

WAUKEGAN

City of Progress *Illinois*

Comprehensive Annual Financial Report

May 1, 2015 to April 30, 2016



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WAUKEGAN, ILLINOIS**
As of and for the Year Ended April 30, 2016

OFFICIAL ISSUING REPORT

Tina M. Smigielski, CPA, Director of Finance

CITY OF WAUKEGAN

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Transmittal Letter
April 30, 2016

November 29, 2016

To the Mayor and Members of the City Council:

Transmittal of the Comprehensive Annual Financial Report

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Waukegan, Illinois for the fiscal year ended April 30, 2016. This letter of transmittal is designed to complement and be read in conjunction with the Management's Discussion and Analysis (MD&A) which begins on page 4.

The Comprehensive Annual Financial Report (CAFR) of the City of Waukegan for the year ended April 30, 2016 is submitted herewith. The CAFR is the management's annual report to its taxpayers, governing board, oversight bodies, investors and creditors.

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

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

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

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

Independent Audit

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

Profile of the City of Waukegan

Historically a commercial port city and more recently an industrial center, the City of Waukegan is the seat of Lake County government and is home to flourishing business, educational and cultural organizations. Located 45 miles north of Chicago and 60 miles south of Milwaukee, Waukegan has an ethnically diverse population of approximately 90,000, and a labor force of more than 40,000. Major area employers include Great Lakes Naval Base, Uline, Baxter Healthcare Corporation, Abbott Laboratories, Walgreen Corporation, W.W. Grainger Company Inc., Vista and several other large hospital / medical institutions.

The City's key location makes it easily accessible from north or south. I-94, U.S. Route 41 and Illinois Route 131 (Green Bay Road) are located on the western edge of the City providing north/south access to Chicago, Milwaukee and nearby communities. East/west arterials include Illinois Route 120/Belvidere Road, Illinois Route 132/Grand Avenue and Washington Street. The Metra train service provides hourly commuter service to the North Shore and Chicago, as well as Kenosha, Wisconsin, via the Union Pacific rail line. Service to Chicago takes approximately 65 minutes. The Pace Suburban Bus service provides public transportation to Waukegan and surrounding areas. The City features Lake Michigan recreational and commercial attractions highlighted by Waukegan Harbor and Marina, the only deep-water harbor between Milwaukee and Lake Calumet. The Waukegan Harbor consists of two marina areas with nearly 855 slips, and commercial harbor access to world markets through the St. Lawrence Seaway, which connects the Great Lakes with the Atlantic Ocean. The Waukegan National Airport is situated on 535 acres of land, and is categorized by the FAA as a "reliever airport" for Chicago's O'Hare International Airport. The Airport handles approximately 60,000 operations per year including private, corporate, business, executive, and governmental aircraft that operate in northeast Illinois and southeast Wisconsin.

The Waukegan Municipal Beach features one mile of sand along with some of the only remaining natural dunes in the area, allowing for residents and visitors to swim, sunbathe, picnic, and enjoy live music at the Stiner Pavilion band shell. The Waukegan Park District, a separate unit of local government, is a nationally acclaimed park district owning and operating

over 720 acres of land including a fitness center, golf courses, a cultural arts center, pool and numerous playing fields including a large, multi-field sports complex. The Waukegan Public Library is also nationally acclaimed, receiving the National Medal for Museum and Library Service in 2013. Only five libraries in the nation receive this honor each year. Waukegan Community Unit School District 60 is the main school district serving the City with enrollment over 16 thousand students. Higher education in the area is available at Robert Morris University in Waukegan and at DeVry University and Columbia College in nearby Gurnee. Rosalind Franklin University of Medicine and Science is in North Chicago, just south of Waukegan. The City of Waukegan is also home to the fast growing Lakeshore Campus of the College of Lake County. Lake Forest College and Lake Forest Graduate School of Management are also located in close proximity. Trinity International University in Bannockburn and St. Mary of the Lake Seminary in Mundelein are also nearby.

Factors Affecting Financial Condition

After several years of decline in value of taxable property, the City of Waukegan's tax base has stabilized. The City continues to struggle with the increasing costs of union personnel wages and benefits, however, it has mitigated the impacts of these pressures by increasing other revenue sources, holding the line on expenses, and establishing a Stabilization Fund to rebuild fund balances. Despite the City's historically high unemployment and relatively weak economics, growth in taxable valuation continue over the long term due to the relative health of the City's largest employers and long-term plans for extensive commercial redevelopment efforts. Great Lakes Naval Station's close proximity adds stability to the City and its businesses, particularly in the lodging industry.

