

CITY OF WAUKEGAN

Waukegan, Illinois

FINANCIAL STATEMENTS

For the Year Ended April 30, 2011

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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, 2011, 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waukegan, IL as of April 30, 2011, 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 will also issue a report on our consideration of City of Waukegan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The required supplementary information, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the City Council
City of Waukegan

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 and the other information sections is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Baker Tully Virchow Krause, LLP

Oak Brook, Illinois
December 21, 2011

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

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, 2011 and April 30, 2010. 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, 2011.

FINANCIAL HIGHLIGHTS

- > The City's net assets as a result of operations are \$77.2 million for fiscal year ending April 30, 2011, with \$112.5 million invested in capital assets net of related debt, \$11.7 million in restricted assets, and a negative balance of \$(47.0) million in unrestricted assets.
 - Governmental net assets are \$13.8 million, with \$52.7 million invested in capital assets net of related debt, \$11.7 million in restricted assets, and a negative balance of \$(50.6) million in unrestricted net assets.
 - Business-type activities net assets are \$63.4 million, with \$59.8 million invested in capital assets net of related debt, no restricted assets, and \$3.6 million in unrestricted net assets.

- > Total general revenues, program revenues and transfers were \$92.1 million for the fiscal year and expenses totaled \$91.1 million, resulting in an increase of net assets of \$1 million.
 - During the fiscal year, the City had governmental revenues generated in tax, other governmental programs and net transfers totaling \$78.6 million and expenses totaling \$83.3 million, resulting in a decrease in net assets of \$(4.7) million.
 - The City's business-type activities revenues and net transfers were \$13.5 million and expenses were \$7.8 million, resulting in an increase in net assets of \$5.6 million.

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

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)
APRIL 30, 2011

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 thirty-two 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, the working cash fund, and the debt service fund, all of which are considered to be major funds. Data from the other twenty-eight 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)
APRIL 30, 2011

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

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

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

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

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

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

GOVERNMENT-WIDE STATEMENTS & ANALYSIS

Governmental Activities

CONDENSED STATEMENT OF NET ASSETS, AS OF APRIL 30

<i>(in millions)</i>	Governmental Activities 2011	Governmental Activities 2010	Increase / (Decrease)
Assets:			
Current Assets	\$ 68.7	\$ 53.2	\$ 15.5
Internal Balances	1.0	5.5	(4.5)
Deferred Charges	0.9	0.7	0.2
Restricted Assets	0.1	-	0.1
Capital Assets Net of Depreciation	119.2	125.3	(6.1)
Total Assets	189.8	184.7	5.1
Liabilities			
Current Liabilities	5.4	15.1	(9.8)
Unearned Revenue	27.7	25.2	2.5
Non-Current Liabilities	142.9	125.9	17.0
Total Liabilities	176.0	166.2	9.8
Net Assets			
Investments in Capital Assets, net of Related Debt	52.7	57.2	(4.6)
Restricted Assets	11.7	11.9	(0.2)
Unrestricted Assets	(50.6)	(50.6)	-
Total Net Assets	13.8	18.5	(4.7)
Total Liabilities & Net Assets	\$ 189.8	\$ 184.7	\$ 5.1

The City's governmental activities current assets increased by \$15.5 million during the fiscal year to \$68.7 million, as the City's cash position has improved compared to the prior year. Internal balances decreased by \$4.5 million to \$1.0 million as the City continues to improve the intra-fund positions Citywide. Deferred charges increased slightly by \$200 thousand to \$900 thousand. Capital assets, net of depreciation, decreased by \$6.1 million to \$119.2 million, as the rate of depreciation outpaced new and reinvestment in the City's governmental assets. Total governmental activities assets increased by \$5.1 million to \$189.8 million, an overall improvement for the fiscal year.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

Governmental activities' current liabilities decreased by \$9.8 million to \$5.4 million for the fiscal year. This is due primarily to the City restructuring a short-term borrowing to a longer-term bond issue related to a settlement on a lawsuit. The remaining current liabilities greatly decreased as many of the City's short-term vendor payments were paid in a prompt fashion this fiscal year. Unearned revenue increased \$2.5 million to \$27.7 million associated with tax dollars recorded for accrual purposes. Non-current liabilities increased \$17.0 million to \$142.9 million as the City's obligations in excess of one-year have grown due to an increased debt position. Total governmental activities liabilities are \$176.0 million, up \$9.8 million over the prior fiscal year.

Total governmental activities net assets decreased \$(4.7) million to \$13.8 million for the fiscal year, as capital assets net of related debt decreased \$4.6 million to \$52.7 million; restricted assets decreased \$100 thousand to \$11.7 million; and, unrestricted assets remained in a negative balance for a total of \$(50.6) million at the close of the fiscal year.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30

<i>(in millions)</i>	Governmental Activities 2011	Governmental Activities 2010	Increase / (Decrease)
Revenues:			
Program Revenues			
Charges for Services	\$ 13.1	\$ 11.2	\$ 1.9
Operating Grants & Contributions	2.9	0.5	2.4
Capital Grants & Contributions	0.6	7.3	(6.7)
General Revenues			
Taxes	47.5	43.4	4.1
Intergovernmental	13.3	14.9	(1.6)
Investment Income	0.3	0.2	0.1
Miscellaneous	0.9	0.8	0.1
Total Revenues	78.5	78.3	0.2
Expenses:			
General Government	6.3	7.1	(0.8)
Public Safety	48.8	48.8	-
Building & Zoning	1.4	1.9	(0.5)
Streets, Bridges & Public Works	14.1	14.4	(0.3)
Sanitation & Environment	4.6	4.4	0.2
Economic Development	1.4	1.2	0.2
Culture & Recreation	0.1	0.2	(0.1)
Community Development	1.5	1.6	(0.1)
Interest & Fiscal Charges	5.1	3.6	1.5
Total Expenses	83.3	83.2	\$ 0.1
Excess (Deficiency) Before Transfers	(4.8)	(4.9)	
Net Transfers	0.1	2.1	
Change in Net Assets	(4.7)	(2.8)	
Net Assets, beginning of year	18.5	21.3	
Net Assets, end of year	<u>\$ 13.8</u>	<u>\$ 18.5</u>	

The City's governmental activities revenues increased \$200 thousand, essentially flat versus the prior year to a total of \$78.5 million, and expenses increased \$100 thousand, also essentially flat versus the prior year to a total of \$83.3 million. The fiscal year ended with a deficit before transfers of \$4.8 million. After net transfers of \$100 thousand, net assets decreased by \$4.7 million for the fiscal year to \$13.8 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

Charges for service revenues increased by \$1.9 million, or 17% versus the prior year, mostly attributed to the implementation of a refuse collection fee instituted to partially recapture the costs of the garbage and landscape curbside pick-up program. Operating grants and contributions increased \$2.4 million, or 523%, largely influenced by one-time federal grants including a \$500 thousand bullet proof vest program. Capital grants and contributions dropped by \$6.7 million as one-time environmental and communicate development related grants were not repeated. Taxes, the City's largest source of governmental activities revenues grew 9%, or \$4.1 million from the prior year as Property Taxes collected increased in tandem with the City's bond related debt service obligations grew. Intergovernmental revenues declined by \$1.6 million or 11%, as statewide income soruces continue to be negatively impacted by general economic malaise. Investment income and miscellaneous revenue remained relatively flat compared to the prior year.

Total governmental activities expenses were essentially flat at \$83.3 million. Most areas saw decreases versus prior year due to the citywide reduction in staffing levels. This is demonstrated by the decreased expenditures in almost every category including General Government, Building & Zoning, Streets, Brides & Public Works, Culture & Recreation, and Community Development. Only Sanitation & Environment and Economic Development saw slight increases in expenditures. The sanitation costs are associated with built-in contractual increases for refuse collection with the City's provider, Veolia, and the economic development costs related to contractual obligations under sales tax rebate agreements. Interest and fiscal charges increased as the City's debt position grew.

While the City realized favorable trends in an overall increase in revenues and flat expenses, the fact remains that the cost of the City's Governmental Activities expenditures continue to outpace the revenues. Therefore, the net assets were decreased by \$4.7 million after transfers.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

Business-Type Activities

CONDENSED STATEMENT OF NET ASSETS, AS OF APRIL 30

<i>(in millions)</i>	Business-type Activities 2011	Business-type Activities 2010	Increase / (Decrease)
Assets:			
Current Assets	\$ 7.0	\$ 2.8	\$ 4.2
Internal Balances	(1.0)	(5.5)	4.5
Deferred Charges	0.2	0.1	0.1
Restricted Assets	0.6	0.6	(0.0)
Capital Assets Net of Depreciation	67.9	70.1	(2.2)
Total Assets	74.7	68.1	6.6
Liabilities			
Current Liabilities	1.2	0.5	0.7
Non-Current Liabilities	10.1	9.9	0.2
Total Liabilities	11.3	10.4	0.9
Net Assets			
Investments in Capital Assets, net of Related Debt	59.8	60.8	(1.0)
Restricted Assets	-	-	-
Unrestricted Assets	3.6	(3.0)	6.6
Total Net Assets	63.4	57.8	5.6
Total Liabilities & Net Assets	\$ 74.7	\$ 68.1	\$ 6.6

The City's business-type activities current assets increased by \$4.2 million during the fiscal year to \$7.0 million, largely due to the influx of cash from a Water & Sewer Revenue Bond. Internal balances dramatically declined as intra-fund loans were repaid. Deferred charges and restricted assets remained relatively the same. Capital assets, net of depreciation, decreased by \$2.2 million mostly attributed to depreciation expense outpacing new capital investments. Total business-type activities assets increased \$6.6 million for the fiscal year.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

Business-type activities current liabilities grew \$.7 million related to the debt position increasing with the borrowing of funds for capital projects. Non-current liabilities remained stable. Total business-type activities liabilities are \$11.3 million for the fiscal year.

Total business-type activities net assets increased \$5.6 million to \$63.4 million for the fiscal year. While capital assets net of related debt declined by \$1 million to \$59.8 million, unrestricted assets regained \$6.6 million to end the year in a positive position of \$3.6 million.

CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30

<i>(in millions)</i>	Business-type Activities 2011	Business-type Activities 2010	Increase / (Decrease)
Revenues:			
Program Revenues			
Charges for Services	\$ 12.5	\$ 12.8	\$ (0.3)
Operating Grants & Contributions	0.6	0.2	0.4
Capital Grants & Contributions	-	-	-
General Revenues			
Sales tax	0.1	-	0.1
Investment Income	-	0.1	(0.1)
Miscellaneous	0.2	-	0.2
Total Revenues	<u>13.5</u>	<u>13.1</u>	<u>0.4</u>
Expenses:			
Water & Sewer	6.9	9.5	(2.6)
Motor Vehicle Parking Lot	0.9	1.0	(0.1)
Total Expenses	<u>7.8</u>	<u>10.5</u>	<u>\$ (2.7)</u>
Excess (Deficiency) Before Transfers	5.7	2.6	
Net Transfers	(0.1)	(2.1)	
Change in Net Assets	<u>5.6</u>	<u>0.5</u>	
Net Assets, beginning of year	57.8	57.3	
Net Assets, end of year	<u>\$ 63.4</u>	<u>\$ 57.8</u>	

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

The City's business-type activities revenues increased \$400 thousand from the prior year to a total of \$13.5 million. The largest revenue, charges for services, dropped \$300 thousand; however this was offset by increases in the other revenue categories. Expenses decreased from the prior year due to a reallocation of the estimate of the internal service fund allocation for a total of \$7.8 million. The result is an excess before transfers of \$5.7 million. After net transfers the net assets increased \$5.6 million for the fiscal year to \$63.4 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

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, 2011

<i>(in thousands)</i>	Amended Budget	Actual	Over / (Under) Budget	
Revenues:				
Property Taxes	\$ 15,533	\$ 15,559	\$ 26	0%
Other Taxes	21,214	22,779	1,566	7%
Intergovernmental	9,439	11,785	2,346	25%
Licenses	2,395	2,636	241	10%
Permits	1,052	1,127	75	7%
Franchise Fees	848	945	97	11%
Fine & Forfeitures	4,083	3,348	(736)	-18%
Charges for Services	2,395	2,625	230	10%
Miscellaneous Revenues	697	950	254	36%
Investment Income	100	6	(94)	-94%
Total Revenues	57,756	61,760	4,003	7%
Expenses:				
Central Services	3,725	3,966	241	6%
Public Safety - Police & Comm	28,519	26,838	(1,681)	-6%
Public Safety - Fire	17,621	15,472	(2,150)	-12%
Building & Zoning	1,351	1,347	(4)	0%
Streets, Bridges & Public Works	6,019	5,387	(632)	-11%
Sanitation & Environment	4,551	4,702	151	3%
Economic Development	655	458	(197)	-30%
Capital outlay	226	270	44	19%
Debt Service	274	350	76	N/A
Total Expenses	62,941	58,790	(4,151)	-7%
Excess (deficiency) of revenues over expenditures	\$ (5,184)	2,970		
Net Transfers in / (out)		1,908		
Proceeds of capital leases & sales		39		
Total Other Financing Sources (Uses)		1,947		
Net Change in Fund Balance		4,917		
Fund Balance, beginning of year		105		
Fund Balance, end of year		\$ 5,022		

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

Total General Fund revenues finished \$4.0 million over the budget projections for a total of \$61.7 million. Property taxes were close to budgeted estimates; however home rule sales tax and local use tax performed much better than expected resulting in a favorable variance of 7% versus the budget. General fund intergovernmental revenue includes the City's share of State of Illinois income tax and personal property replacement tax as well as federal and state grants received.

All of these categories performed well compared to their conservative budget estimates, showing a 25% favorable variance for the year. License revenue beat budget projections by \$241 thousand due to an enhanced focus on compliance with licensing Citywide. Permits and franchise fees also performed well compared to the budgeted projections exceeding budget by \$75 thousand and \$97 thousand respectively. Unfortunately, fines and forfeitures finished under budget by \$736 thousand. Significant fines did not meet budget estimated including parking – under budget by \$264 thousand, and DUI fines under budget by \$355 thousand. Charges for services finished 10% over budget primarily due to more than \$100 thousand collected in the vacant structure register program newly implemented during the fiscal year. Miscellaneous revenues, including non-recurring reimbursements, finished over budget for a total of \$950 thousand, and investment income completed the fiscal year at a total of only \$6 thousand due to lack of idle cash for investments in the General Fund and low interest rates.

General Fund expenses came in under budget by \$4.2 million for a total of \$58.8 million. Enhanced internal controls over spending, including checking all vendor disbursements against budget limits and monthly reporting to the departments contributed to this favorable variance. The most significant savings relate to workforce reductions and stronger controls over workers compensation costs. Over \$3.8 million in savings is attributed to the largest City operations – Police and Fire – where overtime, workers compensation and other personnel related charges had budgetary savings realized.

The General Fund's fiscal year excess of revenues over expenditures is \$2.9 million before transfers. After transfers-in from other funds, the change in net assets is \$4.9 million, resulting in a General Fund ending fund balance of \$5 million. However, \$2 million this fund balance is reserved; and should not be considered a liquid resource for operational needs, or "rainy days" funds. While this is a trend in the right direction for the City's General Fund it only allows for \$3 million in unrestricted fund balance, or 5% of annual expenses which falls short of the City's unofficial goal of 30% in "rainy day" funds.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

Water & Sewer Fund

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

WATER & SEWER FUND, FISCAL YEAR ENDED APRIL 30, 2011

(in thousands)	Amended Budget	Actual	Over / (Under) Budget	
Revenues:				
Charges for Services	\$8,102	\$10,806	\$2,704	33%
Fine & Forfeitures	195	229	34	17%
Permits	10	616	606	6063%
Miscellaneous Revenues	65	86	21	32%
Total Revenues	<u>8,372</u>	<u>11,737</u>	<u>3,365</u>	<u>40%</u>
Expenses:				
Personnel, Contractual, Commodities & Bad Debt	\$7,157	\$7,041	(\$116)	-2%
Depreciation	-	2,202	2,202	N/A
Capital outlay	4,814	248	(4,566)	-95%
Total Expenses	<u>11,971</u>	<u>9,491</u>	<u>(2,480)</u>	<u>-21%</u>
 Operating Income (Loss)	 <u>\$ (3,599)</u>	 <u>2,246</u>		
 Non-Operating Revenues (Expenses)		 788		
Transfers and Contributions		(745)		
 Change in Net Assets		 2,289		
 Net Assets, beginning of year		 56,734		
Net Assets, end of year		 <u><u>\$59,023</u></u>		

Total Water & Sewer revenues finished \$3.4 million over the budget projections for a total of \$11.7 million as charges for services, permits and miscellaneous revenues did substantially better than predicted. Water & Sewer expenses finished under budget by \$2.5 million. While depreciation expense was recorded without budget, the majority of capital projects for the fiscal year were postponed due to the timing of a revenue bond issues. The fund generated an operating income of \$2.2 million, and after non-operating revenues and transfers added \$2.3 million to net assets. Ending net assets increased to \$59 million; however, \$55.5 million this fund balance capital assets which should not be considered a liquid resource for operational needs. The leaves \$3.5 million in unrestricted fund balance exceeding the City's unofficial goal of 30% in "rainy day" funds.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

EMPLOYEES' RETIREMENT OBLIGATIONS

The City's obligations for the three employees' retirement systems as of April 30, 2011 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)	\$1,610,256	\$5,847,112	\$4,201,691
Contributions made	\$1,242,698	\$3,566,929	\$2,617,459
Percentage of APC contributed	77%	61%	62%
Net pension obligation	367,558	\$7,538,631	\$4,873,333

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 employees and retirees (or other qualified terminated employees) at blended premium rates. The cost of including the non-active employees in the plan(s) results in an other postemployment benefit (OPEB) obligation. The OPEB as of April 30, 2011 is shown below.

Net OPEB Obligations Beginning of Year	Annual OPEB Cost	Contributions made (net of adjustments)	Net OPEB Obligations End of Year
\$3,880,948	\$3,252,776	\$(1,157,426)	\$5,976,298

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

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2011 is shown below (net of accumulated depreciation).

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION, APRIL 30

<i>(in thousands)</i>	2011	2010	Increase / (Decrease)
	<u>Governmental Activities</u>		
Land <i>(not depreciated)</i>	\$ 13,173	\$ 12,971	\$ 202
Construction in progress <i>(not depreciated)</i>	112	-	112
Land improvements	797	626	171
Buildings	34,728	35,840	(1,112)
Machinery and equipment	2,121	2,549	(428)
Infrastructure	66,132	71,796	(5,665)
Vehicles	2,102	1,582	521
Total Net Capital Assets	<u>119,165</u>	<u>125,364</u>	<u>(6,199)</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	98	104	(7)
Buildings	12,224	12,675	(451)
Machinery and equipment	867	1,156	(289)
Infrastructure	52,053	53,623	(1,570)
Vehicles	80	170	(91)
Total Net Capital Assets	<u>67,892</u>	<u>70,145</u>	<u>(2,254)</u>
Grant Total	<u>\$ 187,057</u>	<u>\$ 195,509</u>	<u>\$ (8,453)</u>

The City's total capital assets, net of accumulated depreciation, decreased by \$8.5 million from last fiscal year to the current fiscal year as the annual depreciation expense exceeded the value of the year's additions to the assets. More detailed information about capital assets can be found in Note IV.(D.) of the basic financial statements.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2011

DEBT ADMINISTRATION

The City's outstanding governmental general obligation debt as of April 30, 2011 is as follows:

2003A Capital Appreciation G.O. Bonds	\$27,402,566
2005A G.O. Refunding	21,825,000
2009A G.O. Bonds	30,000,000
2010A G.O. Bonds	6,270,000
2010B G.O. Refunding Bonds	11,620,000
2010C G.O. Bonds	7,180,000
Total	<u>\$104,297,566</u>

More detailed information on long-term debt can be found in Note IV.(G.) 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
April 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Public Library
ASSETS				
Cash and investments	\$ 28,088,578	\$ 4,689,861	\$ 32,778,439	\$ 3,421,601
Receivables (net)				
Taxes receivable	27,252,647	-	27,252,647	3,655,573
Other taxes	5,309,087	-	5,309,087	-
Intergovernmental	3,359,969	-	3,359,969	93,902
Accounts	2,246,891	2,179,917	4,426,808	19,849
Special assessments	1,652,964	137,180	1,790,144	-
Prepaid items	546,077	63,800	609,877	-
Inventories	275,000	-	275,000	-
Internal balances	1,001,415	(1,001,415)	-	-
Deferred charges	861,348	155,406	1,016,754	-
Restricted cash and investments	109,286	626,331	735,617	-
Capital assets				
Land	13,173,319	2,416,728	15,590,047	71,486
Construction in progress	111,600	153,045	264,645	825,194
Land improvements	1,033,053	131,780	1,164,833	-
Buildings	48,612,016	17,817,655	66,429,671	5,294,692
Machinery and equipment	12,313,955	5,895,356	18,209,311	1,524,840
Infrastructure	197,895,630	85,254,258	283,149,888	-
Vehicles	14,351,623	1,615,079	15,966,702	-
Less Accumulated depreciation	<u>(168,326,289)</u>	<u>(45,392,216)</u>	<u>(213,718,505)</u>	<u>(4,000,890)</u>
Total Assets	<u>189,868,169</u>	<u>74,742,765</u>	<u>264,610,934</u>	<u>10,906,247</u>
LIABILITIES				
Accounts payable	1,644,652	923,659	2,568,311	65,972
Accrued payroll	1,467,710	155,111	1,622,821	18,772
Other liabilities	857,880	22,285	880,165	39,203
Interest payable	1,125,175	107,787	1,232,962	47,490
Claims Payable	94,742	-	94,742	-
Unearned revenue	27,733,166	-	27,733,166	3,655,573
Deposits	183,588	15,941	199,529	-
Noncurrent liabilities				
Due within one year	22,197,701	1,079,421	23,277,122	276,689
Due in more than one year	<u>120,741,729</u>	<u>9,038,145</u>	<u>129,779,874</u>	<u>3,690,000</u>
Total Liabilities	<u>176,046,343</u>	<u>11,342,349</u>	<u>187,388,692</u>	<u>7,793,699</u>
NET ASSETS				
Invested in capital assets, net of related debt	52,654,364	59,814,438	112,468,802	1,750,374
Restricted for				
Community development	5,978,929	-	5,978,929	-
Public safety	1,799,812	-	1,799,812	-
Debt service	2,941,657	-	2,941,657	-
Cemetery care	477	-	477	-
Highway and Streets	488,353	-	488,353	-
Grants	536,667	-	536,667	-
Unrestricted (deficit)	<u>(50,578,433)</u>	<u>3,585,978</u>	<u>(46,992,455)</u>	<u>1,362,174</u>
TOTAL NET ASSETS	<u>\$ 13,821,826</u>	<u>\$ 63,400,416</u>	<u>\$ 77,222,242</u>	<u>\$ 3,112,548</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 6,249,906	\$ 6,390,574	\$ -	\$ -
Public safety	48,810,580	5,843,364	946,617	-
Building and zoning	1,359,385	-	-	-
Streets, bridges and public works	14,144,094	266,906	292,576	574,841
Sanitation and environment	4,644,211	491,749	-	-
Economic development	1,385,731	-	-	-
Culture and recreation	89,386	-	-	-
Community development	1,514,670	94,329	1,704,397	-
Interest and fiscal charges	5,095,367	-	-	-
Total Governmental Activities	<u>83,293,330</u>	<u>13,086,922</u>	<u>2,943,590</u>	<u>574,841</u>
Business-type Activities				
Water & sewer	6,890,647	11,736,948	631,900	-
Motor vehicle parking lot	917,762	800,077	-	-
Total Business-type Activities	<u>7,808,409</u>	<u>12,537,025</u>	<u>631,900</u>	<u>-</u>
Total Primary Government	<u>\$ 91,101,739</u>	<u>\$ 25,623,947</u>	<u>\$ 3,575,490</u>	<u>\$ 574,841</u>
Component Unit				
Public Library	<u>\$ 4,054,756</u>	<u>\$ 94,295</u>	<u>\$ 266,036</u>	<u>\$ -</u>

General Revenues
Taxes
 Sales taxes
 Telecommunications taxes
 Local use taxes
 Utility taxes
 Other taxes
Intergovernmental
 Income taxes
 Personal property replacement tax
 Motor fuel taxes
Public gifts and grants
Investment income
Miscellaneous
Total General Revenues
Transfers

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
\$ 140,668	\$ -	\$ 140,668	\$ -
(42,020,599)	-	(42,020,599)	-
(1,359,385)	-	(1,359,385)	-
(13,009,771)	-	(13,009,771)	-
(4,152,462)	-	(4,152,462)	-
(1,385,731)	-	(1,385,731)	-
(89,386)	-	(89,386)	-
284,056	-	284,056	-
(5,095,367)	-	(5,095,367)	-
(66,687,977)	-	(66,687,977)	-
-	5,478,201	5,478,201	-
-	(117,685)	(117,685)	-
-	5,360,516	5,360,516	-
(66,687,977)	5,360,516	(61,327,461)	-
-	-	-	(3,694,425)
24,650,456	-	24,650,456	3,849,204
13,207,602	121,380	13,328,982	-
3,050,354	-	3,050,354	-
1,327,252	-	1,327,252	-
4,234,627	-	4,234,627	-
979,943	-	979,943	-
7,116,665	-	7,116,665	-
3,555,917	-	3,555,917	-
2,599,764	-	2,599,764	-
-	-	-	60,298
323,368	65	323,433	7,596
864,911	288,166	1,153,077	49,505
61,910,859	409,611	62,320,470	3,966,603
147,048	(147,048)	-	-
(4,630,070)	5,623,079	993,009	272,178
18,451,896	57,777,337	76,229,233	2,840,370
\$ 13,821,826	\$ 63,400,416	\$ 77,222,242	\$ 3,112,548

See accompanying notes to financial statements.

