478	0.61%	Allegiance Healthcare Corp	8,827,940	0.61%
Deloitte PTS	8,667,072	0.60%	Healthcare Service Corp.	7,543,638	0.52%
Northern Crossing JV LLC	8,631,164	0.60%	MNY Northern Corp.	7,449,602	0.52%
JRC/CSE Eagle Ridge JV LLC	6,934,626	0.48%	Commonwealth Edison Company	6,916,727	0.48%
Health Care Service Corp	6,895,782	0.48%	Midwest Generation LLC	5,443,558	0.38%
Redwood Lakes at Fountain Square LLC	6,600,300	0.46%	Waterton Lakehurst I & II	5,430,932	0.38%
Abbott Laboratories Inc	6,571,300	0.46%	Uline Inc	5,056,321	0.35%
Total	<u>\$ 104,553,468</u>	<u>7.25%</u>		<u>\$ 84,466,490</u>	<u>7.91%</u>
Total Waukegan Equalized Assessed Valuation	<u>\$ 1,442,086,224</u>			<u>\$ 1,068,490,159</u>	

Source: Lake County Clerk, Tax Extension Office

## CITY OF WAUKEGAN

### DIRECT AND OVERLAPPING SALES TAX RATES, LAST TEN FISCAL YEARS

April 30, 2012

Fiscal Year	Home Rule Sales Tax	RTA Sales Tax	State Sales Tax	Total Sales Tax
2012	1.00%	0.75%	6.25%	8.00%
2011	1.00%	0.75%	6.25%	8.00%
2010	1.00%	0.75%	6.25%	8.00%
2009	1.00%	0.75%	6.25%	8.00%
2008	1.00%	0.75%	6.25%	8.00%
2007	1.00%	0.25%	6.25%	7.50%
2006	1.00%	0.25%	6.25%	7.50%
2005	1.00%	0.25%	6.25%	7.50%
2004	1.00%	0.25%	6.25%	7.50%
2003	1.00%	0.25%	6.25%	7.50%

**Source:** Illinois Department of Revenue

**Note:** Home rule sales tax of 1.0% was implemented October 2002

All rates are as of April of each year.

**CITY OF WAUKEGAN**  
**TAXABLE SALES BY CATEGORY**

Year Ended December 31

Classification	2002	% of Total	2003	% of Total	2004	% of Total	2005	% of Total	2006
General Merchandise	\$ 617,739	7.6%	\$ 622,866	8.5%	\$ 466,254	24.5%	\$ 444,194	6.0%	\$ 735,528
Food	1,514,581	18.8%	1,490,855	20.4%	1,480,167	5.4%	1,464,435	19.7%	1,459,071
Drinking & Eating	585,773	7.2%	571,475	7.8%	463,937	10.0%	610,655	8.2%	642,304
Apparel	145,953	1.8%	142,556	2.0%	158,080	10.5%	150,824	2.0%	143,956
Furniture & Fixtures	87,670	1.1%	214,227	2.9%	138,551	8.9%	169,875	2.3%	122,832
Lumber & Hardware	918,757	11.3%	429,577	5.9%	464,941	8.3%	475,556	6.4%	485,205
Auto & Filling Stations	2,253,874	27.7%	1,858,313	25.4%	1,876,294	9.8%	1,881,921	25.3%	2,095,197
Drugs & Other Retail	1,245,835	15.3%	1,289,661	17.7%	1,373,034	15.3%	1,416,078	19.0%	1,447,804
Agriculture & All Others	611,853	7.5%	531,726	7.3%	663,587	6.4%	599,930	8.1%	713,567
Manufacturers	162,694	2.0%	152,087	2.1%	249,798	0.9%	234,189	3.1%	244,981
<b>Total</b>	<b>\$ 8,144,730</b>	<b>100.0%</b>	<b>\$ 7,303,362</b>	<b>100.0%</b>	<b>\$ 7,332,642</b>	<b>100.0%</b>	<b>\$ 7,447,657</b>	<b>100.0%</b>	<b>\$ 8,090,445</b>