Over the past several fiscal years, the City has linked its budgets to forwarding its mission of enhancing quality of life for its citizens and facilitating economic opportunities for the business community, while adhering to core values of transparency, professionalism and collaboration. Over \$9 million has been invested in the water plant during the past three years, thus allowing the City to maintain high quality water at relatively affordable rates. During the fiscal year the City will began a two-year upgrade of the City's manually read water meter system to automated meter reading which will improve accuracy and timeliness of water usage data. The City used long-term financing to repair and renew its roadways to make the City a more attractive investment for businesses and homebuyers.

The City of Waukegan annexed 220 acres of commercial properties in unincorporated Lake County which borders the City all in an effort to expand the City's property tax base. The City is continuing its partnership with private investors, alleviating the City of the financial burden of Genesee Theatre operating costs. A private corporation now fully funds the day-to-day costs and handles management of the Theatre through its non-profit management entity.

The City has initiated efforts to target the downtown and waterfront areas for expansive redevelopment, both of which are long-term development goals, and it continues to work with

developers to take advantage of economic growth momentum on the City's north and west borders. The Lake County Courthouse, located in downtown Waukegan, began a \$95 million addition and alteration during the fiscal year. Smaller developments are also underway in the central areas of the City.

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

Awards and Acknowledgements

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

After several years of the City of Waukegan not participating in the program, we are proud to have received the award for the fiscal years ended April 30, 2013, 2014, and 2015. Obtaining this award further bolsters the City's efforts to strive toward a more sound financial position and enhanced transparency in our financial reporting to the City's various stakeholders. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

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

Respectfully submitted,

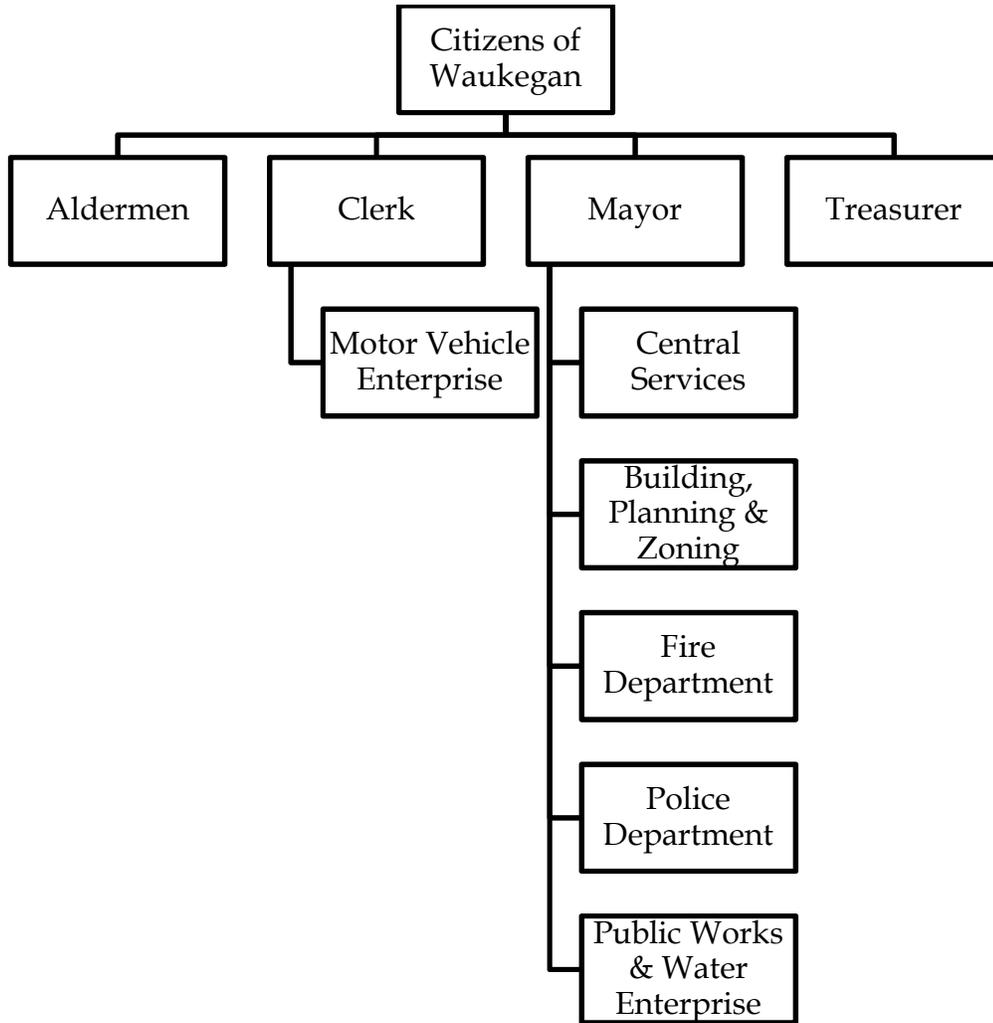
A black rectangular redaction box covers the signature area. A small red horizontal line is visible within the redacted area.