CITY OF WAUKEGAN

BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2011

	<u>General</u>	<u>Working Cash</u>	<u>Debt Service</u>
ASSETS			
Cash and investments	\$ 9,158,700	\$ 5,372,895	\$ 149,454
Receivables (net)			
Property taxes	12,406,916	-	12,363,020
Other taxes	5,309,087	-	-
Intergovernmental	3,170,167	-	-
Accounts	1,553,390	-	81,629
Special assessment receivable	-	-	1,652,964
Due from other funds	2,390,665	18,368,576	3,521,088
Prepaid items	461,893	-	-
Inventories	-	-	-
Restricted cash and investments	-	-	109,286
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 34,450,818</u>	<u>\$ 23,741,471</u>	<u>\$ 17,877,441</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,009,912	\$ -	\$ 1,512
Accrued payroll	1,412,267	-	-
Other current liabilities	400,532	-	-
Deposits	183,588	-	-
Due to other funds	10,176,604	2,284,265	1,676,133
Deferred revenues	<u>16,245,386</u>	<u>-</u>	<u>13,982,456</u>
Total Liabilities	<u>29,428,289</u>	<u>2,284,265</u>	<u>15,660,101</u>
Fund Balances			
Reserved			
Reserved for inventories and prepaid items	461,893	-	-
Reserved for non-current interfunds	1,599,242	18,368,576	2,036,848
Unreserved, reported in:			
General fund undesignated	2,961,394	-	-
Special revenue funds undesignated	-	3,088,630	-
Debt service fund undesignated	-	-	180,492
Capital projects funds undesignated	-	-	-
Permanent fund undesignated	-	-	-
Total Fund Balances	<u>5,022,529</u>	<u>21,457,206</u>	<u>2,217,340</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 34,450,818</u>	<u>\$ 23,741,471</u>	<u>\$ 17,877,441</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 12,647,168	\$ 27,328,217
2,482,711	27,252,647
-	5,309,087
189,802	3,359,969
595,156	2,230,175
-	1,652,964
2,300,743	26,581,072
84,184	546,077
275,000	275,000
-	109,286
<u>\$ 18,574,764</u>	<u>\$ 94,644,494</u>

\$ 605,655	\$ 1,617,079
55,243	1,467,510
457,348	857,880
-	183,588
7,460,075	21,597,077
<u>2,639,315</u>	<u>32,867,157</u>
<u>11,217,636</u>	<u>58,590,291</u>

359,184	821,077
1,298,188	23,302,854
-	2,961,394
2,859,578	5,948,208
-	180,492
2,839,701	2,839,701
477	477
<u>7,357,128</u>	<u>36,054,203</u>

<u>\$ 18,574,764</u>	<u>\$ 94,644,494</u>
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See accompanying notes to financial statements.

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CITY OF WAUKEGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS April 30, 2011

Total Fund Balances - Governmental Funds	\$ 36,054,203
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.	119,164,017
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.	5,133,991
Internal service funds are reported in the statement of net assets as governmental activities.	(3,327,128)
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>(143,203,257)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 13,821,826</u>

CITY OF WAUKEGAN

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

For the Year Ended April 30, 2011

	<u>General</u>	<u>Working Cash</u>	<u>Debt Service</u>
REVENUES			
Property taxes	\$ 15,559,470	\$ -	\$ 6,667,523
Other taxes	22,779,252	-	-
Intergovernmental	11,784,649	-	-
Licenses	2,635,930	-	-
Permits	1,127,217	-	-
Franchise fees	944,549	-	-
Fines and forfeitures	3,347,578	-	74,375
Charges for services	2,624,865	-	-
Miscellaneous	950,184	-	-
Investment income	6,067	110,156	209,891
Total Revenues	<u>61,759,761</u>	<u>110,156</u>	<u>6,951,789</u>
EXPENDITURES			
Current			
Central services	3,965,921	-	-
Public safety - police and communication services	26,837,921	-	-
Public safety - fire services	15,471,546	-	-
Streets, bridges and public works	5,387,188	-	-
Building and zoning	1,346,692	-	-
Sanitation and environment	4,701,891	-	-
Economic development	458,320	-	-
Community development	-	-	-
Capital Outlay	269,612	-	-
Debt Service			
Principal	306,989	-	5,364,000
Interest and fiscal charges	43,305	-	3,102,182
Total Expenditures	<u>58,789,385</u>	<u>-</u>	<u>8,466,182</u>
Excess (deficiency) of revenues over expenditures	<u>2,970,376</u>	<u>110,156</u>	<u>(1,514,393)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,058,829	14,540	23,856
Transfers out	(151,086)	(75,363)	(628,362)
Debt issued	-	-	7,793,600
Debt issuance costs	-	-	-
Premium on debt	-	-	271,423
Payment to escrow agent	-	-	(7,751,641)
Sale of capital assets	39,162	-	-
Total Other Financing Sources (Uses)	<u>1,946,905</u>	<u>(60,823)</u>	<u>(291,124)</u>
Net Change in Fund Balances	4,917,281	49,333	(1,805,517)
FUND BALANCES - Beginning of Year	<u>105,248</u>	<u>21,407,873</u>	<u>4,022,857</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,022,529</u>	<u>\$ 21,457,206</u>	<u>\$ 2,217,340</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 2,423,463	\$ 24,650,456
-	22,779,252
4,767,137	16,551,786
-	2,635,930
-	1,127,217
-	944,549
275,824	3,697,777
1,060,339	3,685,204
1,332,663	2,282,847
<u>3,293</u>	<u>329,407</u>
<u>9,862,719</u>	<u>78,684,425</u>
-	3,965,921
1,218,298	28,056,219
-	15,471,546
2,489,011	7,876,199
-	1,346,692
-	4,701,891
893,361	1,351,681
1,376,925	1,376,925
3,123,219	3,392,831
-	5,670,989
<u>2,334</u>	<u>3,147,821</u>
<u>9,103,148</u>	<u>76,358,715</u>
<u>759,571</u>	<u>2,325,710</u>
755,192	2,852,417
(1,436,559)	(2,291,370)
7,036,400	14,830,000
(186,625)	(186,625)
-	271,423
-	(7,751,641)
-	<u>39,162</u>
<u>6,168,408</u>	<u>7,763,366</u>
6,927,979	10,089,076
<u>429,149</u>	<u>25,965,127</u>
<u>\$ 7,357,128</u>	<u>\$ 36,054,203</u>

See accompanying notes to financial statements.

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CITY OF WAUKEGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended April 30, 2011

Net change in fund balances - total governmental funds	\$	10,089,076
Amounts reported for governmental activities in the statement of net assets are different because:		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		3,392,831
Some items reported as capital outlay were not capitalized		(610,007)
Depreciation is reported in the government-wide financial statements		(8,981,869)
<p>Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>		
Special assessments		(940,091)
<p>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.</p>		
Debt issued		(14,830,000)
Principal repaid		5,670,989
<p>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.</p>		
		7,306,001
<p>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.</p>		
		(1,423,766)
<p>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.</p>		
Debt discount and issuance costs		157,914
Debt discount, premium, and refunding loss		(199,162)
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		2,146,265
Net pension obligation		(3,864,415)
IMRF net pension obligation		(367,558)
Other postemployment benefits liability		(1,926,240)
Environmental clean up liabilities		339,743
Claims payable		1,778,631
Accrued interest on debt		(374,594)
<p>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</p>		
		<u>(1,993,818)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>(4,630,070)</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
April 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water & Sewer</u>	<u>Motor Vehicle Parking Lot</u>	<u>Totals</u>	<u>Internal Service Funds</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 4,485,821	\$ 204,040	\$ 4,689,861	\$ 760,361
Receivables (net)				
Accounts	2,165,587	14,330	2,179,917	16,716
Due from other funds	623,419	84,214	707,633	4,706,063
Prepaid items	63,246	554	63,800	-
Deferred charges	78,168	77,238	155,406	-
Total Current Assets	<u>7,416,241</u>	<u>380,376</u>	<u>7,796,617</u>	<u>5,483,140</u>
Noncurrent Assets				
Restricted Assets				
Restricted cash and investments	-	626,331	626,331	-
Special assessment receivable	137,180	-	137,180	-
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	1,311,793	1,257,980	2,569,773	-
Capital assets, being depreciated	55,980,874	9,341,038	65,321,912	890
Total Noncurrent Assets	<u>57,429,847</u>	<u>11,225,349</u>	<u>68,655,196</u>	<u>890</u>
Total Assets	<u>64,846,088</u>	<u>11,605,725</u>	<u>76,451,813</u>	<u>5,484,030</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
April 30, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 885,804	\$ 37,855	\$ 923,659	\$ 27,573
Accrued payroll	150,111	5,000	155,111	200
Interest payable	26,492	81,295	107,787	-
Claims payable	-	-	-	94,742
Other current liabilities	14,084	8,201	22,285	-
Due to other funds	973,904	559,700	1,533,604	8,864,087
Current portion of long term debt	732,935	346,486	1,079,421	-
Deposits	15,941	-	15,941	-
Total Current Liabilities	<u>2,799,271</u>	<u>1,038,537</u>	<u>3,837,808</u>	<u>8,986,602</u>
Noncurrent Liabilities				
Long-Term Debt				
Noncurrent portion of long term debt	<u>3,023,685</u>	<u>6,014,460</u>	<u>9,038,145</u>	<u>-</u>
Total Noncurrent Liabilities	<u>3,023,685</u>	<u>6,014,460</u>	<u>9,038,145</u>	<u>-</u>
Total Liabilities	<u>5,822,956</u>	<u>7,052,997</u>	<u>12,875,953</u>	<u>8,986,602</u>
NET ASSETS				
Invested in capital assets, net of related debt	55,493,182	4,321,256	59,814,438	-
Unrestricted (deficit)	<u>3,529,950</u>	<u>231,472</u>	<u>3,761,422</u>	<u>(3,502,572)</u>
TOTAL NET ASSETS	<u>\$ 59,023,132</u>	<u>\$ 4,552,728</u>	63,575,860	(3,502,572)
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.			<u>(175,444)</u>	<u>175,444</u>
Net Assets Business-type Activities			<u>\$ 63,400,416</u>	
Net internal service funds reported in the statement of net assets as governmental activities				<u>\$ (3,327,128)</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, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 10,806,003	\$ 631,215	\$ 11,437,218	\$ 6,169,354
Fines and forfeitures	229,442	-	229,442	-
Permits	616,347	-	616,347	-
Miscellaneous	85,156	168,862	254,018	944,435
Total Operating Revenues	<u>11,736,948</u>	<u>800,077</u>	<u>12,537,025</u>	<u>7,113,789</u>
OPERATING EXPENSES				
Personnel services	2,798,750	93,846	2,892,596	1,050
Personnel benefits	1,690,124	35,864	1,725,988	670
Contractual services	1,626,227	174,279	1,800,506	35,043
Commodities	752,185	8,087	760,272	122
Claims and judgments	-	-	-	206,822
Bad Debt Expenses	173,438	-	173,438	-
Insurance premiums	-	-	-	5,970,052
Depreciation	2,201,685	329,703	2,531,388	-
Capital Outlay	248,298	-	248,298	-
Total Operating Expenses	<u>9,490,707</u>	<u>641,779</u>	<u>10,132,486</u>	<u>6,213,759</u>
Operating Income	<u>2,246,241</u>	<u>158,298</u>	<u>2,404,539</u>	<u>900,030</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	50	15	65	-
Other miscellaneous revenue	288,166	-	288,166	-
State grants	631,900	-	631,900	-
Home rule sales tax	-	121,380	121,380	-
Debt issuance costs	-	(19,073)	(19,073)	(92,669)
Interest expense	(132,071)	(257,532)	(389,603)	(68,426)
Total Nonoperating Revenues (Expenses)	<u>788,045</u>	<u>(155,210)</u>	<u>632,835</u>	<u>(161,095)</u>
Income Before Contributions and Transfers	<u>3,034,286</u>	<u>3,088</u>	<u>3,037,374</u>	<u>738,935</u>
CONTRIBUTIONS AND TRANSFERS				
Transfers in	133,245	430,778	564,023	-
Transfers out	(1,104,840)	(20,230)	(1,125,070)	-
Removal of IBNR and long-term debt to the governmental activities	-	-	-	25,263,332
Contributions	226,443	187,556	413,999	-
Total Contributions and Transfers	<u>(745,152)</u>	<u>598,104</u>	<u>(147,048)</u>	<u>25,263,332</u>
Change in Net Assets	2,289,134	601,192	2,890,326	26,002,267
NET ASSETS - Beginning of Year	<u>56,733,998</u>	<u>3,951,536</u>		<u>(29,504,839)</u>
NET ASSETS - END OF YEAR	<u>\$ 59,023,132</u>	<u>\$ 4,552,728</u>		<u>\$ (3,502,572)</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			<u>2,732,753</u>	
Change in Net Assets of Business-type Activities			<u>\$ 5,623,079</u>	

See accompanying notes to financial statements.

CITY OF WAUKEGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Water & Sewer</u>	<u>Motor Vehicle Parking Lot</u>	<u>Totals</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 12,371,000	\$ 899,689	\$ 13,270,689	\$ 7,295,499
Paid to suppliers for goods and services	(5,105,864)	(188,885)	(5,294,749)	(5,801,802)
Paid to employees for services	(2,798,750)	(92,551)	(2,891,301)	(2,504)
Net Cash Flows From Operating Activities	<u>4,466,386</u>	<u>618,253</u>	<u>5,084,639</u>	<u>1,491,193</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>50</u>	<u>15</u>	<u>65</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>50</u>	<u>15</u>	<u>65</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	(971,595)	410,548	(561,047)	-
Interfund borrowings	-	(383,550)	(383,550)	(1,917,793)
Interest paid	-	-	-	(92,669)
Debt issuance costs paid	-	-	-	(68,426)
Net Cash Flows From Noncapital Financing Activities	<u>(971,595)</u>	<u>26,998</u>	<u>(944,597)</u>	<u>(2,078,888)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	1,825,000	-	1,825,000	-
Debt retired	(797,767)	(335,000)	(1,132,767)	-
Interest paid	(103,099)	(273,849)	(376,948)	-
Debt issuance costs	(48,439)	-	(48,439)	-
Special assessments received	39,334	-	39,334	-
Acquisition and construction of capital assets	<u>(124,617)</u>	<u>-</u>	<u>(124,617)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>790,412</u>	<u>(608,849)</u>	<u>181,563</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	4,285,253	36,417	4,321,670	(587,695)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>200,568</u>	<u>167,623</u>	<u>368,191</u>	<u>1,348,056</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,485,821</u>	<u>\$ 204,040</u>	<u>\$ 4,689,861</u>	<u>\$ 760,361</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2011

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Water & Sewer	Motor Vehicle Parking Lot	Totals	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 2,246,241	\$ 158,298	\$ 2,404,539	\$ 900,030
Nonoperating revenue	920,066	121,380	1,041,446	-
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	2,201,685	329,703	2,531,388	-
Changes in assets and liabilities				
Accounts Receivable	61,803	(14,330)	47,473	181,710
Prepays	(46,497)	(554)	(47,051)	121,897
Accounts Payable	563,124	22,818	585,942	26,268
Accrued Salaries	(4,926)	373	(4,553)	(1,454)
Other Current Liabilities	(17,771)	189	(17,582)	-
Compensated Absences	(155,444)	(4,686)	(160,130)	-
Claims Payable	-	-	-	262,742
Customer deposits	4,241	-	4,241	-
Due to/from other funds	(1,397,078)	(7,438)	(1,404,516)	-
Deferred charges	(78,168)	12,500	(65,668)	-
Other postemployment benefits	169,110	-	169,110	-
	\$ 4,466,386	\$ 618,253	\$ 5,084,639	\$ 1,491,193
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS				
Cash and investments - statement of net assets	\$ 4,485,821	\$ 204,040	\$ 4,689,861	\$ 760,361
Restricted cash and investments - statement of net assets	-	626,331	626,331	-
Total Cash and Investments	4,485,821	830,371	5,316,192	760,361
Less: Noncash equivalents	-	(626,331)	(626,331)	-
	\$ 4,485,821	\$ 204,040	\$ 4,689,861	\$ 760,361
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt refunded by the City on behalf of the enterprise funds	\$ 226,443	\$ 187,556		\$ -

See accompanying notes to financial statements.

CITY OF WAUKEGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
April 30, 2011

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 1,804,670
Investments	
Money markets	1,125,925
State and local obligations	22,571,999
US Government and agency obligations	22,104,157
Common and preferred stocks	25,315,965
Mutual funds	29,131,035
Corporate bonds	1,455,878
Accrued interest	578,389
Prepaid items	<u>3,017</u>
Total Assets	<u>104,091,035</u>
 LIABILITIES	
Accounts payable	<u>48,652</u>
Total Liabilities	<u>48,652</u>
 NET ASSETS	
Held in trust for pension benefits (a schedule of funding progress is presented in the required supplementary information)	<u>104,042,383</u>
 TOTAL NET ASSETS	 <u>\$ 104,042,383</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, 2011

	<u>Pension Trusts</u>
ADDITIONS	
Contributions	
Employer	\$ 6,184,388
Plan members	2,101,785
Other	<u>97,113</u>
Total Contributions	<u>8,383,286</u>
Investment income	
Investment income	3,360,265
Net appreciation in the fair value of investments	<u>7,826,233</u>
Total Investment Income	11,186,498
Less investment expense	<u>342,505</u>
Net Investment Income	<u>10,843,993</u>
Total Additions	<u>19,227,279</u>
DEDUCTIONS	
Benefits	9,897,414
Contractual services	85,792
Administrative	<u>38,496</u>
Total Deductions	<u>10,021,702</u>
 Change in Net Assets	 9,205,577
 NET ASSETS - Beginning of Year	 <u>94,836,806</u>
 NET ASSETS - END OF YEAR	 <u>\$ 104,042,383</u>

See accompanying notes to financial statements.

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CITY OF WAUKEGAN
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April 30, 2011

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CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

The city implemented GASB No. 51 effective May 1, 2010, however there was no material effect on these financial statements.

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
April 30, 2011

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

A. REPORTING ENTITY (cont.)

Blended Component Units

The Police Pension Employees Retirement System (PPERS) is established for the City's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund. 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.J. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended April 30, 2011. Separately issued financial statements of the Waukegan Public Library may be obtained from the Library's office.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

A. REPORTING ENTITY (cont.)

Related Organization

Housing Authority

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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.

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.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

Fund Financial Statements (cont.)

Funds are organized as major funds or non-major 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 percent 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 percent test is at least 5 percent 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 all financial resources except those required to be accounted for in another fund.
- Debt service fund - accounts for resources accumulated and payments made for principal and interest on long-term debt other than TIF or enterprise fund debt.
- Working cash fund - used to report resources that are held by the City to be used for working capital requirements for the City's other funds.

The City reports the following major enterprise funds:

- Water & sewer fund - accounts for operations of the City's 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
April 30, 2011

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

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

Fund Financial Statements (cont.)

The City reports the following non-major governmental funds:

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Motor fuel tax	Neighborhood stabilization
Community development block grant	Brownfield redevelopment
Narcotics forfeiture	Wetland mitigation
911 Emergency system	Downtown waterfront TIF #4
LLEBG crime prevention	Environment & risk management
Fountain square TIF #5	Public education & government
Homeland security grants	Scoopin' the Genesee
Lakefront-downtown HR sales tax	Prison review agency
Lewis Avenue TIF #2	Shawna's law
Belvidere mall redevelopment TIF #3	Coke plant superfund site
Lakefront redevelopment TIF #1	Edward Bryne memorial grant
Home rehab assistance	

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Capital equipment replacement
Street & sidewalk rehabilitation
2011A capital improvement
Fountain square special assessment

Permanent Fund - used to report resources that are legally 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 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
April 30, 2011

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

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

Fund Financial Statements (cont.)