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	2007	% of Total	2008	% of Total	2009	% of Total	2010	% of Total	2011	% of Total
9.1%	\$ 1,046,503	12.1%	\$ 1,139,141	13.5%	\$ 1,098,568	12.8%	\$ 1,066,579	13.7%	\$ 909,500	11.2%
18.0%	1,361,837	15.7%	1,288,694	15.3%	1,227,555	14.3%	1,221,243	15.7%	1,197,988	14.8%
7.9%	694,627	8.0%	753,771	9.0%	732,740	8.5%	760,467	9.8%	808,642	10.0%
1.8%	143,623	1.7%	181,272	2.2%	156,369	1.8%	155,763	2.0%	269,989	3.3%
1.5%	112,002	1.3%	105,845	1.3%	99,491	1.2%	102,264	1.3%	98,119	1.2%
6.0%	485,716	5.6%	401,080	4.8%	396,595	4.6%	394,238	5.1%	379,058	4.7%
25.9%	2,130,687	24.8%	1,847,857	22.0%	2,363,526	27.6%	1,506,945	19.3%	1,725,712	21.3%
17.9%	1,515,685	17.5%	1,442,731	17.2%	1,466,699	17.1%	1,475,504	18.9%	1,699,520	21.0%
8.8%	926,772	10.7%	1,070,280	12.7%	847,454	9.9%	929,948	11.9%	824,242	10.2%
3.0%	238,758	2.8%	176,950	2.1%	182,826	2.1%	179,144	2.3%	194,865	2.4%
100.0%	\$ 8,656,210	100.0%	\$ 8,407,622	100.0%	\$ 8,571,824	100.0%	\$ 7,792,114	100.0%	\$ 8,107,634	100.0%

## CITY OF WAUKEGAN

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
 LAST TEN FISCAL YEARS  
 (DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)  
 April 30, 2012

Fiscal Year	Levy Year	Population	Equalized Assessed Value	General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Assessed Value*	General Obligation Bonded Debt Per Capita
2003	2001	91,132	1,088,490,159	53,301,693	4.99%	\$ 584.88
2004	2002	90,974	1,157,487,460	107,890,000	9.32%	1,185.94
2005	2003	90,542	1,251,383,079	107,105,000	8.56%	1,182.93
2006	2004	91,018	1,299,561,590	108,990,000	8.39%	1,197.46
2007	2005	91,138	1,378,090,264	101,367,585	7.36%	1,112.24
2008	2006	90,788	1,467,006,918	94,565,307	6.45%	1,041.61
2009	2007	92,929	1,573,036,004	72,581,355	4.61%	781.04
2010	2008	90,622	1,627,431,047	91,591,922	5.63%	1,010.70
2011	2009	90,622	1,565,570,467	105,863,271	6.76%	1,168.19
2012	2010	89,078	1,442,086,224	92,479,003	6.41%	1,038.18

**Sources:**

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

United States Census Bureau Quick Facts, Population 2010

## CITY OF WAUKEGAN

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

April 30, 2012

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<u>Fiscal Year</u>	<u>General Expenditures</u>	<u>General Obligation Debt Service</u>	<u>Ratio of General Obligation Debt Service to General Expenditures</u>
2003*	N/A	N/A	N/A
2004	105,388,494	7,891,030	7.49%
2005	91,196,281	8,796,773	9.65%
2006	79,998,711	8,014,934	10.02%
2007	76,868,908	9,081,697	11.81%
2008	82,520,225	8,306,966	10.07%
2009	87,818,691	7,689,957	8.76%
2010	82,613,667	14,163,292	17.14%
2011	76,358,715	8,818,810	11.55%
2012	87,873,455	13,191,037	15.01%

**Note:** The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004, all governmental funds are included; however they are reported on a modified accrual basis.