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

CITY OF WAUKEGAN, ILLINOIS

ORGANIZATIONAL CHART

April 30, 2016



CITY OF WAUKEGAN, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2016

Wayne Motley, Mayor
Dr. John R. Schwab, Treasurer
Maria LaCour, City Clerk

City Council

Samuel Cunningham, 1st Ward Alderman
Patrick Seger, 2nd Ward Alderman
Gregory Moasio, 3rd Ward Alderman
David Villalobos, 4th Ward Alderman
Edith Newsome, 5th Ward Alderman
Larry TenPas, 6th Ward Alderman
Lisa May, 7th Ward Alderman
Bill Valko, 8th Ward Alderman
Ann Taylor, 9th Ward Alderman

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



Government Finance Officers Association

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

Presented to

**City of Waukegan
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2015

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Waukegan, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waukegan, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Waukegan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City of Waukegan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Waukegan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the City Council
City of Waukegan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waukegan, Illinois, as of April 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Waukegan adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective May 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

To the City Council
City of Waukegan

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukegan's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

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

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

Oak Brook, Illinois
November 29, 2016

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

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, 2016 and April 30, 2015. Please read this analysis in conjunction with the City's financial statements, which begins with of the Basic Financial Statements and the Independent Auditors' Report for the fiscal year ended April 30, 2016.

FINANCIAL HIGHLIGHTS

- > The City's net position, as a result of operations is \$(56.4) million for fiscal year ending April 30, 2016, with \$87.7 million invested in capital assets net of related debt, \$11.5 million in restricted assets, and a negative balance of \$(155.6) million in unrestricted assets.
 - Governmental net position is \$(120.5) million, with \$34.5 million as a net investment in capital assets, \$11.5 million in restricted net position, and a negative balance of \$(166.5) million in unrestricted net position.
 - Business-type activities net position is \$64.0 million, with a \$53.1 million net investment in capital assets, no restricted net position, and \$10.9 million in unrestricted net position.

- > Total general revenues and program revenues were \$107.9 million for the fiscal year and expenses totaled \$(143.0) million. After net transfers, net position decreased \$(35.1) million.
 - During the fiscal year, the City had governmental revenues generated in taxes and other governmental programs total \$93.9 million, expenses total \$(128.9) million, and transfers in of \$0.4 million resulting in a decrease in net position of \$(34.5) million.
 - The City's business-type activities revenues were \$14.1 million and expenses were \$(14.2) million. After \$(0.4) million in transfers out, the net position decreased \$(0.5) million.

- > The total cost of all City programs was 133% of revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) City-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to the private sector. The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

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

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

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

The City adopts an annual appropriated budget for all funds of the City. Budgetary comparison statements have been provided in this report. There were no supplemental appropriations during the year.

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

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

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

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 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.

GOVERNMENT-WIDE STATEMENTS & ANALYSIS

Governmental Activities

Governmental activities are combined and reported as one for the purposes of this annual report. The major funds included in the Governmental Funds are the General Fund, Garbage Fund and the Debt Service Fund.

The General Fund accounts for the majority of City's day-to-day operations, and therefore the fund focuses on the near-term inflows and outflows of spendable resources. As the General Fund makes up the majority of the Governmental Activities, accounting for 61% of the total assets, it will be discussed in more detail in the budgetary highlight section.