Pension (and other employee benefit) trust funds are used to 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.

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

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

Fund Financial Statements (cont.)

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

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

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

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

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

The 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 sewer are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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 meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net assets in excess of \$10,000,000 and an appointed investment adviser may invest an additional portion of its assets in common and preferred stock and mutual funds, that meet certain requirements. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

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

Interest Rate Risk

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

Credit Risk

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

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

1. Deposits and Investments (cont.)

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

Custodial Credit Risk - Investments

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

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

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

See Note IV. A. for further information.

2. Receivables

Property taxes for levy year 2010 attaches as an enforceable lien on January 1, 2010, 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).

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

2. Receivables (cont.)

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

The county collects such taxes and remits them periodically. The 2010 property tax levy is recognized as a receivable and deferral in fiscal 2011, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2011, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2010 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to .43 percent of outstanding property taxes at April 30, 2011.

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.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

3. Inventories and Prepaid Items

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.

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.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

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 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 of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. 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.

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.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

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, 2011, 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 has approved 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. At year end, the original issue amount and the aggregate principal amount for the 2004 series outstanding could not be determined.

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.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

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. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET 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	\$ 104,297,566
Special assessment b-bonds	2,343,000
Compensated absences	4,216,867
Capital leases	533,966
Environmental cleanup liabilities	1,225,686
Other postemployment benefits liability	5,807,188
Net pension obligation	12,411,964
IMRF net pension obligation	367,558
Claims payable	11,864,701
Accrued interest	1,125,175
Unamortized debt discount, premium, refunding losses, and issue costs	<u>(990,414)</u>
 Combined Adjustment for Long-Term Liabilities	 <u>\$ 143,203,257</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. 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.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
 April 30, 2011

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt service	\$ 8,403,070	\$ 8,466,182	\$ 63,112
Fountain square TIF #5	-	65,479	65,479
Lakefront downtown redevelopment			
HR sales tax	802,330	833,759	31,429
Home rehab assistance	180,473	676,806	496,333
Coke plant superfund site	60,000	282,063	222,063
Fountain square special assessment	-	2,001	2,001
Motor vehicle parking lot	527,911	918,384	390,473
Police pension	4,520,886	5,587,939	1,067,053
Firefighters' pension	4,283,346	4,433,763	150,417

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.

C. DEFICIT BALANCES

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

As of April 30, 2011, the following individual funds held a deficit balance:

Fund	Amount
Narcotics forfeiture	\$ 218,247
Wetland mitigation	22,978
Environmental & risk management	4,066,181
Safety & risk management	3,514,365

The fund deficits are caused by expenditures exceeding revenues. The deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as cash and investments. In addition, investments are separately held by several of the City's funds.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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
Deposits with financial institutions	\$ 23,876,641	\$ 24,412,460
Money markets	3,124,794	3,124,794
Money market mutual funds	955,865	943,767
State and local bonds	22,571,999	22,571,999
Treasuries	2,514,786	2,514,786
US agencies	19,589,371	19,589,371
Corporate bonds	1,455,878	1,455,878
Stocks	25,315,965	25,315,965
Mutual funds	29,131,035	29,131,035
Illinois funds	8,483,392	8,339,134
Petty cash	3,959	-
 Total Deposits and Investments	 \$ 137,023,685	 \$ 137,399,189

Reconciliation to financial statements

Per statement of net assets	
Unrestricted cash and investments	\$ 32,778,439
Restricted cash and investments	735,617
Per statement of net assets - fiduciary funds	
Pension trust funds	103,509,629
Total Deposits and Investments	\$ 137,023,685

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts.

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

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

The City maintains collateral agreements with its banks. At April 30, 2011, the banks had pledged various government securities in the amount of \$13,779,573 to secure the City's deposits.

CITY OF WAUKEGAN
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2011

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

A. DEPOSITS AND INVESTMENTS (cont.)

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.

As of April 30, 2011, \$11,492,928 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>11,492,928</u>
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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, 2011, the City's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Firefighters' Pension		
State and local bonds	AAA, AA, AA+, AA-	AAA, AA1, AA2, AA2
Corporate bonds	Not rated	Not rated

Investment Type	Standard & Poors	Moody's Investors Services
Police Pension		
State and local bonds	AA, AA, AA+, AA-, A	AAA, AA1, AA2, AA3

The City's money market mutual fund is rated AAAM. All police and fire US agency investments are also rated AAA.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

The police and fire pension funds' investment in US agency securities were rated AAA at April 30, 2011. In August, 2011, one major rating agency downgraded debt issued by the US government, and debt explicitly guaranteed by the US government, from AAA to AA+, a one level downgrade. The other two rating agencies reaffirmed the AAA rating. The impact of this downgrade is not fully known at this time.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At April 30, 2011, the following pension investments were greater than 5% of net assets:

Issuer	Amount
Firefighter Pension:	
Federal Home Loan Bank (FHLB)	\$ 4,256,590
Police Pension:	
Federal Home Loan Mortgage Corp.	2,311,879

Interest Rate Risk

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

City of Waukegan

As of April 30, 2011, the City's investments were as follows:

Investment Type	Maturity	
	Fair Value	Less than one year
Illinois funds	\$ 8,483,392	\$ 8,483,392
Money market mutual funds	955,865	955,865
Money markets	507,333	507,333
Totals	<u>\$ 9,946,590</u>	<u>\$ 9,946,590</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

Firefighters' pension fund

Investment Type	Fair Value	Maturity			
		Less than one year	One to five years	Five to ten years	More than ten years
State and local obligations	\$ 6,344,284	\$ 50,446	\$ 3,253,357	\$ 2,607,965	\$ 432,516
U.S. agencies	10,309,510	351,753	5,139,213	4,169,507	649,037
Money markets	1,125,925	1,125,925	-	-	-
Corporate bonds	1,455,878	126,192	1,241,038	88,648	-
Totals	\$ 19,235,597	\$ 1,654,316	\$ 9,633,608	\$ 6,866,120	\$ 1,081,553

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	\$ 16,227,715	\$ 50,371	\$ 7,263,986	\$ 7,261,436	\$ 1,651,922
U.S. agencies	9,279,861	-	1,840,659	4,200,215	3,238,987
Money markets	1,491,536	1,491,536	-	-	-
Totals	\$ 26,999,112	\$ 1,541,907	\$ 9,104,645	\$ 11,461,651	\$ 4,890,909

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

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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	Working Cash	Nonmajor Funds	Totals
Receivables						
Taxes	\$ 12,458,753	\$ 12,416,089	\$ -	\$ -	\$ 2,482,711	\$ 27,357,553
Sales tax	3,306,078	-	-	-	-	3,306,078
Utility	786,713	-	-	-	-	786,713
Local use	326,907	-	-	-	-	326,907
Telecom	795,272	-	-	-	-	795,272
Hotel/motel	94,117	-	-	-	-	94,117
Income	2,694,788	-	-	-	-	2,694,788
Replacement	475,379	-	-	-	-	475,379
Motor fuel tax	-	-	-	-	189,802	189,802
Special assessment	-	1,652,964	-	-	-	1,652,964
Accounts	<u>1,553,390</u>	<u>81,629</u>	<u>16,716</u>	<u>-</u>	<u>1,397,666</u>	<u>3,049,401</u>
Gross receivables	22,491,397	14,150,882	16,716	-	4,070,179	40,728,974
Less: Allowance for uncollectibles	<u>(51,837)</u>	<u>(53,069)</u>	<u>-</u>	<u>-</u>	<u>(802,510)</u>	<u>(907,416)</u>
Net Total Receivables	<u>\$ 22,439,560</u>	<u>\$ 14,097,813</u>	<u>\$ 16,716</u>	<u>\$ -</u>	<u>\$ 3,267,669</u>	<u>\$ 39,821,558</u>

All of the receivables on the balance sheet are expected to be collected within one year.

Revenues of the Water & Sewer fund is reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water and sewer billing	<u>\$ 106,066</u>
Total Uncollectibles of the Current Fiscal Year	<u>\$ 106,066</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

B. RECEIVABLES (cont.)

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

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 27,252,647	\$ 27,252,647
Vehicle licenses	-	431,474	431,474
Grants received in advance	-	49,045	49,045
Sales tax	1,083,431	-	1,083,431
Local use tax	104,674	-	104,674
Telecom tax	304,511	-	304,511
Special assessment	1,619,436	-	1,619,436
911 surcharge	107,559	-	107,559
Income	1,914,380	-	1,914,380
Total Deferred/Unearned Revenue for Governmental Funds	\$ 5,133,991	\$ 27,733,166	\$ 32,867,157

Under the accrual method deferred revenue is recognized as revenue in the period earned. An exception in Illinois is real estate taxes, whereby the intent of the City is to finance the following year's operations with those monies. Therefore, these amounts will remain deferred revenue or unearned for the government-wide statements.

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 debt service account.

Following is a list of restricted assets at April 30, 2011:

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

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

D. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 12,971,120	\$ 202,199	\$ -	\$ 13,173,319
Construction in progress	-	111,600	-	111,600
Total Capital Assets Not Being Depreciated	<u>12,971,120</u>	<u>313,799</u>	<u>-</u>	<u>13,284,919</u>
Capital assets being depreciated				
Land improvements	756,144	276,909	-	1,033,053
Buildings	48,392,657	219,359	-	48,612,016
Machinery and equipment	12,002,191	311,764	-	12,313,955
Infrastructure	197,281,111	614,519	-	197,895,630
Vehicles	13,305,149	1,046,474	-	14,351,623
Total Capital Assets Being Depreciated	<u>271,737,252</u>	<u>2,469,025</u>	<u>-</u>	<u>274,206,277</u>
Total Capital Assets	<u>284,708,372</u>	<u>2,782,824</u>	<u>-</u>	<u>287,491,196</u>
Less: Accumulated depreciation for				
Land improvements	(130,021)	(105,783)	-	(235,804)
Buildings	(12,552,510)	(1,331,274)	-	(13,883,784)
Machinery and equipment	(9,453,580)	(739,865)	-	(10,193,445)
Infrastructure	(125,484,752)	(6,279,172)	-	(131,763,924)
Vehicles	(11,723,557)	(525,775)	-	(12,249,332)
Total Accumulated Depreciation	<u>(159,344,420)</u>	<u>(8,981,869)</u>	<u>-</u>	<u>(168,326,289)</u>
Net Capital Assets Being Depreciated	<u>112,392,832</u>	<u>(6,512,844)</u>	<u>-</u>	<u>105,879,988</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 125,363,952</u>	<u>\$ (6,199,045)</u>	<u>\$ -</u>	<u>\$ 119,164,907</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$1,486,580
Public safety	860,710
Public works, which includes the depreciation of infrastructure	6,543,566
Leisure activities	<u>91,013</u>
Total Governmental Activities Depreciation Expense	<u>\$8,981,869</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 2,416,728	\$ -	\$ -	\$ 2,416,728
Construction in progress	-	153,045	-	153,045
Total Capital Assets Not Being Depreciated	<u>2,416,728</u>	<u>153,045</u>	<u>-</u>	<u>2,569,773</u>
Capital assets being depreciated				
Land improvements	131,780	-	-	131,780
Buildings and improvements	17,817,655	-	-	17,817,655
Machinery and equipment	5,895,356	-	-	5,895,356
Infrastructure	85,129,641	124,617	-	85,254,258
Vehicles	1,615,079	-	-	1,615,079
Total Capital Assets Being Depreciated	<u>110,589,511</u>	<u>124,617</u>	<u>-</u>	<u>110,714,128</u>
Total Capital Assets	<u>113,006,239</u>	<u>277,662</u>	<u>-</u>	<u>113,283,901</u>
Less: Accumulated depreciation for				
Land improvements	(27,317)	(6,589)	-	(33,906)
Buildings and improvements	(5,142,807)	(450,856)	-	(5,593,663)
Machinery and equipment	(4,739,466)	(288,503)	-	(5,027,969)
Infrastructure	(31,506,312)	(1,694,811)	-	(33,201,123)
Vehicles	(1,444,926)	(90,629)	-	(1,535,555)
Total Accumulated Depreciation	<u>(42,860,828)</u>	<u>(2,531,388)</u>	<u>-</u>	<u>(45,392,216)</u>
Net Capital Assets Being Depreciated	<u>67,728,683</u>	<u>(2,406,771)</u>	<u>-</u>	<u>65,321,912</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 70,145,411</u>	<u>\$ (2,253,726)</u>	<u>\$ -</u>	<u>\$ 67,891,685</u>

Business-type Activities

Depreciation expense was charged to functions as follows:

Business-type Activities

Water and sewer	\$2,201,685
Motor vehicle parking	<u>329,703</u>
Total Business-type Activities Depreciation Expense	<u>\$2,531,388</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Component Units				
Capital assets not being depreciated				
Land	\$ 71,486	\$ -	\$ -	\$ 71,486
Construction in progress	-	825,194	-	825,194
Total Capital Assets Not Being Depreciated	71,486	825,194	-	896,680
Capital assets being depreciated				
Buildings and improvements	5,290,567	4,125	-	5,294,692
Furniture and equipment	1,483,494	158,965	117,619	1,524,840
Total Capital Assets Being Depreciated	6,774,061	163,090	117,619	6,819,532
Total Capital Assets	6,845,547	988,284	117,619	7,716,212
Less: Accumulated depreciation for				
Buildings and improvements	(3,024,969)	(109,976)	-	(3,134,945)
Furniture and equipment	(892,005)	(91,559)	117,619	(865,945)
Total Accumulated Depreciation	(3,916,974)	(201,535)	117,619	(4,000,890)
Net Capital Assets Being Depreciated	2,857,087	(38,445)	-	2,818,642
Total Component Units Capital Assets, Net of Accumulated Depreciation	\$ 2,928,573	\$ 786,749	\$ -	\$ 3,715,322

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General	Water and sewer	\$ 177,113
General	Motor vehicle parking lot	5,532
General	Non-major funds	1,881,527
General	Internal service funds	326,493
Debt service	General	224,320
Debt service	General	613,868
Debt service	Water and sewer	539,019
Debt service	Motor vehicle parking lot	462,182
Debt service	Working cash	1,484,240
Debt service	Non-major funds	197,459
Working cash	General fund	4,202,557
Working cash	Debt service	1,676,133
Working cash	Motor vehicle parking lot	91,986
Working cash	Internal service funds	8,451,344
Working cash	Non-major funds	3,946,556
Non-major funds	General fund	389,609
Non-major funds	Water and sewer	255,795
Non-major funds	Internal service funds	28,575
Non-major funds	Working cash	251,967
Non-major funds	Non-major funds	1,374,797
Internal service funds	General fund	4,700,004
Internal service funds	Water and sewer	1,977
Internal service funds	Working cash	4,082
Motor vehicle parking lot	Internal service funds	1,906
Motor vehicle parking lot	Non-major funds	59,736
Motor vehicle parking lot	General	5,532
Motor vehicle parking lot	Working cash	17,040
Water and sewer	General	40,714
Water and sewer	Working cash	526,936
Water and sewer	Internal service funds	<u>55,769</u>
Total - Fund Financial Statements		31,994,768
Less: Fund eliminations		(31,168,797)
Add: Interfund receivables created with internal service fund eliminations		<u>175,444</u>
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 1,001,415</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

Interfund Receivables/Payables (cont.)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 1,709,048
Business-type Activities	Governmental Activities	<u>(707,633)</u>
Total Government-Wide Financial Statements		<u>\$ 1,001,415</u>

All amounts are due within one year, with the exceptions of the amounts due to the working cash 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.

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

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Non-major funds	\$ 845,779	To repay expenditures paid out of the general fund and to close funds
General	Water and sewer	1,100,000	To repay expenditures paid out of the general fund
General	Debt service	92,820	To allocate debt proceeds
General	Motor vehicle parking lot	20,230	To repay expenditures paid out of the general fund
Working cash	Debt service	14,540	To pay that funds share of the debt service payments
Debt service	General	19,016	To pay that funds share of the debt service payments
Debt service	Water and sewer	4,840	To repay expenditures
Non-major funds	General	132,070	To close funds
Non-major funds	Non-major funds	547,759	To repay expenditures and close funds
Non-major funds	Working cash	75,363	To close funds
Motor vehicle parking lot	Debt service	387,757	To pay that funds share of the debt service payments
Motor vehicle parking lot	Non major funds	43,021	To repay expenditures
Water and sewer	Debt service	<u>133,245</u>	To pay that funds share of the debt service payments
Total - Fund Financial Statements		3,416,440	
Less: Fund eliminations		(2,855,393)	
Less: Debt refunded by the city on behalf of the enterprise funds		<u>(413,999)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 147,048</u>	

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

Transfers (cont.)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 1,125,070
Business-type Activities	Governmental Activities	<u>(978,022)</u>
Total Government-wide Financial Statements		<u>\$ 147,048</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. SHORT-TERM DEBT ACTIVITY

The City issues short-term debt for operating costs.

Short-term debt activity for the year ended April 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Bond Anticipation Note	\$ 11,452,000	\$ -	\$ 11,452,000	\$ -
Totals	<u>\$ 11,452,000</u>	<u>\$ -</u>	<u>\$ 11,452,000</u>	<u>\$ -</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

G. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 89,029,801	\$ 27,873,766	\$ 12,606,001	\$ 104,297,566	\$ 8,725,000
Special assessment b-bonds	2,407,000	-	64,000	2,343,000	68,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	271,800	229,277	101,823	399,254	-
Refundings - Gains/(Losses)	<u>(600,028)</u>	<u>-</u>	<u>(71,708)</u>	<u>(528,320)</u>	<u>-</u>
Sub-totals	<u>91,108,573</u>	<u>28,103,043</u>	<u>12,700,116</u>	<u>106,511,500</u>	<u>8,793,000</u>
Other Liabilities					
Vested compensated absences	6,363,132	1,096,646	3,242,911	4,216,867	1,054,217
Capital leases	840,955	-	306,989	533,966	485,783
Environmental cleanup liabilities	1,565,429	-	339,743	1,225,686	-
Net OPEB obligation	3,880,948	2,998,734	1,072,494	5,807,188	-
Net pension obligation	8,547,549	10,048,803	6,184,388	12,411,964	-
IMRF net pension obligation	-	367,558	-	367,558	-
Claims payable	<u>13,643,332</u>	<u>1,683,975</u>	<u>3,462,606</u>	<u>11,864,701</u>	<u>11,864,701</u>
Total Other Liabilities	<u>34,841,345</u>	<u>16,195,716</u>	<u>14,609,131</u>	<u>36,427,930</u>	<u>13,404,701</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 125,949,918</u>	<u>\$ 44,298,759</u>	<u>\$ 27,309,247</u>	<u>\$ 142,939,430</u>	<u>\$ 22,197,701</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 2,562,122	\$ -	\$ 996,417	\$ 1,565,705	\$ 607,041
Revenue bonds	6,690,000	1,825,000	335,000	8,180,000	410,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	<u>(12,710)</u>	<u>(48,439)</u>	<u>(14,380)</u>	<u>(46,769)</u>	<u>-</u>
Sub-totals	<u>9,239,412</u>	<u>1,776,561</u>	<u>1,317,037</u>	<u>9,698,936</u>	<u>1,017,041</u>
Other Liabilities					
Vested compensated absences	409,650	83,317	243,447	249,520	62,380
Capital leases	215,349	-	215,349	-	-
Other postemployment benefits	<u>-</u>	<u>263,267</u>	<u>94,157</u>	<u>169,110</u>	<u>-</u>
Total Other Liabilities	<u>624,999</u>	<u>346,584</u>	<u>552,953</u>	<u>418,630</u>	<u>62,380</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 9,864,411</u>	<u>\$ 2,123,145</u>	<u>\$ 1,869,990</u>	<u>\$ 10,117,566</u>	<u>\$ 1,079,421</u>
Component Unit					
Bonds and Notes Payable					
General obligation debt	\$ -	\$ 4,000,000	\$ 160,000	\$ 3,840,000	\$ 150,000
Building notes	1,295,000	-	1,295,000	-	-
Equipment loan	<u>171,857</u>	<u>-</u>	<u>171,857</u>	<u>-</u>	<u>-</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
 April 30, 2011

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

G. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Other Liabilities					
Compensated absences	129,234	-	2,545	126,689	126,689
Total Component Units					
Long-Term Liabilities	<u>\$ 1,596,091</u>	<u>\$ 4,000,000</u>	<u>\$ 1,629,402</u>	<u>\$ 3,966,689</u>	<u>\$ 276,689</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.

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 04/30/11
2003A Capital Appreciation G.O. Bonds	August 14, 2003	2022	1.45 - 5.86%	\$ 46,405,000	\$ 27,402,566
2005A G.O. Refunding	September 14, 2005	2024	3.25 - 5.00%	24,760,000	21,825,000
2009A G.O. Bonds	December 1, 2009	2020	4.25 - 5.25%	30,000,000	30,000,000
2010A G.O. Bonds	July 1, 2010	2016	2.50 - 4.00%	7,650,000	6,270,000
2010B G.O. Refunding Bonds	June 9, 2010	2022	3.00 - 4.00%	11,620,000	11,620,000
2010C G.O. Bonds	September 7, 2010	2031	3.00 - 4.25%	7,180,000	<u>7,180,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 104,297,566</u>
Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 04/30/11
2006 G.O. Note	April 4, 2006	2014	4.09%	\$ 4,000,000	<u>\$ 1,565,705</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 1,565,705</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

G. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Component Unit General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 04/30/11
Library G.O. Debt Certificates	September 30, 2010	2030	2.00 - 4.38%	\$ 4,000,000	\$ <u>3,840,000</u>
Total Component Unit General Obligation Debt					\$ <u>3,840,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt		Component Unit General Obligation Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 8,725,000	\$ 3,559,956	\$ 607,041	\$ 57,862	\$ 150,000	\$ 143,263
2013	8,560,000	3,017,529	632,123	32,781	150,000	140,262
2014	8,940,000	2,794,304	326,541	6,662	155,000	136,512
2015	8,800,000	2,561,104	-	-	160,000	132,638
2016	9,075,000	2,319,929	-	-	165,000	127,838
2017-2021	48,505,000	7,409,391	-	-	910,000	553,662
2022-2026	17,430,000	1,828,888	-	-	1,100,000	360,512
2027-2031	4,590,000	596,825	-	-	1,050,000	116,148
Totals	<u>\$ 114,625,000</u>	<u>\$ 24,087,926</u>	<u>\$ 1,565,705</u>	<u>\$ 97,305</u>	<u>\$ 3,840,000</u>	<u>\$ 1,710,835</u>

The difference between the outstanding balance on the bonds and the principal amount above is due to accretion in the amount of \$10,327,434 on the 2003A GO Capital Appreciation bonds.