## CITY OF WAUKEGAN

### REVENUE BOND COVERAGE LAST TEN FISCAL YEARS April 30, 2012

Fiscal Year	Motor Vehicle Parking & Sales Tax Bonds Debt Service	Motor Vehicle Parking & Sales Tax Revenue	Motor Vehicle Parking & Sales Tax Coverage Ratio
2003	N/A	-	N/A
2004	N/A	-	N/A
2005	216,487	649,389	(3) 299.97%
2006	589,723	747,635	(3) 126.78%
2007	587,973	861,298	(3) 146.49%
2008	586,110	867,323	(3) 147.98%
2009	587,048	880,198	(4) 149.94%
2010	588,516	1,230,829	(4) 209.14%
2011	588,885	921,457	156.47%
2012	588,816	1,060,781	180.15%

**Notes:**

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

<u>Water &amp; Sewer Revenue Bond Debt Service</u>	<u>Water &amp; Sewer Revenue</u>	<u>Water &amp; Sewer Revenue Coverage Ratio</u>
N/A	-	N/A
24,946	11,736,948	47048.82%
144,475	10,385,140	7188.19%

## CITY OF WAUKEGAN

### DEMOGRAPHIC AND ECONOMIC STATISTICS April 30, 2012

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Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age
2002	91,022	1,616,733	17,762	28.5
2003	91,132	1,582,781	17,368	28.2
2004	90,974	1,673,376	18,394	34.5
2005	90,542	1,552,343	17,145	34.7
2006	91,018	1,606,286	17,648	34.8
2007	91,138	1,613,234	17,701	36.1
2008	90,788	1,588,608	17,498	31.0
2009	92,929	1,626,072	20,249	30.0
2010	90,622	1,902,428	20,993	30.7
2011	89,078	1,789,844	20,093	30.5

**Sources:**

United States Census Bureau, 2010

(1) Excludes Nursery School and College / Graduate School

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<u>Education Level in Years of Schooling</u>	<u>School Enrollment (1)</u>	<u>Unemployment Rate</u>
14.2	16,229	8.4%
14.2	15,982	8.2%
14.3	16,289	7.5%
14.3	18,778	6.8%
14.2	16,992	6.2%
14.2	16,992	7.0%
14.2	18,800	12.1%
14.2	19,298	14.0%
14.2	19,298	15.1%
14.0	19,819	10.8%

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## CITY OF WAUKEGAN

### PRINCIPAL EMPLOYERS

April 30, 2012

<u>Employer</u>		<u>Employees</u>	<u>Percentage of Total Employment</u>
Vista Health Victory Memorial	General Hospital	2,850	7.21%
Unit School District No. 60	Education	1,200	3.04%
Uline Inc.	Packaging/Shipping supplies	900	2.28%
County of Lake	Government	850	2.15%
Ill Department of Human Resources	Government	731	1.85%
WMS Gaming Inc.	Manufacturing	621	1.57%
Baxter Healthcare Corp	Medical Supplies	600	1.52%
County of Lake - Public Health	Government	600	1.52%
City of Waukegan	Government	433	1.09%
First Midwest Bankcorp	Commercial Bank	480	1.22%
Sub Total Principal Employers		<u>9,265</u>	<u>23.45%</u>
Estimated Total Number of Employees		<u>39,506</u>	

Source: Lake County Partners @ 2009 ESRI

## CITY OF WAUKEGAN

### FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM April 30, 2012

<u>Function/Program</u>	Full-time-Equivalent			
	2003	2004	2005	2006
General government				
Central Services	31.00	31.00	30.00	32.00
Planning & Dev/ Building	33.00	35.00	35.00	35.00
Public Safety				
Fire	117.00	117.00	120.00	124.00
Police & Comm	235.00	237.00	228.00	228.00
Public Works & Engineering	<u>135.00</u>	<u>138.00</u>	<u>134.00</u>	<u>136.00</u>
Total	<u>551.00</u>	<u>558.00</u>	<u>547.00</u>	<u>555.00</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 2592 for sworn fire personnel (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by standard.