The City moved the residential refuse collection program from the General Fund to the Garbage Fund, a Special Revenue Fund, in the 2014 fiscal year in conjunction with placing the full cost of that program on the property tax levy. This allows the City to properly track the tax receipts earmarked for the privatized garbage, recycling, yard waste and leaf removal program to ensure they are being dedicated for those purposes.

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

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

CONDENSED STATEMENT OF NET POSITION, AS OF APRIL 30

<i>(in millions)</i>	Governmental Activities 2016*	Governmental Activities 2015	Increase / (Decrease)
Assets:			
Current Assets	\$ 87.8	\$ 85.1	\$ 2.8
Internal Balances	(1.1)	0.2	(1.3)
Restricted Assets	0.5	0.5	0.0
Land Held for Resale	5.6	5.6	0.0
Capital Assets Net of Depreciation	88.0	88.5	(0.4)
Total Assets	180.8	179.7	1.1
Deferred Outflows	50.3	2.7	47.6
Liabilities			
Current Liabilities	6.5	7.4	(0.8)
Unearned Revenue	1.1	0.9	0.2
Non-Current Liabilities	312.9	119.4	193.5
Total Liabilities	320.5	127.7	192.8
Deferred Inflows	31.0	29.6	1.4
Net Position			
Net Investment in Capital Assets	34.5	35.8	(1.3)
Restricted Net Position	11.5	14.6	(3.2)
Unrestricted Net Position	(166.5)	(25.4)	(141.0)
Total Net Position	(120.4)	25.1	(145.5)

*The City implemented GASB 68 in 2016. Prior year information was not restated.

Note: Numbers may not foot due to rounding.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

Total governmental activities assets and deferred outflows increased a combined \$48.7 million to \$231.1 million. The City's governmental activities current assets increased by \$2.8 million during the fiscal year to \$87.8 million as the City's cash position and taxes receivable grew from the prior year. Internal balances reflect transactions between the Governmental Activities and the Business-type Activities Funds and net to zero. Restricted Assets and Land for Resale remains unchanged from the prior year. Capital assets, net of depreciation, decreased by \$(0.4) million to \$88.0 million for because the rate of depreciation is outpacing new and reinvestment in the City's governmental assets. Deferred Outflows account for additional assets, such as pension fund contributions, made to the plan between the fiscal years. With the implementation of Governmental Accounting Standard Board (GASB) 68, those amounts are now included on the City's Statement of Net Position and not just the footnotes to the financial statements.

Total governmental activities liabilities and deferred inflows are \$351.5 million combined which is \$194.2 million higher than the prior fiscal year. Governmental activities current liabilities decreased mostly due to accrued payroll being \$1.7 million less than last year. Last fiscal year the City had several unresolved labor union contracts and accrued for retroactive pay that would be due upon contract resolution, which did occur during the current fiscal year. Unearned revenues changed only slightly year over year. Non-current liabilities increased dramatically, by \$192.8 million to a total of \$320.5 million. This is due to a combination of the unfunded actuarial liability for the City's pension funds moving from a footnote in prior years and being recognized as a liability on the Statement of Net Position per GASB Statement 68, and a significant increase in the City's claims liability for lawsuits against the City. Deferred inflows increased \$1.5 million to \$31.0 million, which reflects investment gains in pension funds that have not yet been recognized in the annual pension expense.

Total governmental activities net position decreased \$(145.5) million to \$(120.4) million for the fiscal year. The net investment in capital assets decreasing by \$(1.3) million to \$34.5 million as depreciation outpaced additions or improvements to capital assets; restricted net position decreased \$(3.2) million to \$11.5 million with the reduction of assets held for bonded debt; and, unrestricted net position remained in a negative balance worsening to \$(166.5) million at the close of the fiscal year.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30