Special Assessment Debt

Governmental Activities Special Assessment Debt

Special assessment debt payable at April 30, 2011, consists of the following:

Governmental Activities Special Assessment Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 04/30/11
Special Assessment Improvement Bond, Series 2005	June 1, 2005	2030	6.125%	\$ 3,695,000	\$ <u>2,343,000</u>
Total Governmental Activities - Special Assessment Debt					\$ <u>2,343,000</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

G. LONG-TERM OBLIGATIONS (cont.)

Alternative Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Special Assessment Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 68,000	\$ 143,509
2013	71,000	139,344
2014	76,000	134,995
2015	81,000	130,340
2016	86,000	125,379
2017-2021	518,000	541,021
2022-2026	704,000	361,008
2027-2031	<u>739,000</u>	<u>116,620</u>
Totals	<u>\$ 2,343,000</u>	<u>\$ 1,692,216</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 2024. 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 \$8,435,408. Principal and interest paid for the current year and total customer net revenues were \$588,516 and \$609,396, 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 5% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,822,550. Principal and interest paid for the current year and total customer net revenues were \$24,946 and \$3,034,286, respectively.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

G. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at April 30, 2011, 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 04/30/11</u>
<u>Water and Sewer Utility</u>					
2010D Revenue Bonds	September 7, 2010	2031	3.00 - 5.00%	\$ 1,825,000	\$ 1,825,000
<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>6,355,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 8,180,000</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>
2012	\$ 410,000	\$ 323,360
2013	425,000	310,629
2014	440,000	296,979
2015	455,000	281,929
2016	470,000	265,654
2017-2021	2,675,000	1,048,376
2022-2026	2,700,000	457,281
2027-2031	<u>605,000</u>	<u>93,750</u>
Totals	<u>\$ 8,180,000</u>	<u>\$ 3,077,958</u>

Refundings

On July 1, 2010, the City issued \$7,650,000 in general obligation bonds with an average interest rate of 3.50 percent to advance refund \$7,306,001 of outstanding bonds with an average interest rate of 4.50 percent. The net proceeds of \$7,751,641 (after payment of underwriting fees, insurance and other issuance costs and consideration of a premium on the issuance) were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with and escrow agent to provide for all future debt service payments. As a result, the 1998 GO Bonds and the 2001A GO Bonds are considered defeased and have been removed from the Statement of Net Assets.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

G. LONG-TERM OBLIGATIONS (cont.)

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$9,005,326 from 2011 through 2017. The cash flow requirements on the 2010 refunding bonds are \$8,506,732 from 2011 through 2017. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$297,897.

On June 9, 2010, the City issued \$11,620,000 in general obligation bonds with an average interest rate of 3.50 percent to current refund \$11,452,000 of outstanding bond anticipation notes. The net proceeds of \$11,551,573 (after payment of \$68,427 in underwriting fees, insurance and other issuance costs) were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$11,620,000 in 2011. The cash flow requirement on the 2010 refunding bonds are \$19,204,169 from 2012 through 2023. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$7,916. The City performed the refunding to restructure the outstanding debt and lengthen the repayment period.

H. LEASE DISCLOSURES

Lessee - Capital Leases

In 2004, the acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$2.2 million, 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, 2011, are as follows:

Years	Governmental Activities		
	Principal	Interest	Totals
2012	\$ 485,783	\$ 15,685	\$ 501,468
2013	23,547	2,226	25,773
2014	24,636	1,138	25,774
Totals	\$ 533,966	\$ 19,049	\$ 553,015

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
 April 30, 2011

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

I. POLLUTION REMEDIATION OBLIGATIONS

At year end April 30, 2011, 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 is obligated 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, 2011, the obligation and net liability was \$1,225,686. 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.

J. COMPONENT UNITS

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
Deposits with financial institutions	\$ 2,992,314	\$ 3,074,078
Illinois Funds	429,187	427,187
Petty cash	100	-
Total Deposits and Investments	\$ 3,421,601	\$ 3,501,265

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

J. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

b. Deposits and Investments (cont.)

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.

As of April 30, 2011 \$2,484,351 of the Library's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>2,484,351</u>
--------------------------------	---------------------

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.

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, 2011, the Library's investments were as follows:

Investment	Maturity Date	Call Date	Fair Value
Illinois Funds	On demand	On demand	\$ <u>427,187</u>

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

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan Descriptions

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

Illinois Municipal Retirement Fund

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two 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' earnings during the last 10 years) of earnings for each year thereafter. IMRF provides credited service 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 in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at \$106,800) for credited service up to 15 years 2% for each year thereafter. However, your total pension cannot exceed 75% of your final rate of earnings. If you retire after 10 years of service between the ages of 62 and 67, and have less than 30 years of service credit, your pension will be reduced by 1/2% for each month that you are under the age of 67. If you retire after 10 years of service between the ages of 62 and 67, and have between 30 and 35 years of service credit, your pension will be reduced by the lessor of 1/2% for each month that you are 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 2011, the City's required contribution rate was 11.04%.

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
April 30, 2011

NOTE V - Other Information (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

At April 30, 2011, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	133
Current employees:	
Vested	104
Non vested	<u>55</u>
Total	<u><u>292</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.

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, 2011, the City's contribution was 10.60% of covered payroll.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - Other Information (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, 2011, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	116
Current employees:	
Vested	117
Non vested	-
Total	<u><u>233</u></u>

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.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - Other Information (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Participants contribute a fixed percentage of their base salary to the plans. At April 30, 2011, 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, 2011, the City's contribution was 12.75% of covered payroll.

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.

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - Other Information (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, 2010	May 1, 2009	May 1, 2009
Contribution rates:			
Employer	8.52%	10.60%	12.75%
Employee	4.50%	9.91%	9.46%
Annual required contribution	\$1,610,256	\$5,661,011	\$4,072,774
Contributions made	\$1,242,698	\$3,566,929	\$2,617,459
Actuarial cost method	Entry-age normal 5 year smoothed	Entry-age normal	Entry-age normal
Asset valuation method	market	Market	Market
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization period	30 years	24 years, 2 months	24 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%

Net Pension Obligation

The following is the net pension obligation calculation from the May 1, 2009 actuarial report:

Net Pension Obligation:	Police Pension	Firefighters' Pension
Annual required contribution	\$ 5,661,011	\$ 4,072,774
Interest on net pension obligation	368,092	230,237
Adjustment to annual required contribution	(181,991)	(101,320)
Annual pension cost	5,847,112	4,201,691
Contributions made	(3,566,929)	(2,617,459)
Change in net pension obligation	2,280,183	1,584,232
Net pension obligation, beginning of year	5,258,448	3,289,101
Net pension obligation, end of year	<u>\$ 7,538,631</u>	<u>\$ 4,873,333</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - Other Information (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Additional multi year trend information can be found in the schedule of funding progress in the required supplementary information section which immediately follows the notes.

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2011	\$ 1,610,256	\$ 5,847,112	\$ 4,201,691
	2010	1,342,553	6,377,174	4,348,007
	2009	1,300,198	3,298,988	2,387,975
Contributions made	2011	\$ 1,242,698	\$ 3,566,929	\$ 2,617,459
	2010	1,342,553	3,321,274	2,408,610
	2009	1,300,198	2,899,728	2,377,563
Percentage of APC contributed	2011	77%	61%	62%
	2010	100%	52%	55%
	2009	100%	88%	99%
Net pension obligation	2011	\$ 367,558	\$ 7,538,631	\$ 4,873,333
	2010	-	5,258,448	3,289,101
	2009	-	2,202,548	1,349,704

Funded Status and Funding Progress

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

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2008	May 1, 2009	May 1, 2009
Actuarial Valuation of Assets (a)	\$ 23,454,600	\$ 53,102,438	\$ 42,076,398
Actuarial Accrued Liability (AAL) - Entry Age (b)	\$ 37,677,247	\$ 118,064,243	\$ 85,245,143
Unfunded AAL (UAAL) (b - a)	\$ 14,222,647	\$ 64,961,805	\$ 43,168,745
Funded Ratio (a/b)	62 %	45 %	49 %
Covered Payroll (c)	14,585,653	12,094,598	8,954,045
UAAL as a percentage of Covered Payroll ((b-a)/c)	98 %	537 %	482 %

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - Other Information (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

PENSION SEGMENT INFORMATION

Fiduciary Net Assets

	Pension Trust		Totals
	Police Pension	Firefighters' Pension	
Assets			
Cash and cash equivalents	\$ 1,599,322	\$ 205,348	\$ 1,804,670
Investments			
Money markets	-	1,125,925	1,125,925
State and local obligations	16,227,715	6,344,284	22,571,999
US Government and agency obligations	9,279,861	12,824,296	22,104,157
Common and preferred stocks	10,235,081	15,080,884	25,315,965
Mutual funds	20,396,391	8,734,644	29,131,035
Corporate bonds	-	1,455,878	1,455,878
Receivables - (net allowances for uncollectibles)			
Accrued interest	336,870	241,519	578,389
Prepaid items	2,500	517	3,017
Total assets	<u>58,077,740</u>	<u>46,013,295</u>	<u>104,091,035</u>
Liabilities			
Accounts payable	<u>31,494</u>	<u>17,158</u>	<u>48,652</u>
Total liabilities	<u>31,494</u>	<u>17,158</u>	<u>48,652</u>
Net assets			
Held in trust for pension benefits	<u>\$ 58,046,246</u>	<u>\$ 45,996,137</u>	<u>\$ 104,042,383</u>

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - Other Information (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Assets

	Pension Trust		Totals
	Police Pension	Firefighters' Pension	
Additions			
Contributions			
Employer	\$ 3,566,929	\$ 2,617,459	\$ 6,184,388
Plan members	1,212,491	889,294	2,101,785
Other	78,209	18,904	97,113
Total contributions	<u>4,857,629</u>	<u>3,525,657</u>	<u>8,383,286</u>
Investment Income			
Investment income	1,863,606	1,496,659	3,360,265
Net appreciation in the fair value of investments	4,278,461	3,547,772	7,826,233
Total Investment income	6,142,067	5,044,431	11,186,498
Less investment income	123,762	218,743	342,505
Net investment income	<u>6,018,305</u>	<u>4,825,688</u>	<u>10,843,993</u>
Total additions	<u>10,875,934</u>	<u>8,351,345</u>	<u>19,227,279</u>
Deductions			
Benefits	\$ 5,506,278	\$ 4,391,136	\$ 9,897,414
Contractual services	59,781	26,011	85,792
Other	21,880	16,616	38,496
Total deductions	<u>5,587,939</u>	<u>4,433,763</u>	<u>10,021,702</u>
Net change in net assets	5,287,995	3,917,582	9,205,577
Net assets, beginning of year	<u>52,758,251</u>	<u>42,078,555</u>	<u>94,836,806</u>
Net assets, end of year	<u>\$ 58,046,246</u>	<u>\$ 45,996,137</u>	<u>\$ 104,042,383</u>

B. RISK MANAGEMENT

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

Self Insurance

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

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - Other Information (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

For crime and property claims, the uninsured risk of loss is \$100,000 per incident, all other coverages have an uninsured risk of loss of \$250,000 per incident. There is an aggregate stop loss of \$1.5 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. However, in the past fiscal year, the City paid claims on a lawsuit that was outside the coverage of the stop loss.

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

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 28,510,724	\$ 13,643,332
Current year claims and changes in estimates	1,591,937	1,683,975
Claim payments	(16,459,329)	(3,462,606)
 Unpaid Claims - End of Year	 \$ 13,643,332	 \$ 11,864,701

C. COMMITMENTS AND CONTINGENCIES

In addition the City is party to various pending claims and legal proceedings for which provisions have been made in the financial statements. Although, the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the claims payable established will not exceed the amounts recorded in the financial statements to such an extent that it would 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
April 30, 2011

NOTE V - Other Information (cont.)

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 funds. 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 fund balance in the capital equipment replacement and street & sidewalk rehabilitation funds.

D. OTHER POSTEMPLOYMENT BENEFITS

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.

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 2011, 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:

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Annual required contribution	\$	3,252,776
Interest on net OPEB obligation		174,643
Adjustment to annual required contribution		<u>(165,418)</u>
Annual OPEB cost		3,262,001
Contributions made		<u>(1,166,651)</u>
Increase in net OPEB obligation (asset)		2,095,350
Net OPEB Obligation (Asset) - Beginning of Year		<u>3,880,948</u>
Net OPEB Obligation (Asset) - End of Year	\$	<u><u>5,976,298</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 3,262,001	36%	\$ 5,976,298
2010	3,093,556	37%	3,880,948
2009	2,946,541	35%	1,918,375

The funded status of the plan as of April 30, 2011, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	43,213,650
Actuarial value of plan assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u><u>43,213,650</u></u>
Funded ratio (actuarial value of plan assets/AAL)		-%
Covered payroll (active plan members)	\$	32,874,946
UAAL as a percentage of covered payroll		131%

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

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, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent investment rate of return and an annual healthcare cost trend rate of 10.0 percent initially, reduced by decrements to an ultimate rate of 7.5 percent after 5 years. Both rates include a 3.0 percent 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, 2011, was 30 years.

E. SUBSEQUENT EVENTS

Subsequent to April 30, 2011, the investment markets have experienced significant volatility. It is highly likely that the values of the City's investments have changed by material amounts since year end.

F. TAX INCREMENT FINANCING DISTRICT

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

CITY OF WAUKEGAN
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE V - Other Information (cont.)

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.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, Statement No. 61, The Financial Reporting Entity: Omnibus, and Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Application of these standards may restate portions of these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAUKEGAN

SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes	\$ 15,533,473	\$ 15,559,470	\$ 25,997
Other taxes	21,213,640	22,779,252	1,565,612
Intergovernmental	9,438,800	11,784,649	2,345,849
Licenses	2,395,201	2,635,930	240,729
Permits	1,052,444	1,127,217	74,773
Franchise fees	848,000	944,549	96,549
Fines and forfeitures	4,083,280	3,347,578	(735,702)
Charges for services	2,395,201	2,624,865	229,664
Miscellaneous	696,600	950,184	253,584
Investment income	100,000	6,067	(93,933)
Total Revenues	<u>57,756,639</u>	<u>61,759,761</u>	<u>4,003,122</u>
EXPENDITURES			
Current:			
Central services	3,725,117	3,965,921	(240,804)
Public safety - police and communication services	28,518,590	26,837,921	1,680,669
Public safety - fire services	17,621,097	15,471,546	2,149,551
Streets, bridges and public works	6,019,464	5,387,188	632,276
Building and zoning	1,350,721	1,346,692	4,029
Sanitation and environment	4,551,246	4,701,891	(150,645)
Economic development	654,885	458,320	196,565
Capital Outlay	226,209	269,612	(43,403)
Debt Service	274,148	350,294	(76,146)
Total Expenditures	<u>62,941,477</u>	<u>58,789,385</u>	<u>4,152,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,184,838)</u>	<u>2,970,376</u>	<u>8,155,214</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,181,838	2,058,829	(3,123,009)
Transfers out	-	(151,086)	(151,086)
Sale of capital assets	3,000	39,162	36,162
Total Other Financing Sources (Uses)	<u>5,184,838</u>	<u>1,946,905</u>	<u>(3,237,933)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>4,917,281</u>	<u>\$ 4,917,281</u>
FUND BALANCE - Beginning of Year		<u>105,248</u>	
FUND BALANCE - END OF YEAR		<u>\$ 5,022,529</u>	

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

CITY OF WAUKEGAN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WORKING CASH - MAJOR SPECIAL REVENUE FUND For the Year Ended April 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
INVESTMENT INCOME			
Investment income	\$ -	\$ 110,156	\$ 110,156
Total Revenues	<u>-</u>	<u>110,156</u>	<u>110,156</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>110,156</u>	<u>110,156</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	14,540	14,540
Transfers out	<u>(2,676,838)</u>	<u>(75,363)</u>	<u>2,601,475</u>
Total Other Financing Sources (Uses)	<u>(2,676,838)</u>	<u>(60,823)</u>	<u>2,616,015</u>
Net Change in Fund Balance	<u>\$ (2,676,838)</u>	49,333	<u>\$ 2,726,171</u>
FUND BALANCE - Beginning of Year		<u>21,407,873</u>	
FUND BALANCE - END OF YEAR		<u>\$ 21,457,206</u>	

CITY OF WAUKEGAN

ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDED PROGRESS
 April 30, 2011

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/10	\$ 1,610,256	77.17%	\$ 367,558
12/31/09	1,342,553	100.00%	-
12/31/08	1,300,198	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>
12/31/10	\$ 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	-%
12/31/05	36,155,370	36,269,616	114,246	99.69%	15,185,372	0.75%

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, 2008
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, 2011

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
04/30/2011	\$ 5,661,011	63.01%	\$ 7,538,631
04/30/2010	5,661,011	58.67%	5,258,448
04/30/2009	3,556,176	81.53%	2,202,548

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
05/01/2009	\$ 53,102,438	\$118,064,243	\$ 64,961,805	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%
04/30/2005	45,338,959	83,753,129	38,414,170	54.13%	10,434,243	368.15%

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, 2009
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	24 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
FIREFIGHTERS' PENSION FUND
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDED PROGRESS
 April 30, 2011

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
04/30/2011	\$ 4,072,774	64.27%	\$ 4,873,333
04/30/2010	4,072,774	59.14%	3,289,101
04/30/2009	2,615,716	90.82%	1,349,704

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
05/01/2009	\$ 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%
04/30/2005	36,578,328	63,036,025	26,457,697	58.03%	7,351,267	359.91%

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, 2009
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	24 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 CONTRIBUTION AND FUNDED PROGRESS
April 30, 2011

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
04/30/2011	\$ 3,252,776	35.87%	\$ 5,976,298
04/30/2010	3,088,996	36.61%	3,880,948
04/30/2009	2,946,541	34.89%	1,918,375

<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>
05/01/2010	\$ -	\$ 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%
05/01/2008	-	39,042,752	39,042,752	-%	31,410,167	124.30 %

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, 2010
Actuarial cost method	Entry Age normal
Amortization method	Projected Unit Credit
Remaining amortization period	30
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increases	3.00%
Inflation factor	3.00%
Cost of living adjustments	3.00%

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CITY OF WAUKEGAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2011

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.

See accountants' report.

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SUPPLEMENTARY INFORMATION

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
PROPERTY TAXES			
Property taxes - general	\$ 8,981,581	\$ 8,955,816	\$ (25,765)
Property taxes - pension	6,171,892	6,184,388	12,496
Property taxes - road and bridge	380,000	419,266	39,266
Total Property Taxes	<u>15,533,473</u>	<u>15,559,470</u>	<u>25,997</u>
OTHER TAXES			
Sales	7,800,000	7,921,232	121,232
Home rule sales	4,031,040	5,286,370	1,255,330
Local use	972,000	1,306,726	334,726
Utility taxes	4,320,000	4,234,627	(85,373)
Telecommunication taxes	3,150,000	3,050,354	(99,646)
Hotel/Motel	925,000	958,984	33,984
Municipal auto rental	15,600	20,959	5,359
Total Other Taxes	<u>21,213,640</u>	<u>22,779,252</u>	<u>1,565,612</u>
INTERGOVERNMENTAL			
Income tax	6,983,800	7,970,572	986,772
Personal property replacement tax	2,380,000	3,555,917	1,175,917
Federal grants	75,000	257,644	182,644
State grants	-	516	516
Total Intergovernmental	<u>9,438,800</u>	<u>11,784,649</u>	<u>2,345,849</u>
LICENSES			
Vehicle	1,592,052	1,701,089	109,037
Liquor	18,097	188,755	170,658
Determined by square feet	110,280	187,450	77,170
Amusement devices	19,184	21,300	2,116
Bowling alley	1,949	1,920	(29)
Animal	18,481	23,943	5,462
Vehicle repair	102	600	498
Garbage truck	7,105	7,000	(105)
Hotel/motel	17,143	15,160	(1,983)
Juke box	4,263	4,000	(263)
Restaurant	406	450	44
Tobacco dealer	17,864	19,400	1,536
Vending machine	36,015	39,629	3,614
Bicycle	17	3,984	3,967
Contractor's registration	38,568	35,474	(3,094)
Pawn shop	4,060	4,000	(60)
Rental property	185,275	261,704	76,429
Currency exchange	203	800	597
Sales door	2,335	3,682	1,347
Billiard	1,847	1,873	26
Auctioneer	609	400	(209)
Public transportation	5,745	5,620	(125)
Raffle ordinance	76	75	(1)

CITY OF WAUKEGAN
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
LICENSES (cont.)			
Garbage stickers	\$ 39,407	\$ 33,543	\$ (5,864)
Day care	14,083	21,125	7,042
Business flat fee	24,435	15,400	(9,035)
Business general	<u>68,726</u>	<u>37,554</u>	<u>(31,172)</u>
Total Licenses	<u>2,228,327</u>	<u>2,635,930</u>	<u>407,603</u>
PERMITS			
Building	654,397	632,418	(21,979)
Electrical	111,629	126,396	14,767
Plumbing	36,058	85,792	49,734
Heating (HVAC)	111,024	150,960	39,936
Occupancy/residential	27,804	18,000	(9,804)
Signs	20,000	8,426	(11,574)
Demolition	1,105	50	(1,055)
Food handlers	5,375	20	(5,355)
City drivers	-	4,110	4,110
Fire protection construction work	19,644	13,300	(6,344)
Elevator	44,115	32,065	(12,050)
Roadway damage	8,393	16,600	8,207
Hazardous materials	12,900	33,800	20,900
Water shed development	-	5,280	5,280
Total Permits	<u>1,052,444</u>	<u>1,127,217</u>	<u>74,773</u>
FRANCHISE FEES			
Cable television	620,000	679,239	59,239
Off-track betting	228,000	250,283	22,283
Video service	-	15,027	15,027
Total Franchise Fees	<u>848,000</u>	<u>944,549</u>	<u>96,549</u>
FINE AND FORFEITURES			
Parking	2,110,000	1,846,429	(263,571)
Court ordered fines	12,000	4,120	(7,880)
Seizures	1,000,000	974,675	(25,325)
Tobacco enforcement violation	9,000	-	(9,000)
Code enforcement/zoning	32,700	31,700	(1,000)
Judgement bond	10,500	9,248	(1,252)
Municipal prosecution	7,000	11,182	4,182
Automated traffic enforcement	1,000	200	(800)
DUI fines	600,000	245,442	(354,558)
Pace shelter advertising income	-	12,645	12,645
State route highway maintenance	68,000	71,601	3,601
State route traffic maintenance	6,000	5,057	(943)
Unit school district police security	180,000	91,000	(89,000)
Waukegan housing authority security	34,560	34,560	-
Illinois liquor control	9,020	9,130	110