Employees by Function/Program						
2007	2008	2009	2010	2011	2012	
35.00	33.00	35.00	28.00	26.50	29.00	
38.00	38.00	36.00	31.00	23.00	19.50	
125.00	127.00	125.00	123.00	117.00	114.00	
228.00	227.00	216.00	261.00	228.00	176.00	
<u>138.00</u>	<u>139.00</u>	<u>126.00</u>	<u>126.00</u>	<u>109.00</u>	<u>94.00</u>	
<u>564.00</u>	<u>564.00</u>	<u>538.00</u>	<u>569.00</u>	<u>503.50</u>	<u>432.50</u>	

## CITY OF WAUKEGAN

OPERATING INDICATORS  
April 30, 2012

Function/Program	Fiscal				
	2003	2004	2005	2006	2007
<b>General government</b>					
General business licenses Issued <sup>(d)</sup>	1250	1300	1350	1,400	1,450
Number of Commercial Units Constructed	13	18	25	15	25
Value of Commercial Construction	\$ 13,861,901	\$ 23,887,771	\$ 42,296,603	\$ 26,351,339	\$ 48,497,662
Number of Residential Single Family Constructed	85	76	94	34	45
Value of Residential Single Family Construction	\$ 13,369,672	\$ 15,482,862	\$ 20,676,062	\$ 7,199,975	\$ 7,539,955
Number of Residential Multiple Unit Family Constructed	18	6	225	30	48
Value of Residential Multiple Unit Family Construction	\$ 1,330,100	\$ 865,200	\$ 22,181,730	\$ 5,120,400	\$ 1,730,400
Number Residential Addition and Alterations	n/a	n/a	n/a	n/a	n/a
Value of Residential Addition and Alterations	n/a	n/a	n/a	n/a	n/a
Number Commercial Addition and Alterations	n/a	n/a	n/a	n/a	n/a
Value Commercial Addition and Alterations	n/a	n/a	n/a	n/a	n/a
<b>Public Safety</b>					
911 Calls*	73,248	74,434	81,320	79,842	82,048
Police Responses* <sup>(c)</sup>	72,935	81,788	80,417	78,085	75,077
Physical arrests^	5,015	4,481	4,608	4,839	4,920
Traffic Citations Written ^	37,149	40,521	36,117	28,183	26,010
Parking violations^	59,278	65,323	64,656	60,615	58,164
Emergency Medical Responses^	5,747	5,473	6,004	6,864	7,607
Fire Department Mutual Aid Responses^	101	100	146	110	135
Fire Department Structure Fires^	n/a	n/a	95	110	126
Fire Department Other Fires^	n/a	n/a	127	135	156
Fire Department Total Fires	n/a	n/a	222	245	282
Fire Department Dollar Value of Structures^	n/a	n/a	\$ 51,259,214	\$ 29,404,565	\$ 69,796,015
Fire Department Dollar Value of Structures Lost^	n/a	n/a	\$ 4,572,434	\$ 2,823,322	\$ 2,547,050
Fire Department Dollar Value of Structures Saved^	n/a	n/a	\$ 46,686,780	\$ 26,581,243	\$ 67,248,965
Fire Department Hazmat Responses	n/a	n/a	162	197	164
Fire Department Total Responses	n/a	n/a	8,368	9,297	9,579
<b>Streets &amp; Highways</b>					
Miles of streets resurfaced	6.0	5.2	6.0	5	6
Inches of snowfall	35.0	37.0	34.0	40	25
Tons of salt used in snow plowing	9,000	9,000	7,700	6,500	8,000
Number of parkway trees planted	117	109	-	-	25
<b>Utility<sup>(d)</sup></b>					
Number of water main breaks*	95	52	60	51	57
Total water consumption (billions of gallons)*	3.872	3.909	4.032	4	4
Number of Water Meters Replaced*	648	467	683	633	769
Average daily consumption pumped (millions of gallons)*	10.61	10.711	11.048	10	10

Source: Various city departments.

## Notes:

<sup>(c)</sup> Police responses include contact through 9-1-1, non-emergency lines, walk-up window traffic, self-initiated by officer.<sup>(d)</sup> Numbers are approximate by the Business License Office. 2010 are actual numbers reported on calendar year.<sup>(e)</sup> Year 2009 estimated last three months

\* Those indicators noted are reported on calendar year.