<i>(in millions)</i>	Governmental Activities 2016	Governmental Activities 2015	Increase / (Decrease)
Revenues:			
Program Revenues			
Charges for Services	\$ 14.3	\$ 13.4	\$ 0.9
Operating Grants & Contributions	2.4	4.3	(1.9)
Capital Grants & Contributions	-	0.1	(0.1)
General Revenues			
Taxes	61.0	58.8	2.2
Intergovernmental	14.7	15.1	(0.4)
Investment Income	0.2	0.2	0.0
Miscellaneous	1.2	1.1	0.0
Total Revenues	93.9	93.0	0.9
Expenses:			
General Government	6.1	6.5	(0.4)
Public Safety	89.3	58.0	31.4
Building & Zoning	1.9	1.5	0.4
Streets, Bridges & Public Works	15.7	15.0	0.8
Sanitation & Environment	4.6	4.8	(0.2)
Economic Development	6.6	1.9	4.8
Culture & Recreation	0.1	0.1	(0.0)
Community Development	1.2	1.8	(0.7)
Interest & Fiscal Charges	3.2	3.4	(0.2)
Total Expenses	128.9	93.0	\$ 35.9
Excess (Deficiency) Before Transfers	(35.0)	0.0	
Net Transfers	0.4	0.4	
Change in Net Position	(34.5)	0.5	
Net Position, beginning of year**	(85.9)	24.6	
Net Position, end of year	<u>\$ (120.4)</u>	<u>\$ 25.1</u>	

*Note: numbers may not foot due to rounding

**Net Position, beginning of the year 2016 was restated due to the implementation of GASB 68. The 2015 column was not restated.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

The City's governmental activities revenues increased by \$0.9 million to \$93.9, and expenses increased by \$35.9 million to \$128.9 versus the prior year. The fiscal year ended with a \$(35.0) deficit before transfers. After net transfers, the City's net position is \$(120.4) million for Governmental Activities.

Charges for service revenues increased 7% compared to the prior fiscal year, mostly contributed to continued growth in building permit revenues in the area of commercial construction. Operating grants and contributions decreased by 44% related to federal grants for firefighters expiring at the end of the prior fiscal year, and no capital grants were received during the current fiscal year. Taxes, the City's largest source of governmental activities, increased 4% due to an increase in the City's better than expected collections in sales tax, local use and utility taxes. While income taxes were up compared to the prior year, overall intergovernmental revenues dropped by 3% due to decreased motor fuel tax and personal property replacement tax collections. Investment income stayed consistent with the prior year and miscellaneous revenue such as donations, sales of scrap (metal, oil), had a small change from the current fiscal year.

General governmental expense decreased by 6% compared to the prior fiscal year. This decrease was driven by several loans between funds that were written off during the prior fiscal year and expensed to general government. Public safety expenses increased dramatically, up 54%, due to the recording of estimated future costs associated with police liability claims. Sanitation & Environment was one of the only areas that had reduced expenses versus the prior year, due to the City identifying vacant properties to be excluded from the third party refuse collection company billing. Building and zoning increased 3% as the overall number of employees assigned to those departments grew from the prior year. Economic development costs grew by 253% because of a new sales tax rebate agreement that was entered into during the fiscal year. All other areas declined compared to the prior year as vacancies were held open as long as possible and purchases were made within budgeted guidelines.

After transfers to reimburse for services provided to Enterprise Funds, the result was a decrease in net position of \$(34.5) million for a total of \$(120.4) million.

Business-Type Activities

Business-type activities are combined and reported as one for the purposes of this annual report. The major funds included in the Business-type Activities Funds are the Water & Sewer Fund and the Motor Vehicle Parking Lot Fund. Due to its size, the Water & Sewer Funds will be discussed in more detail in the budgetary highlight section.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

CONDENSED STATEMENT OF NET POSITION, AS OF APRIL 30

<i>(in millions)</i>	Business-type Activities 2016*	Business-type Activities 2015	Increase / (Decrease)
Assets:			
Current Assets	\$ 13.2	\$ 17.6	\$ (4.4)
Internal Balances	1.1	(0.2)	1.3
Restricted Assets	1.7	1.7	0.1
Capital Assets Net of Depreciation	65.2	63.2	2.0
Total Assets	81.2	82.3	(1.1)
Deferred Outflows	1.4	0.1	1.4
Total Assets and Deferred Outflows	82.7	82.4	0.3
Liabilities			
Current Liabilities	2.3	1.0	1.3
Non-Current Liabilities	16.2	15.2	1.0
Total Liabilities	18.5	16.2	2.4
Deferred Outflows	0.1	-	0.1
Net Position			
Net Investment in Capital Assets	53.1	53.5	(0.4)
Restricted Net Position	-	-	-
Unrestricted Net Position	10.9	12.7	(1.9)
Total Net Position	64.0	66.2	(2.2)
Total Liabilities, Deferred Outflows & Net Position	\$ 82.7	\$ 82.4	\$ 0.3

*The City implemented GASB 68 in 2016. Prior year information was not restated.