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
FINE AND FORFEITURES (cont.)			
IL training reimbursement - fire	\$ 3,500	\$ -	\$ (3,500)
IL training reimbursement - police	-	429	429
Tuition - fire training class	-	160	160
Total Fine and Forfeitures	<u>4,083,280</u>	<u>3,347,578</u>	<u>(735,702)</u>
 CHARGES FOR SERVICES			
Subpoena	1,594	1,112	(482)
Board-up service	30	50	20
Plans and specifications review	163,812	257,931	94,119
Weed cutting	1,700	150	(1,550)
Recycle bins	-	1,694	1,694
Conservation	-	208	208
Fire reports	321	200	(121)
Ambulance service	893,481	864,696	(28,785)
Electrical tests	350	20	(330)
Vital statistics	32,000	39,616	7,616
Liquor license filing	3,267	3,000	(267)
False fire alarm	30,806	24,650	(6,156)
False burglar alarm	29,807	39,219	9,412
Burglar alarm subscribe	15,486	23,014	7,528
Fire alarm subscribe	100,819	48,606	(52,213)
Photo copy	26,820	17,703	(9,117)
Ambulance inspection	-	56,517	56,517
Taxi inspections	3,737	3,660	(77)
City animal control	200	68	(132)
Sidewalk construction/waiver	50	124	74
Zoning subdivision annexation	14,790	16,429	1,639
Zoning letters and certifications	68,328	52,575	(15,753)
Grave Openings/Lots	2,000	4,165	2,165
Street openings	7,750	11,465	3,715
Zoning ordinance and maps	150	10	(140)
Vacations of land	400	-	(400)
Planned unit development	1,500	-	(1,500)
Engineering subdivision inspection	-	22,860	22,860
Fire Prevention/BOCA	-	107	107
License fee - fire department	4,300	6,375	2,075
Finger print - liquor license	1,136	3,064	1,928
Animal impoundment	4,500	2,075	(2,425)
Animal veterinary	1,500	2,195	695
Animal surrendering	1,000	700	(300)
Animal transportation	50	50	-
Finger print - walk-ins	1,407	1,804	397
Rental reinspection fee	2,500	950	(1,550)
Job applications - fire and police	50	-	(50)

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
CHARGES FOR SERVICES (cont.)			
Fire Inspection	\$ -	\$ 200	\$ 200
Rental unit inspection	1,500	(50)	(1,550)
Employee wage lien	2,627	2,583	(44)
Annual sign fee	119,177	119,803	626
Application for sign variance	-	8,100	8,100
Miscellaneous code enforcement	79	-	(79)
Vacant Structure Register	-	102,612	102,612
Walk thru inspection	7,000	6,225	(775)
E-Citations	-	760	760
NSF check processing	600	2,023	1,423
License fee business license	5,000	7,862	2,862
Rental license	250	50	(200)
Police registration fee	727	340	(387)
Cellular telecom/tower	-	9,120	9,120
Garbage collection	420,000	363,317	(56,683)
Business registration	1,500	-	(1,500)
Kennel boarding	2,000	595	(1,405)
Waterworks admin reimburse	45,000	-	(45,000)
Parking lot admin reimburse	45,000	15,954	(29,046)
Services provided to ef555	250,000	430,745	180,745
Special events - police reimbursement	50,000	27,706	(22,294)
Special events - public works reimbursement	2,100	-	(2,100)
Beach parking	27,000	19,858	(7,142)
Total Charges for Services	<u>2,395,201</u>	<u>2,624,865</u>	<u>229,664</u>
MISCELLANEOUS REVENUES			
Rental income	14,700	44,961	30,261
Donations	3,000	34,618	31,618
Recyclables	23,000	13,083	(9,917)
Sale of gas and oil	154,000	172,844	18,844
Reimbursements	32,400	153,019	120,619
Sale of code books	100	75	(25)
Sale of city ordinance books	-	131	131
Sale of labor and materials	-	29,843	29,843
Restitution payments	1,000	3,016	2,016
Special police duty events	318,000	257,738	(60,262)
Liens	50,000	42,465	(7,535)
Commissions	1,000	1,052	52
WHA in lieu tax	42,000	66,250	24,250
Special events	15,000	15,397	397
Beach concession	2,500	-	(2,500)
Other miscellaneous revenue	39,900	115,692	75,792
Total Miscellaneous Revenues	<u>696,600</u>	<u>950,184</u>	<u>253,584</u>
INVESTMENT INCOME	<u>100,000</u>	<u>6,067</u>	<u>(93,933)</u>
TOTAL REVENUES	<u>\$ 57,589,765</u>	<u>\$ 61,759,761</u>	<u>\$ 4,169,996</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
CENTRAL SERVICES			
Personnel services	\$ 1,871,565	\$ 1,945,414	\$ (73,849)
Personnel benefits	851,564	847,959	3,605
Contractual services	896,167	1,124,512	(228,345)
Commodities	105,821	48,036	57,785
Capital outlay	<u>100,000</u>	<u>150,301</u>	<u>(50,301)</u>
Total Central Services	<u>3,825,117</u>	<u>4,116,222</u>	<u>(291,105)</u>
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES			
Personnel services	16,640,554	15,658,889	981,665
Personnel benefits	6,951,009	6,022,274	928,735
Contractual services	733,699	891,404	(157,705)
Commodities	637,328	698,425	(61,097)
Pension contribution	<u>3,556,000</u>	<u>3,566,929</u>	<u>(10,929)</u>
Total Public Safety - Police and Communication Services	<u>28,518,590</u>	<u>26,837,921</u>	<u>1,680,669</u>
PUBLIC SAFETY - FIRE SERVICES			
Personnel services	10,328,496	9,840,707	487,789
Personnel benefits	3,857,605	2,392,349	1,465,256
Contractual services	527,066	326,683	200,383
Commodities	292,214	294,349	(2,135)
Pension contribution	<u>2,615,716</u>	<u>2,617,458</u>	<u>(1,742)</u>
Total Public Safety - Fire Services	<u>17,621,097</u>	<u>15,471,546</u>	<u>2,149,551</u>
BUILDING AND ZONING			
Personnel services	732,200	786,242	(54,042)
Personnel benefits	440,102	310,184	129,918
Contractual services	147,135	231,712	(84,577)
Commodities	31,284	18,554	12,730
Capital outlay	<u>9,209</u>	<u>11,917</u>	<u>(2,708)</u>
Total Building and Zoning	<u>1,359,930</u>	<u>1,358,609</u>	<u>1,321</u>
STREETS, BRIDGES AND PUBLIC WORKS			
Personnel services	2,699,225	2,011,668	687,557
Personnel benefits	1,352,080	1,970,772	(618,692)
Contractual services	564,281	406,640	157,641
Commodities	1,403,878	998,108	405,770
Capital outlay	<u>117,000</u>	<u>107,394</u>	<u>9,606</u>
Total Streets, Bridges and Public Works	<u>6,136,464</u>	<u>5,494,582</u>	<u>641,882</u>
SANITATION AND ENVIRONMENT			
Contractual services	<u>4,551,246</u>	<u>4,701,891</u>	<u>(150,645)</u>
Total Sanitation and Environment	<u>4,551,246</u>	<u>4,701,891</u>	<u>(150,645)</u>

CITY OF WAUKEGAN
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended April 30, 2011

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
ECONOMIC DEVELOPMENT			
Personnel services	\$ 232,000	\$ 156,771	\$ 75,229
Personnel benefits	95,548	56,054	39,494
Contractual services	323,337	242,560	80,777
Commodities	<u>4,000</u>	<u>2,935</u>	<u>1,065</u>
Total Economic Development	<u>654,885</u>	<u>458,320</u>	<u>196,565</u>
DEBT SERVICE			
Principal	248,687	306,989	(58,302)
Interest and fiscal charges	<u>25,461</u>	<u>43,305</u>	<u>(17,844)</u>
Total Debt Service	<u>274,148</u>	<u>350,294</u>	<u>(76,146)</u>
TOTAL EXPENDITURES	<u>\$ 62,941,477</u>	<u>\$ 58,789,385</u>	<u>\$ 4,152,092</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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes	\$ 7,490,909	\$ 6,667,523	\$ (823,386)
Special assessment	299,161	74,375	(224,786)
Investment income	<u>-</u>	<u>209,891</u>	<u>209,891</u>
Total Revenues	<u>7,790,070</u>	<u>6,951,789</u>	<u>(838,281)</u>
EXPENDITURES			
DEBT SERVICE			
Principal	4,749,425	5,364,000	(614,575)
Interest and fiscal charges	<u>3,653,645</u>	<u>3,102,182</u>	<u>551,463</u>
Total Expenditures	<u>8,403,070</u>	<u>8,466,182</u>	<u>(63,112)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(613,000)</u>	<u>(1,514,393)</u>	<u>(901,393)</u>
OTHER FINANCING SOURCES (USES)			
Debt issued/premium on debt	613,000	8,065,023	7,452,023
Transfers in	-	23,856	23,856
Transfers out	-	(628,362)	(628,362)
Payments to escrow agent	<u>-</u>	<u>(7,751,641)</u>	<u>(7,751,641)</u>
Total Other Financing Sources (Uses)	<u>613,000</u>	<u>(291,124)</u>	<u>(904,124)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(1,805,517)</u>	<u>\$ (1,805,517)</u>
FUND BALANCE - Beginning of Year		<u>4,022,857</u>	
FUND BALANCE - END OF YEAR		<u>\$ 2,217,340</u>	

CITY OF WAUKEGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 April 30, 2011

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System
ASSETS				
Cash and cash equivalents	\$ 458,811	\$ 52,705	\$ 618,130	\$ 1,111,393
Receivables (net)				
Property taxes	-	-	-	-
Intergovernmental	189,802	-	-	-
Accounts	660	750	3,050	222,867
Due from other funds	159,336	55,567	45,360	21,293
Prepaid items	14,718	1,380	8,279	39,985
Inventories	275,000	-	-	-
TOTAL ASSETS	<u>\$ 1,098,327</u>	<u>\$ 110,402</u>	<u>\$ 674,819</u>	<u>\$ 1,395,538</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 23,066	\$ 63,125	\$ 3,050	\$ 19,325
Accrued salaries	34,660	12,528	2,596	5,459
Other current liabilities	5,217	2,804	449,327	-
Due to other funds	995,938	9,254	438,093	11,110
Deferred revenues	-	-	-	107,559
Total Liabilities	<u>1,058,881</u>	<u>87,711</u>	<u>893,066</u>	<u>143,453</u>
Fund Balances				
Reserved for				
Reserved for inventories and prepaid items	289,718	1,380	8,279	39,985
Reserved for non-current interfunds	-	-	-	-
Special revenue funds undesignated	(250,272)	21,311	(226,526)	1,212,100
Capital projects funds undesignated	-	-	-	-
Permanent fund undesignated	-	-	-	-
Total Fund Balances (Deficit)	<u>39,446</u>	<u>22,691</u>	<u>(218,247)</u>	<u>1,252,085</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,098,327</u>	<u>\$ 110,402</u>	<u>\$ 674,819</u>	<u>\$ 1,395,538</u>

Special Revenue

LLEBG Crime Prevention	Fountain Square TIF #5	Homeland Security Grants	Lakefront - Downtown Redevelopment HR Sales Tax	Lewis Avenue TIF #2	Belvidere Mall Redevelopment TIF #3	Lakefront Redevelopment TIF #1
\$ 386,899	\$ 1,241,877	\$ -	\$ 191,796	\$ 1,285,978	\$ 1,424,959	\$ 122,731
-	1,202,026	-	-	281,179	368,229	60,723
-	-	-	-	-	-	-
-	-	-	3,956	-	-	-
11,110	-	-	1,101,127	-	-	-
-	19,270	-	552	-	-	-
-	-	-	-	-	-	-
<u>\$ 398,009</u>	<u>\$ 2,463,173</u>	<u>\$ -</u>	<u>\$ 1,297,431</u>	<u>\$ 1,567,157</u>	<u>\$ 1,793,188</u>	<u>\$ 183,454</u>
\$ 22,380	\$ -	\$ -	\$ 6,902	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	292,498	-	-	10,000
<u>49,045</u>	<u>1,202,026</u>	<u>-</u>	<u>-</u>	<u>281,179</u>	<u>368,229</u>	<u>60,723</u>
<u>71,425</u>	<u>1,202,026</u>	<u>-</u>	<u>299,400</u>	<u>281,179</u>	<u>368,229</u>	<u>70,723</u>
-	19,270	-	552	-	-	-
-	-	-	876,999	-	-	-
326,584	1,241,877	-	120,480	1,285,978	1,424,959	112,731
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<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>\$ 398,009</u>	<u>\$ 2,463,173</u>	<u>\$ -</u>	<u>\$ 1,297,431</u>	<u>\$ 1,567,157</u>	<u>\$ 1,793,188</u>	<u>\$ 183,454</u>

CITY OF WAUKEGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 April 30, 2011

	Special Revenue			
	Home Rehab Assistance	Neighborhood Stabilization	Brownfield Redevelopment	Wetland Mitigation
ASSETS				
Cash and cash equivalents	\$ 66,233	\$ 89,552	\$ -	\$ -
Receivables (net)				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Accounts	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	<u>\$ 66,233</u>	<u>\$ 89,552</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 40,563	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-
Other current liabilities	-	-	-	-
Due to other funds	29	-	-	22,978
Deferred revenues	-	-	-	-
Total Liabilities	<u>40,592</u>	<u>-</u>	<u>-</u>	<u>22,978</u>
Fund Balances				
Reserved for				
Reserved for inventories and prepaid items	-	-	-	-
Reserved for non-current interfunds	-	-	-	-
Special revenue funds undesignated	25,641	89,552	-	(22,978)
Capital projects funds undesignated	-	-	-	-
Permanent fund undesignated	-	-	-	-
Total Fund Balances (Deficit)	<u>25,641</u>	<u>89,552</u>	<u>-</u>	<u>(22,978)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 66,233</u>	<u>\$ 89,552</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue

Downtown Waterfront TIF #4	Environment & Risk Management	Public Education & Government	Scoopin' The Genesee	Prison Review Agency	Shawna's Law	Coke Plant Superfund Site
\$ 616,281	\$ -	\$ -	\$ -	\$ -	\$ 315,517	\$ 699,717
570,554	-	-	-	-	-	-
-	-	-	-	-	-	-
77,573	-	-	-	-	1,296	-
170,730	-	-	3,900	-	159,343	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,435,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,900</u>	<u>\$ -</u>	<u>\$ 476,156</u>	<u>\$ 699,717</u>
\$ 1,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,588
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,598	4,066,181	-	-	-	35,988	241,222
570,554	-	-	-	-	-	-
<u>593,061</u>	<u>4,066,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,988</u>	<u>250,810</u>
-	-	-	-	-	-	-
170,730	-	-	-	-	-	-
671,347	(4,066,181)	-	3,900	-	440,168	448,907
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>842,077</u>	<u>(4,066,181)</u>	<u>-</u>	<u>3,900</u>	<u>-</u>	<u>440,168</u>	<u>448,907</u>
<u>\$ 1,435,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,900</u>	<u>\$ -</u>	<u>\$ 476,156</u>	<u>\$ 699,717</u>

CITY OF WAUKEGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 April 30, 2011

	Special Revenue	Capital Projects		
	Edward Byrne Memorial Grant	Capital Equipment Replacement	Street & Sidewalk Rehabilitation	2001A Capital Improvement
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,969,944	\$ 762,872	\$ 7,098
Receivables (net)				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Accounts	-	-	285,000	-
Due from other funds	-	-	322,518	-
Prepaid items	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 2,969,944</u>	<u>\$ 1,370,390</u>	<u>\$ 7,098</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 397,072	\$ 12,720	\$ -
Accrued salaries	-	-	-	-
Other current liabilities	-	-	-	-
Due to other funds	-	117,573	783,913	-
Deferred revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>514,645</u>	<u>796,633</u>	<u>-</u>
Fund Balances				
Reserved for				
Reserved for inventories and prepaid items	-	-	-	-
Reserved for non-current interfunds	-	-	-	-
Special revenue funds undesignated	-	-	-	-
Capital projects funds undesignated	-	2,455,299	573,757	7,098
Permanent fund undesignated	-	-	-	-
Total Fund Balances (Deficit)	<u>-</u>	<u>2,455,299</u>	<u>573,757</u>	<u>7,098</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 2,969,944</u>	<u>\$ 1,370,390</u>	<u>\$ 7,098</u>

Fountain Square Special Assessment	Permanent Fund Cemetery Trust	Total Nonmajor Governmental Funds
\$ 224,202	\$ 473	\$ 12,647,168
-	-	2,482,711
-	-	189,802
-	4	595,156
250,459	-	2,300,743
-	-	84,184
-	-	275,000
<u>\$ 474,661</u>	<u>\$ 477</u>	<u>\$ 18,574,764</u>

\$ 5,955	\$ -	\$ 605,655
-	-	55,243
-	-	457,348
414,700	-	7,460,075
-	-	2,639,315
<u>420,655</u>	<u>-</u>	<u>11,217,636</u>

-	-	359,184
250,459	-	1,298,188
-	-	2,859,578
(196,453)	-	2,839,701
-	477	477
<u>54,006</u>	<u>477</u>	<u>7,357,128</u>

<u>\$ 474,661</u>	<u>\$ 477</u>	<u>\$ 18,574,764</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, 2011

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,200,402	902,153	436,413	-
Fines and forfeitures	-	-	116,544	-
Charges for services	-	-	-	867,302
Investment income	640	-	231	-
Miscellaneous	402,962	24,878	3,083	-
Total Revenues	<u>2,604,004</u>	<u>927,031</u>	<u>556,271</u>	<u>867,302</u>
EXPENDITURES				
Current				
Public safety - police and communication services	-	-	413,237	651,585
Streets, bridges and public works	2,168,687	-	-	-
Economic development	-	-	-	-
Community development	-	772,318	-	-
Capital Outlay	55,968	201,658	718	110,527
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>2,224,655</u>	<u>973,976</u>	<u>413,955</u>	<u>762,112</u>
Excess (deficiency) of revenues over expenditures	<u>379,349</u>	<u>(46,945)</u>	<u>142,316</u>	<u>105,190</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	46,919	5,482	-
Transfers out	(175,000)	-	(5,482)	-
Debt issued	-	-	-	-
Debt issuance costs	-	-	-	-
Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>46,919</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	204,349	(26)	142,316	105,190
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(164,903)</u>	<u>22,717</u>	<u>(360,563)</u>	<u>1,146,895</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 39,446</u>	<u>\$ 22,691</u>	<u>\$ (218,247)</u>	<u>\$ 1,252,085</u>

Special Revenue

LLEBG Crime Prevention	Fountain Square TIF #5	Homeland Security Grants	Lakefront - Downtown Redevelopment HR Sales Tax	Lewis Avenue TIF #2	Belvidere Mall Redevelopment TIF #3	Lakefront Redevelopment TIF #1
\$ -	\$ 1,301,700	\$ -	\$ -	\$ 242,960	\$ 324,828	\$ 38,406
245,059	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	63,643	-	-	-
544	-	-	-	-	-	-
-	-	-	95,240	-	-	-
<u>245,603</u>	<u>1,301,700</u>	<u>-</u>	<u>158,883</u>	<u>242,960</u>	<u>324,828</u>	<u>38,406</u>
133,419	-	-	-	-	-	-
-	-	-	-	-	-	-
-	65,479	-	827,882	-	-	-
-	-	-	-	-	-	-
44,349	-	-	5,877	-	-	-
-	-	-	-	-	-	-
<u>177,768</u>	<u>65,479</u>	<u>-</u>	<u>833,759</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>67,835</u>	<u>1,236,221</u>	<u>-</u>	<u>(674,876)</u>	<u>242,960</u>	<u>324,828</u>	<u>38,406</u>
121,258	-	122,932	-	-	-	-
-	-	-	(641,968)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>121,258</u>	<u>-</u>	<u>122,932</u>	<u>(641,968)</u>	<u>-</u>	<u>-</u>	<u>-</u>
189,093	1,236,221	122,932	(1,316,844)	242,960	324,828	38,406
<u>137,491</u>	<u>24,926</u>	<u>(122,932)</u>	<u>2,314,875</u>	<u>1,043,018</u>	<u>1,100,131</u>	<u>74,325</u>
<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>

CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2011

	Special Revenue			
	Home Rehab Assistance	Neighborhood Stabilization	Brownfield Redevelopment	Wetland Mitigation
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	640,778	-	-	-
Fines and forfeitures	73,341	-	-	-
Charges for services	-	-	-	8,000
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>714,119</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
EXPENDITURES				
Current				
Public safety - police and communication services	-	-	-	-
Streets, bridges and public works	-	-	-	-
Economic development	-	-	-	-
Community development	604,607	-	-	-
Capital Outlay	72,199	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>676,806</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>37,313</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	116,871	-
Transfers out	(46,919)	-	(51,925)	(8,000)
Debt issued	-	-	-	-
Debt issuance costs	-	-	-	-
Total Other Financing Sources (Uses)	<u>(46,919)</u>	<u>-</u>	<u>64,946</u>	<u>(8,000)</u>
Net Change in Fund Balances	(9,606)	-	64,946	-
FUND BALANCES (DEFICIT) - Beginning of Year	<u>35,247</u>	<u>89,552</u>	<u>(64,946)</u>	<u>(22,978)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 25,641</u>	<u>\$ 89,552</u>	<u>\$ -</u>	<u>\$ (22,978)</u>

Special Revenue

Downtown Waterfront TIF #4	Environment & Risk Management	Public Education & Government	Scoopin' The Genesee	Prison Review Agency	Shawna's Law	Coke Plant Superfund Site
\$ 515,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	22,332	-
-	-	-	-	-	85,939	-
-	-	-	-	-	3,394	118,000
-	-	-	-	-	-	241
88,000	-	-	-	-	-	718,500
<u>603,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,665</u>	<u>836,741</u>
-	-	-	-	-	20,057	-
-	-	-	-	-	-	282,063
-	-	-	-	-	-	-
278,860	-	-	-	-	2,538	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>278,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,595</u>	<u>282,063</u>
<u>324,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,070</u>	<u>554,678</u>
-	64,129	-	-	10,094	256,414	11,093
(18,796)	(3,093)	(22,385)	(20,000)	(256,414)	(10,094)	(12,204)
-	-	-	-	-	-	-
<u>(18,796)</u>	<u>61,036</u>	<u>(22,385)</u>	<u>(20,000)</u>	<u>(246,320)</u>	<u>246,320</u>	<u>(1,111)</u>
305,913	61,036	(22,385)	(20,000)	(246,320)	335,390	553,567
<u>536,164</u>	<u>(4,127,217)</u>	<u>22,385</u>	<u>23,900</u>	<u>246,320</u>	<u>104,778</u>	<u>(104,660)</u>
<u>\$ 842,077</u>	<u>\$ (4,066,181)</u>	<u>\$ -</u>	<u>\$ 3,900</u>	<u>\$ -</u>	<u>\$ 440,168</u>	<u>\$ 448,907</u>

CITY OF WAUKEGAN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended April 30, 2011