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

Year*					
	2008	2009	2010	2011	2012
	1,550	1,600	1,314	1,584	1,674
	9	2	3	5	-
\$	26,925,469	\$ 10,247,862	\$ 2,402,253	\$ 11,626,187	\$ -
	22	11	23	5	7
\$	3,606,100	\$ 1,662,065	\$ 3,549,207	\$ 911,435	\$ 705,263
	85	36	-	1	-
\$	5,410,800	\$ 3,680,400	\$ -	\$ 10,815,878	\$ -
	n/a	n/a	2,736	2,285	2,809
	n/a	n/a	\$ 10,568,358	\$ 17,405,401	\$ 13,725,370
	n/a	n/a	397	231	349
	n/a	n/a	\$ 34,630,343	\$ 22,842,987	\$ 28,056,095
	77,607	57,058	67,545	76,143	78,777
	77,488	51,335	103,079	75,589	87,804
	4,637	3,260	5,349	4,343	3,687
	20,837	10,431	10,914	16,278	13,688
	54,482	33,076	35,047	48,716	19,948
	7,331	5,487	6,627	6,563	6,505
	126	84	152	194	210
	154	138	147	145	141
	177	162	180	144	139
	331	300	327	289	280
\$	53,332,055	\$ 262,993,883	\$ 212,260,160	\$ 104,411,280	\$ 106,131,775
\$	3,164,810	\$ 2,986,918	\$ 2,065,108	\$ 4,762,892	\$ 5,021,700
\$	50,167,245	\$ 260,006,745	\$ 210,195,052	\$ 99,648,388	\$ 101,110,075
	257	256	190	86	85
	10,403	9,826	9,651	9,879	10,089
	6	4	3	5	5
	43	72	55	78	30
	11,200	7,000	4,500	4,400	2,400
	49	-	-	-	1
	63	57	48	85	85
	3	4	3	3	3
	741	715	200	295	341
	9	10	9	9	8

CITY OF WAUKEGAN  
CAPITAL ASSET STATISTICS  
April 30, 2012

Function/Program	Fiscal			
	2003	2004	2005	2006
<b>Municipal Buildings</b>				
Police Station / Dispatch Center	2	2	2	2
Fire Stations	5	5	5	5
Public Works Facilities	5	5	5	5
City Hall	1	1	1	1
Water Plant	3	3	3	3
Lift Stations	12	12	12	13
Pump Stations	2	2	2	3
Water Tanks	2	2	2	3
Parking Garages	1	1	2	2
City Beach	3	3	3	3
Theaters	1	1	1	1
<b>Streets &amp; Highways</b>				
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
<b>Utility</b>				
Miles of watermain	n/a	n/a	n/a	n/a

Year	2007	2008	2009	2010	2011	2012
	2	2	2	2	2	2
	5	5	5	5	5	5
	5	5	5	5	5	5
	1	1	1	1	1	1
	3	3	3	3	3	3
	13	13	13	13	13	13
	3	3	3	3	3	3
	3	3	3	3	3	3
	2	2	2	2	2	2
	3	3	3	3	3	3
	1	1	1	1	1	1
	n/a	n/a	n/a	n/a	n/a	213
	n/a	n/a	n/a	n/a	n/a	113
	n/a	n/a	n/a	n/a	n/a	157
	n/a	n/a	n/a	n/a	n/a	330

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## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

To the City Council  
City of Waukegan  
Waukegan, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waukegan, Illinois, as of and for the year ended April 30, 2012, and have issued our report dated January 15, 2013. These financial statements are the responsibility of the City of Waukegan's management. Our responsibility is to express opinions on the financial statements based upon our audit.

Our audit was made 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

The results of our tests indicate that, with respect to the items tested, the City of Waukegan complied in all material respects, with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

This report is intended solely for the information and use of the 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  
January 15, 2013

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