Note: Numbers may not foot due to rounding.

Total business-type assets and deferred outflows increased \$0.3 million to \$82.7 million as of April 30, 2016. The City's business-type activities current assets decreased \$(4.4) million due to a decrease in cash held compared to the prior year as final 2012 Water & Sewer bond proceeds were expended to complete Water Plant upgrades. Internal balances reflect balances due to the Business-Type activities from Governmental Type activities and net to zero. Restricted assets changed only slightly from the prior year. Capital assets, net of depreciation, increased by \$2 million due to the completion of Water Plant upgrades. Deferred outflows increased due to pension related debt now recorded directly to the City's statement of net position per GASB Statement 68.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

Business-type activities current liabilities increased versus the prior year, ending the year at \$2.3 million with a significant uptick in accounts payables at year end. Non-current liabilities increased related to debt activity.

Total business-type activities net position declined by \$(2.2) million to \$64.0 million for the fiscal year. Both the net investment in capital assets and unrestricted net position declined as depreciation outpaced reinvestment in capital assets coupled with the purposely spend-down of bond proceeds held in cash from 2012.

CONDENSED STATEMENT OF ACTIVITIES, AS OF APRIL 30

<i>(in millions)</i>	Business-type Activities 2016	Business-type Activities 2015	Increase / (Decrease)
Revenues:			
Program Revenues			
Charges for Services	\$ 13.9	\$ 13.4	\$ 0.5
Operating Grants & Contributions	-	-	-
Capital Grants & Contributions	-	-	-
General Revenues			
Sales tax	0.1	0.2	(0.1)
Investment Income	0.0	0.0	0.0
Miscellaneous	0.0	-	0.0
Total Revenues	<u>14.0</u>	<u>13.6</u>	<u>0.4</u>
Expenses:			
Water & Sewer	13.1	12.8	0.2
Motor Vehicle Parking Lot	1.1	1.0	0.1
Total Expenses	<u>14.2</u>	<u>13.8</u>	<u>\$ 0.3</u>
Excess (Deficiency) Before Transfers	(0.1)	(0.2)	
Net Transfers	(0.4)	(0.4)	
Change in Net Position	<u>(0.5)</u>	<u>(0.7)</u>	
Net Position, beginning of year**	64.6	64.1	
Net Position, end of year	<u>\$ 64.0</u>	<u>\$ 66.9</u>	

*Note: figures may not foot due to rounding

**Net Position, beginning of the year 2016 was restated due to the implementation of GASB 68. The 2015 column was not restated.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

The City's business-type activities revenues increased to \$13.9 million indicative of an increase in water and sewer rates charged to customers effective May 1st. Expenses increased by \$14.2 million for the fiscal year mostly due to repair and maintenance to capital assets. Due to expenses exceeding revenues, and a transfer out of the funds, the net position decreased by \$(0.5) million for the fiscal year to a total of \$64.0 million.

Governmental Funds

General Fund

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

Garbage Fund

In 2014, the City moved the residential refuse collection program from the General Fund to a Special Revenue Fund once the full cost of that program was placed on the property tax levy. This allows the City to properly track the tax receipts earmarked for the privatized garbage, recycling, yard waste and leaf removal program to ensure they are being dedicated for those purposes. The fund balance of the garbage fund increased by \$.4 million from 2015 due to property taxes revenues outpacing expenditures.

Debt Service Fund

The City accounts for repayment of long-term general obligation and special assessment debt in the debt service fund. Property Taxes and to a lesser extent, special assessment make up the revenue earmarked to meet the annual debt service payments on the City's outstanding bond issues. By monitoring the market and conservatively financing only when needed, the City has been able to lower the overall debt position of the City while maintaining a healthy reserve in the fund in order to meet bond covenants and stave off liquidity issues if they arise. The debt service fund's fund balance increased by \$.4 million from 2015, due to an increase in property tax revenues and a transfer in from other funds.