	Special	Capital Projects			
	Revenue	Edward Byrne Memorial Grant	Capital Equipment Replacement	Street & Sidewalk Rehabilitation	2001A Capital Improvement
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	320,000	-	-
Fines and forfeitures	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	1,164	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	-	1,164	320,000	-	-
EXPENDITURES					
Current					
Public safety - police and communication services	-	-	-	-	-
Streets, bridges and public works	-	-	38,261	-	-
Economic development	-	-	-	-	-
Community development	-	-	-	-	-
Capital Outlay	-	1,930,013	420,512	-	-
Interest and fiscal charges	-	333	-	-	-
Total Expenditures	-	1,930,346	458,773	-	-
Excess (deficiency) of revenues over expenditures	-	(1,929,182)	(138,773)	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(121,258)	-	-	-	-
Debt issued	-	4,500,000	2,536,400	-	-
Debt issuance costs	-	(117,573)	(69,052)	-	-
Total Other Financing Sources (Uses)	(121,258)	4,382,427	2,467,348	-	-
Net Change in Fund Balances	(121,258)	2,453,245	2,328,575	-	-
FUND BALANCES (DEFICIT) - Beginning of Year	121,258	2,054	(1,754,818)	7,098	
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ 2,455,299	\$ 573,757	\$ 7,098	

Fountain Square Special Assessment	Permanent Fund Cemetery Trust	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 2,423,463
-	-	4,767,137
-	-	275,824
-	-	1,060,339
-	473	3,293
-	-	<u>1,332,663</u>
-	<u>473</u>	<u>9,862,719</u>
-	-	1,218,298
-	-	2,489,011
-	-	893,361
-	-	1,376,925
-	-	3,123,219
2,001	-	2,334
<u>2,001</u>	-	<u>9,103,148</u>
<u>(2,001)</u>	<u>473</u>	<u>759,571</u>
-	-	755,192
-	(43,021)	(1,436,559)
-	-	7,036,400
-	-	<u>(186,625)</u>
-	-	<u>6,168,408</u>
(2,001)	(42,548)	6,927,979
<u>56,007</u>	<u>43,025</u>	<u>429,149</u>
<u>\$ 54,006</u>	<u>\$ 477</u>	<u>\$ 7,357,128</u>

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CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX - NONMAJOR SPECIAL REVENUE FUND
For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
INTERGOVERNMENTAL			
Motor fuel tax	\$ 2,650,000	\$ 2,200,402	\$ (449,598)
MISCELLANEOUS			
Other miscellaneous revenue	-	399,362	399,362
INVESTMENT INCOME			
Investment income	7,800	640	(7,160)
Total Revenues	2,657,800	2,600,404	(57,396)
EXPENDITURES			
STREETS, BRIDGES AND PUBLIC WORKS			
Personnel services	781,572	734,360	47,212
Personnel benefits	384,914	274,722	110,192
Contractual services	705,000	609,454	95,546
Commodities	550,000	550,151	(151)
Capital outlay	60,000	55,968	4,032
Total Expenditures	2,481,486	2,224,655	256,831
Excess of revenues over expenditures	176,314	375,749	199,435
OTHER FINANCING SOURCES (USES)			
Transfers out	(175,000)	(175,000)	-
Sale of city property	1,000	3,600	2,600
Total Other Financing Sources (Uses)	(174,000)	(171,400)	2,600
Net Change in Fund Balance	\$ 2,314	204,349	\$ 202,035
FUND BALANCE (DEFICIT) - Beginning of Year		(164,903)	
FUND BALANCE - END OF YEAR		\$ 39,446	

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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
FINES AND FORFEITURES			
Federal grants	\$ 1,057,320	\$ 902,153	\$ (155,167)
MISCELLANEOUS			
Liens	-	24,647	24,647
Other miscellaneous revenue	-	231	231
Total Revenues	1,057,320	927,031	(130,289)
EXPENDITURES			
COMMUNITY DEVELOPMENT			
Personnel services	275,974	273,115	2,859
Personnel benefits	119,638	83,461	36,177
Contractual services	581,348	412,593	168,755
Commodities	5,325	3,149	2,176
Capital outlay	75,000	201,658	(126,658)
Total Expenditures	1,057,285	973,976	83,309
OTHER FINANCING SOURCES			
Transfers in	-	46,919	46,919
Total Other Financing Sources	-	46,919	46,919
Net Change in Fund Balance	\$ 35	(26)	\$ (61)
FUND BALANCE - Beginning of Year		22,717	
FUND BALANCE - END OF YEAR		\$ 22,691	

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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
INTERGOVERNMENTAL			
Federal grants	\$ 180,000	\$ 312,718	\$ 132,718
State grants	100,000	123,695	23,695
FINES AND FORFEITURES			
Code enforcement/zoning	30,000	4,255	(25,745)
Customs/border patrol	180,000	112,289	(67,711)
INVESTMENT INCOME			
Investment income	-	231	231
MISCELLANEOUS INCOME			
Other miscellaneous revenue	-	3,083	3,083
Total Revenues	<u>490,000</u>	<u>556,271</u>	<u>66,271</u>
EXPENDITURES			
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICE			
Personnel services	204,999	170,841	34,158
Personnel benefits	109,993	59,000	50,993
Contractual services	172,148	176,333	(4,185)
Commodities	2,700	7,063	(4,363)
Capital outlay	-	718	(718)
Total Expenditures	<u>489,840</u>	<u>413,955</u>	<u>75,885</u>
Excess of revenues over expenditures	<u>160</u>	<u>142,316</u>	<u>142,156</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	5,482	5,482
Transfers out	-	(5,482)	(5,482)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 160</u>	142,316	<u>\$ 142,156</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(360,563)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR		<u>\$ (218,247)</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - 911 EMERGENCY SYSTEM - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
PUBLIC CHARGES FOR SERVICES			
911 emergency surcharge	\$ 880,738	\$ 867,302	\$ (13,436)
INVESTMENT INCOME			
Investment income	1,000	-	(1,000)
Total Revenues	881,738	867,302	(14,436)
EXPENDITURES			
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES			
Personnel services	161,400	150,433	10,967
Personnel benefits	71,325	50,316	21,009
Contractual services	421,500	404,993	16,507
Commodities	89,800	45,843	43,957
Capital outlay	372,000	110,527	261,473
Total Expenditures	1,116,025	762,112	353,913
Net Change in Fund Balance	\$ (234,287)	105,190	\$ 339,477
FUND BALANCE - Beginning of Year		1,146,895	
FUND BALANCE - END OF YEAR		\$ 1,252,085	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - LLEBG CRIME PREVENTION - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
INTERGOVERNMENTAL			
Federal grants	\$ 242,602	\$ 245,059	\$ 2,457
INVESTMENT INCOME			
Investment income	<u>280</u>	<u>544</u>	<u>264</u>
Total Revenues	<u>242,882</u>	<u>245,603</u>	<u>2,721</u>
EXPENDITURES			
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES			
Contractual services	242,602	133,419	109,183
Capital outlay	<u>-</u>	<u>44,349</u>	<u>(44,349)</u>
Total Expenditures	<u>242,602</u>	<u>177,768</u>	<u>64,834</u>
OTHER FINANCING SOURCES			
Transfers in	<u>300,000</u>	<u>121,258</u>	<u>(178,742)</u>
Total Other Financing Sources	<u>300,000</u>	<u>121,258</u>	<u>(178,742)</u>
Net Change in Fund Balance	<u>\$ 300,280</u>	189,093	<u>\$ (111,187)</u>
FUND BALANCE - Beginning of Year		<u>137,491</u>	
FUND BALANCE - END OF YEAR		<u>\$ 326,584</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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
Property taxes	\$ 550,000	\$ 1,301,700	\$ 751,700
Total Revenues	550,000	1,301,700	751,700
EXPENDITURES			
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES			
Contractual services	-	65,479	(65,479)
Total Expenditures	-	65,479	(65,479)
Excess of revenues over expenditures	550,000	1,236,221	686,221
OTHER FINANCING USES			
Transfers out	(550,000)	-	550,000
Total Other Financing Uses	(550,000)	-	550,000
Net Change in Fund Balance	\$ -	1,236,221	\$ 1,236,221
FUND BALANCE - Beginning of Year		24,926	
FUND BALANCE - END OF YEAR		\$ 1,261,147	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - HOMELAND SECURITY GRANTS - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -
EXPENDITURES			
Total Expenditures	_____ -	_____ -	_____ -
OTHER FINANCING SOURCES			
Transfers in	_____ -	<u>122,932</u>	<u>122,932</u>
Total Other Financing Sources	_____ -	<u>122,932</u>	<u>122,932</u>
Net Change in Fund Balance	<u>\$ _____ -</u>	122,932	<u>\$ 122,932</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(122,932)</u>	
FUND BALANCE - END OF YEAR		<u>\$ _____ -</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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
MISCELLANEOUS			
Genesee theater restoration reimbursement	\$ -	\$ 63,643	\$ 63,643
Other miscellaneous revenue	-	95,240	95,240
INVESTMENT INCOME			
Investment income	<u>3,000</u>	-	<u>(3,000)</u>
Total Revenues	<u>3,000</u>	<u>158,883</u>	<u>155,883</u>
EXPENDITURES			
ECONOMIC DEVELOPMENT			
Personnel services	132,000	61,526	70,474
Personnel benefits	54,200	34,427	19,773
Contractual services	335,080	731,929	(396,849)
Commodities	6,050	-	6,050
Capital outlay	<u>275,000</u>	<u>5,877</u>	<u>269,123</u>
Total Expenditures	<u>802,330</u>	<u>833,759</u>	<u>(31,429)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(799,330)</u>	<u>(674,876)</u>	<u>124,454</u>
OTHER FINANCING USES			
Transfers out	<u>(1,000,000)</u>	<u>(641,968)</u>	<u>358,032</u>
Total Other Financing Uses	<u>(1,000,000)</u>	<u>(641,968)</u>	<u>358,032</u>
Net Change in Fund Balance	<u>\$ (1,799,330)</u>	<u>(1,316,844)</u>	<u>\$ 482,486</u>
FUND BALANCE - Beginning of Year		<u>2,314,875</u>	
FUND BALANCE - END OF YEAR		<u>\$ 998,031</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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
PROPERTY TAXES			
Property taxes - TIF	\$ -	\$ 242,960	\$ 242,960
Total Revenues	<u>-</u>	<u>242,960</u>	<u>242,960</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES			
Transfers out	(115,000)	-	115,000
Total Other Financing Uses	<u>(115,000)</u>	<u>-</u>	<u>115,000</u>
Net Change in Fund Balance	<u>\$ (115,000)</u>	242,960	<u>\$ 357,960</u>
FUND BALANCE - Beginning of Year		<u>1,043,018</u>	
FUND BALANCE - END OF YEAR		<u>\$ 1,285,978</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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
PROPERTY TAXES			
Property taxes - TIF	\$ -	\$ 324,828	\$ 324,828
Total Revenues	<u>-</u>	<u>324,828</u>	<u>324,828</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES			
Transfers out	<u>(115,000)</u>	<u>-</u>	<u>115,000</u>
Total Other Financing Uses	<u>(115,000)</u>	<u>-</u>	<u>115,000</u>
Net Change in Fund Balance	<u>\$ (115,000)</u>	324,828	<u>\$ 439,828</u>
FUND BALANCE - Beginning of Year		<u>1,100,131</u>	
FUND BALANCE - END OF YEAR		<u>\$ 1,424,959</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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
PROPERTY TAXES			
Property taxes - general	\$ 6,200	\$ 277	\$ (5,923)
Property taxes - TIF	<u>30,000</u>	<u>38,129</u>	<u>8,129</u>
Total Revenues	<u>36,200</u>	<u>38,406</u>	<u>2,206</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 36,200</u>	38,406	<u>\$ 2,206</u>
FUND BALANCE - Beginning of Year		<u>74,325</u>	
FUND BALANCE - END OF YEAR		<u>\$ 112,731</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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
FINES AND FORFEITURES			
Lake county consortium home	\$ 200,526	\$ 73,341	\$ (127,185)
INTERGOVERNMENTAL			
Federal grants	-	640,778	640,778
Total Revenues	200,526	714,119	513,593
EXPENDITURES			
COMMUNITY DEVELOPMENT			
Contractual services	180,473	604,607	(424,134)
Capital Outlay	-	72,199	(72,199)
Total Expenditures	180,473	676,806	(496,333)
Excess of revenues over expenditures	20,053	37,313	17,260
OTHER FINANCING USES			
Transfers out	-	(46,919)	(46,919)
Total Other Financing Uses	-	(46,919)	(46,919)
Net Change in Fund Balance	\$ 20,053	(9,606)	\$ (29,659)
FUND BALANCE - Beginning of Year		35,247	
FUND BALANCE - END OF YEAR		\$ 25,641	

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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
INVESTMENT INCOME			
Investment income	\$ 1,000	\$ -	\$ (1,000)
Total Revenues	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1,000</u>	<u>-</u>	<u>\$ (1,000)</u>
FUND BALANCE - Beginning of Year		<u>89,552</u>	
FUND BALANCE - END OF YEAR		<u>\$ 89,552</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - BROWNFIELD REDEVELOPMENT - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Total Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	116,871	116,871
Transfers out	-	(51,925)	(51,925)
Total Other Financing Sources (Uses)	-	64,946	64,946
Net Change in Fund Balance	\$ -	64,946	\$ 64,946
FUND BALANCE (DEFICIT) - Beginning of Year		(64,946)	
FUND BALANCE - END OF YEAR		\$ -	

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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
PUBLIC CHARGES FOR SERVICES			
Wetland mitigation	\$ -	\$ 8,000	\$ 8,000
Total Revenues	-	8,000	8,000
EXPENDITURES			
SANITATION AND ENVIRONMENT			
Total Expenditures	-	-	-
Excess of revenues over expenditures	-	8,000	8,000
OTHER FINANCING USES			
Transfers out	-	(8,000)	(8,000)
Total Other Financing Uses	-	(8,000)	(8,000)
Net Change in Fund Balance	\$ -	-	\$ -
FUND BALANCE (DEFICIT) - Beginning of Year		(22,978)	
FUND BALANCE (DEFICIT) - END OF YEAR		\$ (22,978)	

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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
PROPERTY TAXES			
Property taxes - TIF	\$ 490,500	\$ 515,569	\$ 25,069
MISCELLANEOUS			
Reimbursements	-	88,000	88,000
Total Revenues	490,500	603,569	113,069
EXPENDITURES			
ECONOMIC DEVELOPMENT			
Capital outlay	490,500	278,860	211,640
Total Expenditures	490,500	278,860	211,640
Excess of revenues over expenditures	-	324,709	324,709
OTHER FINANCING USES			
Transfers out	-	(18,796)	(18,796)
Total Other Financing Uses	-	(18,796)	(18,796)
Net Change in Fund Balance	\$ -	305,913	\$ 305,913
FUND BALANCE - Beginning of Year		536,164	
FUND BALANCE - END OF YEAR		\$ 842,077	

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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Total Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	64,129	64,129
Transfers out	-	(3,093)	(3,093)
Total Other Financing Sources (Uses)	-	61,036	61,036
Net Change in Fund Balance	<u>\$ -</u>	61,036	<u>\$ 61,036</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(4,127,217)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR		<u>\$ (4,066,181)</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - PUBLIC EDUCATION & GOVERNMENT - NONMAJOR
 SPECIAL REVENUE FUND
 For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Total Expenditures	-	-	-
OTHER FINANCING USES			
Transfers out	-	(22,385)	(22,385)
Total Other Financing Uses	-	(22,385)	(22,385)
Net Change in Fund Balance	<u>\$ -</u>	<u>(22,385)</u>	<u>\$ (22,385)</u>
FUND BALANCE - Beginning of Year		<u>22,385</u>	
FUND BALANCE - END OF YEAR		<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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -
EXPENDITURES			
Total Expenditures	_____ -	_____ -	_____ -
OTHER FINANCING USES			
Transfers out	_____ -	(20,000)	(20,000)
Total Other Financing Uses	_____ -	(20,000)	(20,000)
Net Change in Fund Balance	<u>\$ _____ -</u>	(20,000)	<u>\$ (20,000)</u>
FUND BALANCE - Beginning of Year		23,900	
FUND BALANCE - END OF YEAR		<u>\$ 3,900</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - PRISON REVIEW AGENCY - NONMAJOR SPECIAL REVENUE FUND

For the Year Ended April 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Total Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	10,094	10,094
Transfers out	<u>(250,000)</u>	<u>(256,414)</u>	<u>(6,414)</u>
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(246,320)</u>	<u>3,680</u>
Net Change in Fund Balance	<u>\$ (250,000)</u>	<u>(246,320)</u>	<u>\$ 3,680</u>
FUND BALANCE - Beginning of Year		<u>246,320</u>	
FUND BALANCE - END OF YEAR		<u>\$ -</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SHAWNA'S LAW - NONMAJOR SPECIAL REVENUE FUND For the Year Ended April 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
INTERGOVERNMENTAL REVENUES			
Federal grants	\$ -	\$ 22,332	\$ 22,332
FINES AND FORFEITURES			
Prison review agency	60,000	66,711	6,711
Late payment/penalties	14,000	19,228	5,228
CHARGES FOR SERVICES			
Special events - police reimbursement	-	3,394	3,394
INVESTMENT INCOME			
Investment income	10	-	(10)
Total Revenues	<u>74,010</u>	<u>111,665</u>	<u>37,655</u>
EXPENDITURES			
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES			
Contractual services	-	20,057	(20,057)
Capital outlay	250,000	2,538	247,462
Total Expenditures	<u>250,000</u>	<u>22,595</u>	<u>227,405</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	250,000	256,414	6,414
Transfers out	-	(10,094)	(10,094)
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>246,320</u>	<u>(3,680)</u>
Net Change in Fund Balance	<u>\$ 74,010</u>	335,390	<u>\$ 261,380</u>
FUND BALANCE - Beginning of Year		<u>104,778</u>	
FUND BALANCE - END OF YEAR		<u>\$ 440,168</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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
PUBLIC CHARGES FOR SERVICES			
License fee - Wetland mitigation	\$ 30,000	\$ 118,000	\$ 88,000
License fee - business license	756,761	-	(756,761)
MISCELLANEOUS			
Claim settlements	-	718,500	718,500
INVESTMENT INCOME			
Investment income	-	241	241
Total Revenues	786,761	836,741	49,980
EXPENDITURES			
STREETS, BRIDGES AND PUBLIC WORKS			
Contractual services	60,000	282,063	(222,063)
Total Expenditures	60,000	282,063	(222,063)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	11,093	11,093
Transfers out	-	(12,204)	(12,204)
Total Other Financing Sources (Uses)	-	(1,111)	(1,111)
Net Change in Fund Balance	\$ 726,761	553,567	\$ (173,194)
FUND BALANCE (DEFICIT) - Beginning of Year		(104,660)	
FUND BALANCE - END OF YEAR		\$ 448,907	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - EDWARD BYRNE MEMORIAL GRANT - NONMAJOR
 SPECIAL REVENUE FUND
 For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -
EXPENDITURES			
Total Expenditures	_____ -	_____ -	_____ -
OTHER FINANCING USES			
Transfers out	_____ -	(121,258)	(121,258)
Total Other Financing Uses	_____ -	(121,258)	(121,258)
Net Change in Fund Balance	<u>\$ _____ -</u>	(121,258)	<u>\$ (121,258)</u>
FUND BALANCE - Beginning of Year		_____ 121,258	
FUND BALANCE - END OF YEAR		<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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
INTERGOVERNMENTAL			
Federal grants	\$ 300,000	\$ -	\$ (300,000)
Local grants	100,000	-	(100,000)
INVESTMENT INCOME			
Investment income	-	1,164	1,164
Total Revenues	<u>400,000</u>	<u>1,164</u>	<u>(398,836)</u>
EXPENDITURES			
EQUIPMENT REPLACEMENT			
Capital Outlay	<u>6,050,000</u>	<u>1,930,013</u>	<u>4,119,987</u>
DEBT SERVICE			
Interest and fiscal charges	-	333	(333)
Total Expenditures	<u>6,050,000</u>	<u>1,930,346</u>	<u>4,119,654</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,650,000)</u>	<u>(1,929,182)</u>	<u>3,720,818</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	5,650,000	4,500,000	(1,150,000)
Debt issuance costs	-	(117,573)	(117,573)
Total Other Financing Sources (Uses)	<u>5,650,000</u>	<u>4,382,427</u>	<u>(1,267,573)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>2,453,245</u>	<u>\$ 2,453,245</u>
FUND BALANCE - Beginning of Year		<u>2,054</u>	
FUND BALANCE - END OF YEAR		<u>\$ 2,455,299</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - STREET/SIDEWALK REHABILITATION - NONMAJOR
CAPITAL PROJECTS FUND
For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
INTERGOVERNMENTAL			
Federal grants	\$ 967,000	\$ 320,000	\$ (647,000)
State grants	849,000	-	(849,000)
MISCELLANEOUS			
Developer contributions	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Total Revenues	<u>2,016,000</u>	<u>320,000</u>	<u>(1,696,000)</u>
EXPENDITURES			
STREETS, BRIDGES AND PUBLIC WORKS			
Contractual services	-	38,261	(38,261)
Capital outlay	<u>4,508,000</u>	<u>420,512</u>	<u>4,087,488</u>
Total Expenditures	<u>4,508,000</u>	<u>458,773</u>	<u>4,049,227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,492,000)</u>	<u>(138,773)</u>	<u>2,353,227</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	2,492,000	2,536,400	44,400
Debt issuance costs	<u>-</u>	<u>(69,052)</u>	<u>(69,052)</u>
Total Other Financing Sources (Uses)	<u>2,492,000</u>	<u>2,467,348</u>	<u>(24,652)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>2,328,575</u>	<u>\$ 2,328,575</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(1,754,818)</u>	
FUND BALANCE - END OF YEAR		<u>\$ 573,757</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - 2001A CAPITAL IMPROVEMENTS - NONMAJOR CAPITAL
PROJECTS FUND
For the Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Total Expenditures	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE - Beginning of Year		<u>7,098</u>	
FUND BALANCE - END OF YEAR		<u>\$ 7,098</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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
ECONOMIC DEVELOPMENT			
Interest and fiscal charges	-	2,001	(2,001)
Total Expenditures	-	2,001	(2,001)
Excess (deficiency) of revenues over (under) expenditures	-	(2,001)	(2,001)
Net Change in Fund Balance	<u>\$ -</u>	<u>(2,001)</u>	<u>\$ (2,001)</u>
FUND BALANCE - Beginning of Year		<u>56,007</u>	
FUND BALANCE - END OF YEAR		<u><u>\$ 54,006</u></u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CEMETERY TRUST - NONMAJOR PERMANENT TRUST
FUND

For the Year Ended April 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
INVESTMENT INCOME			
Investment income	\$ -	\$ 473	\$ 473
Total Revenues	<u>-</u>	<u>473</u>	<u>473</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>473</u>	<u>473</u>
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>(43,021)</u>	<u>(43,021)</u>
Total Other Financing Uses	<u>-</u>	<u>(43,021)</u>	<u>(43,021)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(42,548)</u>	<u>\$ (42,548)</u>
FUND BALANCE - Beginning of Year		<u>43,025</u>	
FUND BALANCE - END OF YEAR		<u>\$ 477</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, 2011

	Original And Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES			
Charges for services	\$ 8,102,050	\$ 10,806,003	\$ 2,703,953
Fines and forfeitures	195,300	229,442	34,142
Permits	10,000	616,347	606,347
Miscellaneous	64,841	85,156	20,315
Total Operating Revenues	8,372,191	11,736,948	3,364,757
OPERATING EXPENSES			
Personnel services	3,143,570	2,798,750	344,820
Personnel benefits	1,673,512	1,690,124	(16,612)
Contractual services	1,464,903	1,626,227	(161,324)
Commodities	875,100	752,185	122,915
Bad debt expenses	-	173,438	(173,438)
Depreciation	-	2,201,685	(2,201,685)
Capital Outlay	4,813,874	248,298	4,565,576
Total Operating Expenses	11,970,959	9,490,707	2,480,252
Operating Income (Loss)	(3,598,768)	2,246,241	5,845,009
NON-OPERATING REVENUES (EXPENSES)			
Investment income	-	50	50
Other miscellaneous	-	288,166	288,166
State grants	340,000	631,900	291,900
Federal grants	3,347,000	-	(3,347,000)
Interest and fiscal charges	(52,194)	(132,071)	(79,877)
Total Non-Operating Revenues	3,634,806	788,045	(2,846,761)
Net Income Before Transfers and contributions	36,038	3,034,286	2,998,248
TRANSFERS AND CONTRIBUTIONS			
Transfers in	-	133,245	133,245
Transfers out	(1,163,000)	(1,104,840)	58,160
Contributions from the City for debt payments	-	226,443	226,443
Net Transfers And Contributions	(1,163,000)	(745,152)	417,848
Change in net assets	\$ (1,126,962)	2,289,134	\$ 3,416,096
NET ASSETS - Beginning of Year		56,733,998	
NET ASSETS - END OF YEAR		\$ 59,023,132	

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, 2011

	Original And Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES			
Charges for services	\$ 607,000	\$ 631,215	\$ 24,215
Miscellaneous	134,500	168,862	34,362
Total Operating Revenues	741,500	800,077	58,577
OPERATING EXPENSES			
Personnel services	101,810	93,846	7,964
Personnel benefits	45,851	35,864	9,987
Contractual services	119,500	174,279	(54,779)
Commodities	7,250	8,087	(837)
Depreciation	-	329,703	(329,703)
Total Operating Expenses	274,411	641,779	(367,368)
Operating Income (Loss)	467,089	158,298	(308,791)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	33	15	(18)
Homerule sales tax	121,378	121,380	2
Interest and fiscal charges	(253,500)	(276,605)	(23,105)
Total Non-Operating Revenues	(132,089)	(155,210)	(23,121)
Net Income Before Contributions and Transfers	335,000	3,088	(331,912)
CONTRIBUTIONS AND TRANSFERS			
Transfers in	-	430,778	430,778
Transfers out	-	(20,230)	(20,230)
Contributions from the City for debt payments	-	187,556	187,556
Net Contributions And Transfers	-	598,104	598,104
Change in net assets	\$ 335,000	601,192	\$ 266,192
NET ASSETS - Beginning of Year		3,951,536	
NET ASSETS - END OF YEAR		\$ 4,552,728	

CITY OF WAUKEGAN
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
April 30, 2011

	<u>Employee Benefit Plan</u>	<u>Safety & Risk Management</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 598,166	\$ 162,195	\$ 760,361
Receivables			
Accounts	12,235	4,481	16,716
Due from other funds	<u>358,724</u>	<u>4,347,339</u>	<u>4,706,063</u>
Total Current Assets	<u>969,125</u>	<u>4,514,015</u>	<u>5,483,140</u>
Noncurrent assets			
Capital assets			
Capital assets being depreciated	5,968	-	5,968
Less: Accumulated depreciation	<u>(5,078)</u>	<u>-</u>	<u>(5,078)</u>
Total noncurrent assets	<u>890</u>	<u>-</u>	<u>890</u>
Total Assets	<u>970,015</u>	<u>4,514,015</u>	<u>5,484,030</u>
LIABILITIES			
Current liabilities			
Accounts payable	27,573	-	27,573
Accrued salaries	200	-	200
Claims payable	-	94,742	94,742
Due to other funds	<u>930,449</u>	<u>7,933,638</u>	<u>8,864,087</u>
Total Current Liabilities	<u>958,222</u>	<u>8,028,380</u>	<u>8,986,602</u>
Total liabilities	<u>958,222</u>	<u>8,028,380</u>	<u>8,986,602</u>
NET ASSETS			
Unrestricted (deficit)	<u>11,793</u>	<u>(3,514,365)</u>	<u>(3,502,572)</u>
TOTAL NET ASSETS	<u>\$ 11,793</u>	<u>\$ (3,514,365)</u>	<u>\$ (3,502,572)</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended April 30, 2011

	<u>Employee Benefit Plan</u>	<u>Safety & Risk Management</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 6,169,354	\$ -	\$ 6,169,354
Miscellaneous	839	943,596	944,435
Total Operating Revenues	<u>6,170,193</u>	<u>943,596</u>	<u>7,113,789</u>
OPERATING EXPENSES			
Personnel services	-	1,050	1,050
Personnel benefits	-	670	670
Contractual services	34,166	877	35,043
Commodities	-	122	122
Claims and judgments	51,237	155,585	206,822
Insurance premiums	5,845,282	124,770	5,970,052
Total Operating Expenses	<u>5,930,685</u>	<u>283,074</u>	<u>6,213,759</u>
Operating Income	<u>239,508</u>	<u>660,522</u>	<u>900,030</u>
NONOPERATING EXPENSES			
Debt issuance costs	-	(68,426)	(68,426)
Interest expense	-	(92,669)	(92,669)
Total Nonoperating Expenses	<u>-</u>	<u>(161,095)</u>	<u>(161,095)</u>
Income Before Contributions	<u>239,508</u>	<u>499,427</u>	<u>738,935</u>
CONTRIBUTIONS			
Removal of IBNR and long-term debt to the governmental activities	-	25,263,332	25,263,332
Total Contributions	<u>-</u>	<u>25,263,332</u>	<u>25,263,332</u>
Change in net assets	239,508	25,762,759	26,002,267
NET ASSETS (DEFICIT) - Beginning of Year	<u>(227,715)</u>	<u>(29,277,124)</u>	<u>(29,504,839)</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 11,793</u>	<u>\$ (3,514,365)</u>	<u>\$ (3,502,572)</u>

CITY OF WAUKEGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended April 30, 2011

	Employee Benefit Plan	Safety & Risk Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 6,356,384	\$ 939,115	\$ 7,295,499
Paid to suppliers for goods and services	(5,904,058)	102,256	(5,801,802)
Paid to employees for services	<u>200</u>	<u>(2,704)</u>	<u>(2,504)</u>
Net Cash Flows From Operating Activities	<u>452,526</u>	<u>1,038,667</u>	<u>1,491,193</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due to/from	(238,736)	(1,679,057)	(1,917,793)
Interest paid	-	(92,669)	(92,669)
Debt issuance costs paid	<u>-</u>	<u>(68,426)</u>	<u>(68,426)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(238,736)</u>	<u>(1,840,152)</u>	<u>(2,078,888)</u>
 Net Change in Cash and Cash Equivalents	 213,790	 (801,485)	 (587,695)
 CASH AND CASH EQUIVALENTS - Beginning of Year	 <u>384,376</u>	 <u>963,680</u>	 <u>1,348,056</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 598,166</u>	 <u>\$ 162,195</u>	 <u>\$ 760,361</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 239,508	\$ 660,522	\$ 900,030
Changes in assets and liabilities			
Accounts Receivable	186,191	(4,481)	181,710
Prepaid items	-	121,897	121,897
Accounts Payable	26,627	(359)	26,268
Accrued Salaries	200	(1,654)	(1,454)
Claims Payable	<u>-</u>	<u>262,742</u>	<u>262,742</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 452,526</u>	 <u>\$ 1,038,667</u>	 <u>\$ 1,491,193</u>
 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
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, 2011

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES			
Charges for services			
Premiums retirees	\$ 1,300,000	\$ -	\$ (1,300,000)
Premiums city	8,221,039	4,976,149	(3,244,890)
Premiums employees	898,282	1,193,205	294,923
Miscellaneous	-	839	839
Total Operating Revenues	<u>10,419,321</u>	<u>6,170,193</u>	<u>(4,249,128)</u>
OPERATING EXPENSES			
Contractual services	45,351	34,166	11,185
Claims and judgments	-	51,237	(51,237)
Insurance premiums	<u>9,557,706</u>	<u>5,845,282</u>	<u>3,712,424</u>
Total Operating Expenses	<u>9,603,057</u>	<u>5,930,685</u>	<u>3,672,372</u>
Operating Income (Loss)	<u>816,264</u>	<u>239,508</u>	<u>(576,756)</u>
NON-OPERATING EXPENSES			
Interest expense	<u>(360,000)</u>	-	<u>360,000</u>
Total Non-Operating Expenses	<u>(360,000)</u>	-	<u>360,000</u>
Change in net assets	<u>\$ 456,264</u>	239,508	<u>\$ (216,756)</u>
NET ASSETS (DEFICIT) - Beginning of Year		<u>(227,715)</u>	
NET ASSETS - END OF YEAR		<u>\$ 11,793</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, 2011

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES			
Charges for services			
Premiums city	\$ 5,754,000	\$ -	\$ (5,754,000)
Miscellaneous	50,000	943,596	893,596
Total Operating Revenues	<u>5,804,000</u>	<u>943,596</u>	<u>(4,860,404)</u>
OPERATING EXPENSES			
Personnel services	-	1,050	(1,050)
Personnel benefits	-	670	(670)
Contractual services	1,000	877	123
Commodities	4,000	122	3,878
Claims and judgments	5,466,300	155,585	5,310,715
Bad debt expenses	550,000	124,770	425,230
Total Operating Expenses	<u>6,021,300</u>	<u>283,074</u>	<u>5,738,226</u>
Operating Income (Loss)	<u>(217,300)</u>	<u>660,522</u>	<u>877,822</u>
NON-OPERATING EXPENSES			
Interest expense	(94,000)	(92,669)	1,331
Debt issues costs	-	(68,426)	(68,426)
Total Non-Operating Expenses	<u>(94,000)</u>	<u>(161,095)</u>	<u>(67,095)</u>
CONTRIBUTIONS			
Removal of IBNR and long-term debt to governmental activities	-	25,263,332	25,263,332
Net Contributions	<u>-</u>	<u>25,263,332</u>	<u>25,263,332</u>
Change in net assets	<u>\$ (311,300)</u>	25,762,759	<u>\$ 26,074,059</u>
NET ASSETS (DEFICIT) - Beginning of Year		<u>(29,277,124)</u>	
NET ASSETS (DEFICIT) - END OF YEAR		<u>\$ (3,514,365)</u>	

CITY OF WAUKEGAN

COMBINING STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS April 30, 2011

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 1,599,322	\$ 205,348	\$ 1,804,670
Investments			
Money markets	-	1,125,925	1,125,925
State and local obligations	16,227,715	6,344,284	22,571,999
US Government and agency obligations	9,279,861	12,824,296	22,104,157
Common and preferred stocks	10,235,081	15,080,884	25,315,965
Mutual funds	20,396,391	8,734,644	29,131,035
Corporate bonds	-	1,455,878	1,455,878
Accrued interest	336,870	241,519	578,389
Prepaid items	2,500	517	3,017
Total Assets	58,077,740	46,013,295	104,091,035
LIABILITIES			
Accounts payable	31,494	17,158	48,652
Total Liabilities	31,494	17,158	48,652
NET ASSETS			
Held in trust for pension benefits	\$ 58,046,246	\$ 45,996,137	\$ 104,042,383

CITY OF WAUKEGAN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS For the Year Ended April 30, 2011

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
ADDITIONS			
Contributions			
Employer	\$ 3,566,929	\$ 2,617,459	\$ 6,184,388
Plan members	1,212,491	889,294	2,101,785
Other	<u>78,209</u>	<u>18,904</u>	<u>97,113</u>
Total Contributions	<u>4,857,629</u>	<u>3,525,657</u>	<u>8,383,286</u>
Investment income			
Investment income	1,863,606	1,496,659	3,360,265
Net appreciation in the fair value of investments	<u>4,278,461</u>	<u>3,547,772</u>	<u>7,826,233</u>
Total Investment Income	6,142,067	5,044,431	11,186,498
Less Investment expense	<u>123,762</u>	<u>218,743</u>	<u>342,505</u>
Net Investment Income	<u>6,018,305</u>	<u>4,825,688</u>	<u>10,843,993</u>
Total Additions	<u>10,875,934</u>	<u>8,351,345</u>	<u>19,227,279</u>
DEDUCTIONS			
Benefits	5,506,278	4,391,136	9,897,414
Contractual services	59,781	26,011	85,792
Administration	<u>21,880</u>	<u>16,616</u>	<u>38,496</u>
Total Deductions	<u>5,587,939</u>	<u>4,433,763</u>	<u>10,021,702</u>
Change in Net Assets	5,287,995	3,917,582	9,205,577
NET ASSETS - Beginning of Year	<u>52,758,251</u>	<u>42,078,555</u>	<u>94,836,806</u>
NET ASSETS, END OF YEAR	<u>\$ 58,046,246</u>	<u>\$ 45,996,137</u>	<u>\$ 104,042,383</u>

CITY OF WAUKEGAN

POLICE PENSION FUND

SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	2011		
	Original and Final Budget	Actual	Variance with Final Budget
ADDITIONS			
Contributions			
Employer	\$ 3,556,000	\$ 3,566,929	\$ (10,929)
Plan members	1,582,923	1,212,491	370,432
Other	-	78,209	(78,209)
Total Contributions	<u>5,138,923</u>	<u>4,857,629</u>	<u>281,294</u>
INVESTMENT INCOME			
Investment income	2,047,500	1,863,606	183,894
Net appreciation in the fair value of investments	-	4,278,461	(4,278,461)
Total Investment Income	<u>2,047,500</u>	<u>6,142,067</u>	<u>(4,094,567)</u>
Less: Investment expense	-	123,762	(123,762)
Net investment income	<u>2,047,500</u>	<u>6,018,305</u>	<u>(3,970,805)</u>
Total Additions	<u>7,186,423</u>	<u>10,875,934</u>	<u>(3,689,511)</u>
DEDUCTIONS			
Benefits	4,445,886	5,506,278	(1,060,392)
Contractual services	25,000	59,781	(34,781)
Administration	50,000	21,880	28,120
Total Deductions	<u>4,520,886</u>	<u>5,587,939</u>	<u>(1,067,053)</u>
Change in net assets	<u>\$ 2,665,537</u>	<u>5,287,995</u>	<u>\$ (2,622,458)</u>
NET ASSETS, Beginning of Year		<u>52,758,251</u>	
NET ASSETS, END OF YEAR		<u>\$ 58,046,246</u>	

CITY OF WAUKEGAN

FIREFIGHTERS' PENSION FUND

SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	2011		
	<u>Final Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
ADDITIONS			
Contributions			
Employer	\$ 2,615,716	\$ 2,617,459	\$ (1,743)
Plan members	855,893	889,294	(33,401)
Other	<u>-</u>	<u>18,904</u>	<u>(18,904)</u>
Total Contributions	<u>3,471,609</u>	<u>3,525,657</u>	<u>(54,048)</u>
INVESTMENT INCOME			
Investment income	1,596,000	1,496,659	99,341
Net appreciation in the fair value of investments	<u>-</u>	<u>3,547,772</u>	<u>(3,547,772)</u>
Total Investment Income	<u>1,596,000</u>	<u>5,044,431</u>	<u>(3,448,431)</u>
Less: Investment expense	<u>-</u>	<u>218,743</u>	<u>(218,743)</u>
Net investment income	<u>1,596,000</u>	<u>4,825,688</u>	<u>(3,229,688)</u>
Total Additions	<u>5,067,609</u>	<u>8,351,345</u>	<u>(3,283,736)</u>
DEDUCTIONS			
Benefits	4,208,346	4,391,136	(182,790)
Contractual services	25,000	26,011	(1,011)
Administration	<u>50,000</u>	<u>16,616</u>	<u>33,384</u>
Total Deductions	<u>4,283,346</u>	<u>4,433,763</u>	<u>(150,417)</u>
Change in net assets	<u>\$ 784,263</u>	<u>3,917,582</u>	<u>\$ (3,133,319)</u>
NET ASSETS, Beginning of Year		<u>42,078,555</u>	
NET ASSETS, END OF YEAR		<u>\$ 45,996,137</u>	

CITY OF WAUKEGAN

NET ASSETS BY COMPONENT

April 30, 2011

<i>(in thousands)</i>	2005	2006	2007
Governmental activities			
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)
Total governmental activities net assets	<u>\$ (9,540)</u>	<u>\$ (13,303)</u>	<u>\$ (11,117)</u>
Business-type activities			
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
Total business-type activities net assets	<u>\$ 44,937</u>	<u>\$ 45,036</u>	<u>\$ 44,867</u>
Primary government			
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)
Total primary government net assets	<u>\$ 35,396</u>	<u>\$ 31,733</u>	<u>\$ 33,751</u>

Source: Statement of Net Assets

*Only seven (7) years of data has been disclosed due to GASB 34 not being implemented until 2005

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

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CITY OF WAUKEGAN

CHANGES IN NET ASSETS
April 30, 2011

(in thousands)

	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental activities:							
General government	\$ 4,056	\$ 5,481	\$ 6,034	\$ 6,303	\$ 8,922	\$ 7,084	\$ 6,250
Public Safety	39,984	40,217	42,636	44,164	65,437	48,824	48,811
Streets, Bridges & Other Public Works	8,836	9,183	9,486	10,537	26,348	16,291	15,503
Sanitation & Environment	3,063	3,428	3,560	3,623	4,628	4,355	4,644
Economic Development	8,811	8,177	3,045	4,446	4,878	1,221	1,386
Community Development	1,480	1,444	1,390	968	1,580	1,610	89
Culture & Recreation	1,464	2,215	2,291	2,462	96	160	1,515
Interest on long-term debt	3,592	3,565	3,522	3,656	3,945	3,597	5,095
Total governmental activities expenses	71,285	73,710	71,964	76,159	115,834	83,142	83,293
Business-type activities:							
Water & Sewer	9,583	8,849	9,867	10,761	13,960	9,575	6,891
Parking System	614	850	965	953	1,217	902	918
Total business-type activities expenses	10,197	9,698	10,832	11,714	15,177	10,477	7,809
Total primary government expenses	\$ 81,483	\$ 83,408	\$ 82,796	\$ 87,873	\$ 131,011	\$ 93,619	\$ 91,102
Program Revenues							
Governmental activities:							
Charges for services	\$ 12,326	\$ 12,138	\$ 11,232	\$ 12,900	\$ 12,739	\$ 11,216	\$ 13,087
Operating grants and contributions	1,944	1,649	2,147	2,600	102	470	2,944
Capital grants and contributions	220	48	75	-	636	7,252	575
Total governmental activities program revenues	14,491	13,835	13,453	15,500	13,477	18,938	16,606
Business-type activities:							
Charges for services - Water & Sewer	12,004	11,547	11,363	11,133	10,895	11,612	12,537
Charges for services - Parking System	649	748	861	867	880	1,231	632
Capital grants and contributions	-	-	989	300	250	251	-
Total business-type activities program revenues	12,654	12,294	13,213	12,300	12,025	13,094	13,169
Total primary government program revenues	\$ 27,144	\$ 26,130	\$ 26,666	\$ 27,800	\$ 25,502	\$ 32,032	\$ 29,775
Net (Expense)/Revenue							
Governmental activities	\$ (56,795)	\$ (59,874)	\$ (58,511)	\$ (60,659)	\$ (102,357)	\$ (64,204)	\$ (66,687)
Business-type activities	2,456	2,596	2,381	586	(3,152)	2,617	5,360
Total primary government net expense	\$ (54,339)	\$ (57,278)	\$ (56,130)	\$ (60,073)	\$ (105,509)	\$ (61,587)	\$ (61,327)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property Taxes	\$ 16,154	\$ 15,877	\$ 16,633	\$ 17,357	\$ 19,437	\$ 20,963	\$ 24,650
Sales & Utility Taxes	21,866	23,060	25,494	26,718	23,800	23,237	22,800
Income Taxes & Franchise Fees	9,728	11,119	12,367	13,864	14,028	12,534	10,673
Motor Fuel Taxes	2,648	2,646	2,726	2,639	2,444	2,330	2,600
Miscellaneous & Investment Income	537	766	910	1,004	1,222	223	1,188
Gain (Loss) on Sales of Fixed Assets	15	34	(41)	-	-	-	-
Transfers	2,337	2,608	2,687	1,445	753	2,091	147
Total governmental activities	53,286	56,112	60,776	63,027	61,684	61,378	62,058
Business-type activities:							
Utility Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121
Unrestricted Investment Income	108	111	156	-	-	-	288
Gain (Loss) on Sales of Fixed Assets	-	-	(18)	-	-	-	-
Transfers	(2,337)	(2,608)	(2,687)	(1,445)	(753)	(2,091)	(147)
Total business-type activities	(2,229)	(2,497)	(2,549)	(1,445)	(753)	(2,091)	262
Total primary government	\$ 51,057	\$ 53,615	\$ 58,227	\$ 61,582	\$ 60,931	\$ 59,287	\$ 62,320
Change in Net Assets							
Governmental activities	\$ (3,509)	\$ (3,762)	\$ 2,265	\$ 2,368	\$ (40,673)	\$ (2,827)	\$ (4,629)
Business-type activities	227	99	(168)	(859)	(3,905)	526	5,622
Total primary government	\$ (3,282)	\$ (3,663)	\$ 2,096	\$ 1,509	\$ (44,578)	\$ (2,301)	\$ 993

Source: Statement of Activities

*Only seven (7) years of data has been disclosed due to GASB 34 not being implemented until 2005

CITY OF WAUKEGAN

PROGRAM REVENUES BY FUNCTION/PROGRAM
April 30, 2011

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

Source: Statement of Activities

*Only seven (7) years of data has been disclosed due to GASB 34 not being implemented until 2005

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

CITY OF WAUKEGAN

FUND BALANCES, GOVERNMENTAL FUNDS April 30, 2011

	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund			
Reserved	\$ 4,970,322	\$ 5,360,798	\$ 4,985,255
Unreserved	<u>5,775,259</u>	<u>7,062,764</u>	<u>8,071,702</u>
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
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	<u>287,206</u>	<u>205,956</u>	<u>280,769</u>
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: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004; prior to 2004, all governmental funds are included; however they are reported on a modified accrual basis.