BUDGET HIGHLIGHTS

The City adopts an annual budget on a fund basis consistent with generally accepting accounting principles, but does use cash basis accounting method for annual budgeting. Fiscal year end adjustments are made to reflect the accrual basis accounting method for actuals.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

General Fund

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

GENERAL FUND, FISCAL YEAR ENDED APRIL 30, 2016

<i>(in thousands)</i>	Original Budget	Final Budget	Actual	Variance with Final Budget	
Revenues:					
Property Taxes	\$ 11,525	\$ 11,525	\$ 11,521	\$ (4)	0%
Other Taxes	27,121	27,512	29,642	2,130	8%
Intergovernmental	11,800	11,800	12,689	889	8%
Licenses	3,327	3,327	2,967	(360)	-11%
Permits	1,561	1,561	1,696	135	9%
Franchise Fees	1,300	1,300	1,039	(261)	-20%
Fine & Forfeitures	1,827	1,827	3,107	1,280	70%
Charges for Services	2,478	2,478	2,739	261	11%
Miscellaneous Revenues	613	613	1,724	1,111	181%
Investment Income	11	11	50	39	358%
Total Revenues	61,563	61,954	67,175	5,221	8%
Expenses:					
Central Services	4,145	4,266	4,210	56	1%
Public Safety - Police & Comm	31,388	31,881	31,983	(102)	0%
Public Safety - Fire	19,440	19,390	19,343	47	0%
Building & Zoning	1,490	1,206	1,180	26	2%
Streets, Bridges & Public Works	5,514	5,196	5,085	111	2%
Sanitation & Environment	815	111	110	0	0%
Economic Development	1,332	1,664	1,664	0	0%
Capital Outlay	653	623	484	139	22%
Debt Service	94	89	88	0	0%
Total Expenses	64,871	64,426	64,148	278	0%
Excess (deficiency) of revenues over expenditures	\$ (3,308)	\$ (2,472)	3,027		
Net Transfers in / (out)			402		
Total Other Financing Sources (Uses)			104		
Excess (deficiency) after Other Financing Sources (Uses)			\$ 3,533		

Total General Fund revenues finished \$5.2 million over the budget projections for a total of \$67.2 million. As expected, property taxes performed close to budgeted estimates. Sales, home rule sales, local use and telecommunication taxes performed better than budget estimates to bring the "Other Taxes" category's actual figures over budget by 8%. The City's share of State of Illinois income tax and personal property replacement tax well exceeded budget as the State is making more timely payments to the City, resulting in favorable performance versus the budget for Intergovernmental revenues.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

While licenses finished under budget due to continued economic pressures downward which impacts the volume of vehicle and business licenses issued, permits performed well due to a significant uptick in the value of commercial property permits issued. Franchise fees continue to decrease as a revenue source now that consumers have options other than cable television for entertainment subscriptions. Fines and forfeitures exceeded budget targets most notably with parking tickets and DUI fines. Charges for services outpaced budget due to increased collections under a renegotiated fire alarm subscription contract. Miscellaneous revenues, including non-recurring reimbursements, and investment income finished over budget, again due to very conservative budget estimates early on in the fiscal year.

General Fund expenses came in under budget for a total of \$64.1 million. Budgetary resources were reallocated to Central Services, Public Safety Police, and Economic Development during the fiscal year which were offset by budgetary savings in Public Safety Fire, Building and Zoning, Streets, Bridges & Public Works, and Sanitation and Environment. Savings versus original budget in these cost centers were created by holding vacancies, controlling overtime, and limiting contractual and commodity purchases to below budgeted thresholds. The significant budgetary savings in Sanitation & Environment was due to a one-year use of escrowed funds by the Environmental Protection Agency to cover a good portion of the City's share of Yeoman Creek Remediation Group annual expenses. Higher than anticipated informational technology investments caused the Central Services to exceed its original budget. Public Safety Police budget overruns related to overtime contractual expenses over original budget. Payments to developers related to economic development programs caused the Economic Development cost center to exceed the original budget. In total, however, the General Fund expenses finished with a \$278,000 favorable variance to the budget.