Source: Financial Section, Balance Sheet Governmental Funds

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 4,481,790	\$ 5,867,348	\$ 8,062,344	\$ 1,705,883	\$ 2,061,135
<u>8,422,604</u>	<u>6,705,002</u>	<u>-</u>	<u>(1,600,635)</u>	<u>2,961,394</u>
<u>\$ 12,904,394</u>	<u>\$ 12,572,350</u>	<u>\$ 8,062,344</u>	<u>\$ 105,248</u>	<u>\$ 5,022,529</u>
\$ 4,155,228	\$ 2,854,587	\$ 275,000	\$ 22,355,336	\$ 22,062,796
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
<u>(292,740)</u>	<u>335,752</u>	<u>2,176,349</u>	<u>2,046,484</u>	<u>180,492</u>
<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>\$ 22,978,803</u>	<u>\$ 19,710,542</u>	<u>\$ 8,050,073</u>	<u>\$ 25,965,127</u>	<u>\$ 36,054,203</u>

CITY OF WAUKEGAN
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

April 30, 2011

	2004	2005	2006	2007
Revenues				
Taxes	\$ 46,407,752	\$ 49,341,369	\$ 51,605,740	\$ 56,164,150
Licenses and Permits	2,393,815	3,338,858	3,583,303	3,591,778
Intergovernmental	2,508,445	2,343,280	2,189,184	2,541,570
Charges for services	1,447,948	2,332,852	2,486,546	2,609,643
Fines and forfeitures	5,256,150	5,928,972	5,298,414	4,427,069
Investment earnings	590,682	664,298	891,584	1,107,407
Other revenues	742,868	1,415,713	1,209,718	1,225,932
Total revenues	<u>59,347,660</u>	<u>65,365,342</u>	<u>67,264,489</u>	<u>71,667,549</u>
Expenditures				
General government	3,623,224	4,855,094	5,592,933	5,375,216
Public Safety	35,086,119	37,559,293	39,557,422	41,597,208
Streets, Bridges & Other Public Works	7,765,903	8,017,679	8,060,258	8,587,270
Building, Zoning and Economic Development	19,565,624	11,305,909	10,840,205	5,908,109
Sanitation and Environment	5,382,003	3,203,342	3,454,231	3,589,201
Capital outlay	26,074,591	17,458,191	4,478,728	2,730,207
Debt service				
Principal	5,363,736	7,055,503	5,847,577	7,533,534
Interest and Fees	2,353,551	2,472,974	2,380,520	2,090,501
Fees/ Bond Insurance Costs	883,683	-	535,230	-
Waukegan Port District Pass Troughs	(709,940)	(731,704)	(748,393)	(542,338)
Total expenditures	<u>105,388,494</u>	<u>91,196,281</u>	<u>79,998,711</u>	<u>76,868,908</u>
Excess of revenues over (under) expenditures	<u>(46,040,834)</u>	<u>(25,830,939)</u>	<u>(12,734,222)</u>	<u>(5,201,359)</u>
Other Financing Sources (Uses)				
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 det	-	-	-	-
Sale of Assets	37,684	796,683	34,372	112,499
Transfers in	2,231,514	2,778,486	2,608,389	2,936,751
Transfers out	-	(441,651)	-	(250,093)
Capital Leases Value	821,773	-	1,000,000	-
Total other financing sources (uses)	<u>38,359,643</u>	<u>10,033,518</u>	<u>7,876,330</u>	<u>2,799,157</u>
Net change in fund balances	<u>\$ (7,681,191)</u>	<u>\$ (15,797,421)</u>	<u>\$ (4,857,892)</u>	<u>\$ (2,402,202)</u>
Debt service as a percentage of noncapital expenditures	9.7%	12.9%	10.9%	13.0%

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

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

2008	2009	2010	2011
\$ 59,284,717	\$ 43,598,865	\$ 44,134,461	\$ 47,429,708
3,803,051	3,789,391	3,402,391	3,763,147
2,955,181	16,472,643	12,095,338	16,551,786
2,933,794	2,789,845	3,279,696	3,685,204
4,944,792	6,264,233	4,437,924	3,697,777
1,069,269	381,911	194,714	329,407
2,159,054	1,924,238	890,170	3,227,396
<u>77,149,858</u>	<u>75,221,126</u>	<u>68,434,694</u>	<u>78,684,425</u>
5,758,644	6,596,320	6,057,857	3,965,921
43,478,169	44,399,128	43,395,282	43,527,765
9,952,811	10,411,033	8,537,483	7,876,199
7,139,294	7,844,128	2,899,905	4,075,298
3,651,624	4,905,360	4,944,241	4,701,891
4,232,717	5,972,765	2,615,607	3,392,831
6,480,443	5,463,866	12,186,184	5,670,989
2,484,421	2,226,091	1,977,108	3,147,821
-	-	-	-
(657,898)	-	-	-
<u>82,520,225</u>	<u>87,818,691</u>	<u>82,613,667</u>	<u>76,358,715</u>
(5,370,367)	(12,597,565)	(14,178,973)	2,325,710
-	-	30,000,000	14,830,000
-	-	-	(7,751,641)
-	-	-	84,798
25,436	27,523	2,976	39,162
2,109,838	3,516,142	9,823,634	2,852,417
(664,415)	(2,763,124)	(7,732,583)	(2,291,370)
748,043	112,765	-	-
<u>2,218,902</u>	<u>893,306</u>	<u>32,094,027</u>	<u>7,763,366</u>
<u>\$ (3,151,465)</u>	<u>\$ (11,704,259)</u>	<u>\$ 17,915,054</u>	<u>\$ 10,089,076</u>
11.5%	9.4%	17.7%	12.1%

CITY OF WAUKEGAN

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS April 30, 2011

<u>Fiscal Year</u>	<u>Property tax</u>	<u>Sales tax (a)</u>	<u>Telecom tax</u>	<u>Local Use tax</u>
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 - 2011	129.4%	30.4%	19.8%	68.5%

Source:

Notes:

^a The addition of a 1.0% home rule sale tax was implemented in October, 2002.

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

<u>Utility tax</u>	<u>Other tax</u>	<u>Total</u>
\$ 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
4.8%	20.1%	68.0%

CITY OF WAUKEGAN

PROPERTY TAX LEVY BY FUND April 30, 2011

Levy Year	Fiscal Year	Corporate Amount	Rate	Garbage Amount	Rate
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
2000	2001/2002	2,922,680	0.293	2,703,411	0.271

Levy Year	Fiscal Year	Police Pension Amount	Rate	Fire Pension Amount	Rate
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
2000	2001/2002	1,603,809	0.161	1,436,739	0.144

Levy Year	Fiscal Year	Bonds Levy Amount	Rate
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
2000	2001/2002	3,041,117	0.305

Library Levy Amount	Rate	Aggregate Levy (not including Bonds)			
		Total Amount	Rate	Change Amount	%
\$ 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	529,789	4.49%
3,138,920	0.315	11,805,559	1.184	11,805,559	#DIV/0!

Grand Total			
Total Amount	Rate	Change Amount	%
\$ 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	1,117,717	7.53%
14,846,676	1.489	N/A	N/A

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CITY OF WAUKEGAN

PROPERTY TAX LEVIES AND COLLECTIONS April 30, 2011

Levy Year	Fiscal Year	Taxes Levied	Amount Collected	Percentage of Levy
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%
2000	2001/2002	14,846,676	14,033,783	94.52%

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, 2011

Levy Year	Fiscal Year	City of Waukegan	Lake County	Lake County Forest	Waukegan Township
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
2000	2001/2002	1.489	0.521	0.231	0.312

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

Overlapping Rates					
North Shore Sanitary	Waukegan Park District	School District 60	College of Lake County	Total	
0.124	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	
0.167	0.531	4.632	0.235	8.118	

CITY OF WAUKEGAN

EQUALIZED ASSESSED VALUE (EAV) AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY April 30, 2011

Levy Year	Fiscal Year	Residential EAV	Farm EAV	Commercial EAV	Industrial EAV
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
2000	2001/2002	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	\$ 1,364,286	\$ 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
997,254,583	480,507	997,735,090	1.489	3,325,783,633

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CITY OF WAUKEGAN

PRINCIPAL PROPERTY TAX PAYERS CURRENT YEAR April 30, 2011

<u>Taxpayer</u>	<u>2011 Fiscal Year / 2009 Levy Year</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Colliers B & K Rems	\$ 25,010,660	1.60%
Community Health Systems Inc.	17,076,562	1.09%
Marquette Enterprises	9,305,524	0.59%
Allegiance Healthcare Corp.	8,860,478	0.57%
Deloitte Pts	8,667,072	0.55%
Northern Crossing JV LLC	8,631,164	0.55%
JRC/CSE Eagle Ridge JV LLC	6,934,626	0.44%
Health Care Service Corp.	6,895,782	0.44%
Redwood Lakes at Fountain Square, LLC	6,600,300	0.42%
Abbott Laboratories	6,571,725	0.42%
Total	<u>\$ 104,553,893</u>	<u>6.68%</u>
 Total Waukegan Equalized Assessed Valuation	 <u>\$ 1,565,570,467</u>	

CITY OF WAUKEGAN

DIRECT AND OVERLAPPING SALES TAX RATES, LAST TEN FISCAL YEARS

April 30, 2011

Fiscal Year	Home Rule Sales Tax	RTA Sales Tax
2011	1.00%	0.75%
2010	1.00%	0.75%
2009	1.00%	0.75%
2008	1.00%	0.75%
2007	1.00%	0.25%
2006	1.00%	0.25%
2005	1.00%	0.25%
2004	1.00%	0.25%
2003	1.00%	0.25%
2002	0.00%	0.25%

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.

<u>State Sales Tax</u>	<u>Total Sales Tax</u>
6.25%	8.00%
6.25%	8.00%
6.25%	8.00%
6.25%	8.00%
6.25%	7.50%
6.25%	7.50%
6.25%	7.50%
6.25%	7.50%
6.25%	7.50%
6.25%	6.50%

CITY OF WAUKEGAN

TAXABLE SALES BY CATEGORY

Year Ended December 31

Classification	2001	% of Total	2002	% of Total	2003	% of Total	2004	% of Total	2005
General Merchandise	\$ 570,451	6.8%	\$ 617,739	7.6%	\$ 622,866	8.5%	\$ 466,254	24.5%	\$ 444,194
Food	1,474,967	17.6%	1,514,581	18.6%	1,490,865	20.4%	1,480,167	5.4%	1,464,435
Drinking & Eating	677,621	8.1%	585,773	7.2%	571,475	7.8%	463,937	10.0%	610,655
Apparel	132,454	1.6%	145,953	1.8%	142,556	2.0%	158,080	10.5%	150,824
Furniture & Fixtures	443,261	5.3%	87,670	1.1%	214,227	2.9%	136,551	8.9%	169,875
Lumber & Hardware	421,866	5.0%	918,757	11.3%	429,577	5.9%	464,941	8.3%	475,556
Auto & Filling Stations	2,532,006	30.2%	2,253,874	27.7%	1,858,313	25.4%	1,876,294	9.8%	1,881,921
Drugs & Other Retail	1,295,631	15.5%	1,245,835	15.3%	1,289,661	17.7%	1,373,034	15.3%	1,416,078
Agriculture & All Others	659,760	7.9%	611,853	7.5%	531,726	7.3%	663,587	6.4%	599,930
Manufacturers	171,486	2.0%	162,694	2.0%	152,097	2.1%	249,798	0.9%	234,189
Total	\$ 8,379,504	100.0%	\$ 8,144,730	100.0%	\$ 7,303,362	100.0%	\$ 7,332,642	100.0%	\$ 7,447,657

Source: Illinois Department of Revenue

Notes: Retail sales information is reported on a calendar year, and not available on a fiscal-year basis.

% of Total	2006	% of Total	2007	% of Total	2008	% of Total	2009	% of Total	2010	% of Total
6.0%	\$ 735,528	9.1%	\$ 1,046,503	12.1%	\$ 1,139,141	13.5%	\$ 1,098,568	12.8%	\$ 1,066,579	13.7%
19.7%	1,459,071	18.0%	1,361,837	15.7%	1,288,694	15.3%	1,227,555	14.3%	1,221,243	15.7%
8.2%	642,304	7.9%	694,627	8.0%	753,771	9.0%	732,740	8.5%	760,487	9.8%
2.0%	143,956	1.8%	143,623	1.7%	181,272	2.2%	156,369	1.8%	155,763	2.0%
2.3%	122,832	1.5%	112,002	1.3%	105,845	1.3%	99,491	1.2%	102,264	1.3%
6.4%	485,205	6.0%	485,716	5.6%	401,080	4.8%	396,595	4.6%	394,238	5.1%
25.3%	2,095,197	25.9%	2,130,687	24.6%	1,847,857	22.0%	2,363,526	27.6%	1,506,945	19.3%
19.0%	1,447,804	17.9%	1,515,685	17.5%	1,442,731	17.2%	1,466,699	17.1%	1,475,504	18.9%
8.1%	713,567	8.8%	926,772	10.7%	1,070,280	12.7%	847,454	9.9%	929,948	11.9%
3.1%	244,981	3.0%	238,758	2.8%	176,950	2.1%	182,826	2.1%	179,144	2.3%
100.0%	\$ 8,090,445	100.0%	\$ 8,656,210	100.0%	\$ 8,407,622	100.0%	\$ 8,571,824	100.0%	\$ 7,792,114	100.0%

CITY OF WAUKEGAN

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)
April 30, 2011

Fiscal Year	Levy Year	Population	Equalized Assessed Value	General Obligation Bonded Debt
2002	2000	91,022	\$ 997,735,090	\$ 56,915,836
2003	2001	91,132	1,068,490,159	53,301,693
2004	2002	90,974	1,157,487,460	107,890,000
2005	2003	90,542	1,251,383,079	107,105,000
2006	2004	91,018	1,299,561,590	108,990,000
2007	2005	91,138	1,378,090,264	101,367,585
2008	2006	90,788	1,467,006,918	94,565,307
2009	2007	92,929	1,573,036,004	72,581,355
2010	2008	90,622	1,627,431,047	91,591,922
2011	2009	90,622	1,565,570,467	105,863,271

Sources:

Estimated Census and http://www.census.gov/popest/archives/2000s/vintage_2002/SUB-EST2002/SUB-

Office of the County Clerk of Lake County

<u>Ratio of General Obligation Bonded Debt to Assessed Value</u>	<u>General Obligation Bonded Debt Per Capita</u>
5.70%	625.30
4.99%	584.88
9.32%	1,185.94
8.56%	1,182.93
8.39%	1,197.46
7.36%	1,112.24
6.45%	1,041.61
4.61%	781.04
5.63%	1,010.70
6.76%	1,168.19

CITY OF WAUKEGAN

DEMOGRAPHIC AND ECONOMIC STATISTICS

April 30, 2011

Calendar Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age ⁽²⁾
2001	89,663	1,569,013	17,499	29.2
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

Sources: U.S. Census Bureau, American Community Survey, Illinois Department of Employment Security, Waukegan District #60. District 60 is the main school district serving 68% of the City. This includes 15 elementary schools, 5 middle schools and one high school in three building.

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. School enrollment is the total of Elementary, and High School. Unemployment rate information is as of 4/30/11

- (1) 7/1/09 Population Estimate from Lake County II
[www.lakecountyil.gov/planning/planning ans suport services/countydemographics](http://www.lakecountyil.gov/planning/planning%20services/support%20services/countydemographics)
- (2) U.S. Census Bureau 2006-2008 American Community Survey
http://factfinder.census.gov/servlet/DTTable?_bm=y&-geo_id=16000US1779293&-ds_name=PEP_2008_EST&-mt_name=PEP_2008_EST_G2008_T001
 Lake County Partners
- (3) Illinois Dept of Employment Security <http://illinois.virtuallmi.com/analyzer>

<u>Education Level in Years of Schooling ⁽¹⁾</u>	<u>School Enrollment</u>	<u>Unemployment Rate (3)</u>
14.2	17,200	7.5%
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%

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CITY OF WAUKEGAN

PRINCIPAL EMPLOYERS

April 30, 2011

<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	502	1.27%
First Midwest Bankcorp	Commercial Bank	480	1.22%
Sub Total Principal Employers		<u>9,334</u>	<u>23.63%</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, 2011

<u>Function/Program</u>	Full-time-Equivalent			
	2002	2003	2004	2005
General government				
Central Services	31.00	31.00	31.00	30.00
Planning & Dev/ Building	33.00	33.00	35.00	35.00
Public Safety				
Fire	117.00	117.00	117.00	120.00
Police & Comm	235.00	235.00	237.00	228.00
Public Works & Engineering	<u>135.00</u>	<u>135.00</u>	<u>138.00</u>	<u>134.00</u>
Total	<u>551.00</u>	<u>551.00</u>	<u>558.00</u>	<u>547.00</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						
2006	2007	2008	2009	2010	2011	
32.00	35.00	33.00	35.00	28.00	24.50	
35.00	38.00	38.00	36.00	31.00	24.00	
124.00	125.00	127.00	125.00	123.00	117.00	
228.00	228.00	227.00	216.00	261.00	229.00	
<u>136.00</u>	<u>138.00</u>	<u>139.00</u>	<u>126.00</u>	<u>73.00</u>	<u>107.00</u>	
<u>555.00</u>	<u>564.00</u>	<u>564.00</u>	<u>538.00</u>	<u>516.00</u>	<u>501.50</u>	

CITY OF WAUKEGAN

OPERATING INDICATORS
April 30, 2011

Function/Program	Fiscal				
	2002	2003	2004	2005	2006
General government					
General business licenses issued ^(b)	1225	1250	1300	1350	1,400
Number of Commercial Units Constructed	14	13	18	25	15
Value of Commercial Construction	\$ 17,487,367	\$ 13,861,901	\$ 23,887,771	\$ 42,296,603	\$ 26,351,339
Number of Residential Single Family Constructed	110	85	76	94	34
Value of Residential Single Family Construction	\$ 15,692,938	\$ 13,369,672	\$ 15,482,862	\$ 20,676,062	\$ 7,199,975
Number of Residential Multiple Unit Family Constructed	67	18	6	225	30
Value of Residential Multiple Unit Family Construction	\$ 4,096,950	\$ 1,330,100	\$ 865,200	\$ 22,181,730	\$ 5,120,400
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
Public Safety					
911 Calls*	81,065	73,248	74,434	81,320	79,842
Police Responses* ^(c)	80,361	72,935	81,788	80,417	78,085
Physical arrests [^]	5,827	5,015	4,481	4,608	4,839
Traffic Citations Written [^]	39,030	37,149	40,521	36,117	28,183
Parking violations [^]	63,258	59,278	65,323	64,656	60,615
Emergency Medical Responses [^]	5,864	5,747	5,473	6,004	6,864
Fire Department Mutual Aid Responses [^]	81	101	100	146	110
Fire Department Structure Fires [^]	n/a	n/a	n/a	95	110
Fire Department Other Fires [^]	n/a	n/a	n/a	127	135
Fire Department Total Fires	n/a	n/a	n/a	222	245
Fire Department Dollar Value of Structures [^]	n/a	n/a	n/a	\$ 51,259,214	\$ 29,404,565
Fire Department Dollar Value of Structures Lost [^]	n/a	n/a	n/a	\$ 4,572,434	\$ 2,823,322
Fire Department Dollar Value of Structures Saved [^]	n/a	n/a	n/a	\$ 46,686,780	\$ 26,581,243
Fire Department Hazmat Responses	n/a	n/a	n/a	162	197
Fire Department Total Responses	n/a	n/a	n/a	8,368	9,297
Streets & Highways					
Miles of streets resurfaced	7.4	6.0	5.2	6.0	5
Inches of snowfall	70.0	35.0	37.0	34.0	40
Tons of salt used in snow plowing	8,700	9,000	9,000	7,700	6,500
Number of parkway trees planted	160	117	109	-	-
Utility* ^(d)					
Number of water main breaks*	50	95	52	60	51
Total water consumption (billions of gallons)*	3.735	3.872	3.909	4.032	4
Number of Water Meters Replaced*	N/A	648	467	683	633
Average daily consumption pumped (millions of gallons)*	10.233	10.61	10.711	11.048	10

Source: Various city departments.

Notes:^c Police responses include contact through 9-1-1, non-emergency lines, walk-up window traffic, self initiated by officer.^(b) numbers are approximate by the Business License Office. 2010 are actual numbers reported on calendar year

* Those indicators noted are reported on calendar year.

[^] Those indicators noted are reported on calendar year, 2010 data is now Fiscal^(d) Year 2009 estimated last three months

Year*					
	2007	2008	2009	2010	2011
	1,450	1,550	1,600	451	283
	25	9	2	3	5
\$	48,497,662	\$ 26,925,469	\$ 10,247,862	\$ 2,402,253	\$ 11,626,187
	45	22	11	23	5
\$	7,539,955	\$ 3,606,100	\$ 1,662,065	\$ 3,549,207	\$ 911,435
	48	85	36	-	1
\$	1,730,400	\$ 5,410,800	\$ 3,680,400	\$ -	\$ 10,815,878
	n/a	n/a	n/a	2,736	2,285
	n/a	n/a	n/a	\$ 10,568,358	\$ 17,405,401
	n/a	n/a	n/a	397	231
	n/a	n/a	n/a	\$ 34,630,343	\$ 22,842,987
	82,048	77,607	57,058	67,545	76,143
	75,077	77,488	51,335	103,079	73,589
	4,920	4,637	3,260	5,349	4,343
	26,010	20,837	10,431	10,914	16,278
	58,164	54,482	33,076	35,047	48,716
	7,607	7,331	5,487	6,627	6,563
	135	126	84	152	194
	126	154	138	147	145
	156	177	162	180	144
	282	331	300	327	289
\$	69,796,015	\$ 53,332,055	\$ 262,993,663	\$ 212,260,160	\$ 104,411,280
\$	2,547,050	\$ 3,164,810	\$ 2,986,918	\$ 2,065,108	\$ 4,762,892
\$	67,248,965	\$ 50,167,245	\$ 260,006,745	\$ 210,195,052	\$ 99,648,388
	164	257	256	190	86
	9,579	10,403	9,826	9,651	9,879
	6	6	4	3	5
	25	43	72	55	78
	8,000	11,200	7,000	4,500	4,400
	25	49	-	-	-
	57	63	57	48	148
	4	3	4	3	3
	769	741	715	200	295
	10	9	10	9	9

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

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, 2011, which collectively comprise City of Waukegan's basic financial statements as listed in the table of contents and have issued our report dated December 21, 2011. 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 conducted 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
December 21, 2011

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