The General Fund's fiscal year excess of revenues over expenditures led to a \$3.0 million surplus before transfers. After net transfers and sales of assets, the General Fund realized a surplus of \$3.5 million which will be transferred to the City's Stabilization (Rainy Day) Fund.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

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, 2016

(in thousands)	Original Budget	Final Budget	Actual	Vairance with Final Budget	
Revenues:					
Charges for Services	\$12,810	\$12,810	\$12,435	(\$375)	-3%
Fine & Forfeitures	286	286	333	47	16%
Permits	294	294	305	11	4%
Miscellaneous Revenues	59	59	36	(23)	-39%
Total Revenues	13,449	13,449	13,109	(340)	-3%
Expenses:					
Personnel, Contractual & Commodities	\$17,741	\$16,420	\$10,529	\$5,891	36%
Depreciation	-	2,048	2,048	-	0%
Total Expenses	17,741	18,468	12,577	5,891	32%
Operating Income (Loss)	<u>\$ (4,292)</u>	<u>\$ (5,019)</u>	<u>\$ 532</u>		
Non-Operating Revenues (Expenses)	(291)	(296)	(460)		
Transfers	(417)	(417)	(416)		
Income / (Loss)	<u>\$ (5,000)</u>	<u>\$ (5,732)</u>	<u>\$ (343)</u>		

Total Water & Sewer revenues finished \$(0.3) million, or 3%, under the budget projections for a total of \$13.1 million. The City did not budget water and sewer collections conservatively enough to account for decreased consumption billed to customers during the fiscal year. Water & Sewer expenses finished under budget by \$5.9 million, or a positive variance of 32%. This is primarily due to the fact that the City budgets on a cash basis showing the full cash value of capital projects to be completed during the fiscal year, which are then amortized over their useful life when depreciation is recorded as part of the fiscal year end adjusting entries. The fund generated an operating income of \$0.5 million, and after non-operating revenues/(expenses) and transfers out, ended with a loss of \$0.3 million.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2016 is shown below (net of accumulated depreciation).

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION, APRIL 30

<i>(in thousands)</i>	2016	2015	Increase / (Decrease)
	<u>Governmental Activities</u>		
Land <i>(not depreciated)</i>	\$ 6,821	\$ 6,265	\$ 556
Construction in progress <i>(not depreciated)</i>	635	-	635
Land improvements	310	547	(237)
Buildings	28,202	29,544	(1,342)
Machinery, equipment and vehicles	3,936	3,412	523
Infrastructure	48,136	48,692	(556)
Total Net Capital Assets	<u>88,040</u>	<u>88,460</u>	<u>(420)</u>
	<u>Business-Type Activities</u>		
Land <i>(not depreciated)</i>	\$ 2,574	\$ 2,574	\$ -
Construction in progress <i>(not depreciated)</i>	-	-	-
Land improvements	31	34	(3)
Buildings	16,503	13,398	3,106
Machinery, equipment and vehicles	342	185	157
Infrastructure	45,751	46,970	(1,219)
Total Net Capital Assets	<u>65,201</u>	<u>63,161</u>	<u>2,039</u>
Grand Total	<u>\$ 153,241</u>	<u>\$ 151,621</u>	<u>\$ 1,619</u>

The City's total capital assets, net of accumulated depreciation, increased by \$1.6 million from last fiscal year to the current fiscal year. The annual depreciation expense exceeded the value of the year's additions to the Governmental Activities assets; however significant improvements to the City's Water Plant increased the value of the Business-Type Activities assets significantly. 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, 2016

DEBT ADMINISTRATION

The City's outstanding governmental general obligation debt as of April 30, 2016 is as follows:

2009A G.O. Bonds	\$14,775,000
2010A G.O. Bonds	875,000
2010B G.O. Refunding Bonds	780,000
2010C G.O. Bonds	7,180,000
2012A G.O. Refunding Bonds	17,130,000
2012B G.O. TIF Bonds	1,615,000
2015A G.O. Bonds	7,005,000
2015B G.O. Refunding Bonds	14,050,000
Capital Leases	<u>1,362,138</u>
Total	<u>\$64,772,138</u>

The City's outstanding business-type revenue debt as of April 30, 2016 is as follows:

2010D Water and Sewer Utility Revenue Bonds	\$1,485,000
2012C Water and Sewer Utility Revenue Bonds	7,325,000
2014A Parking Fees and Sales Tax Refunding Revenue Bonds	<u>3,350,000</u>
Total	<u>\$ 12,160,000</u>

The City's outstanding special assessment debt as of April 30, 2016 is as follows:

2005 Special Assessment Improvement Revenue Bonds	\$ 1,961,000
Total	<u>\$ 1,961,000</u>

This reflects a decline in principal general obligation and revenue bonded debt outstanding as principal payments exceeded the new general obligation debt issued during the fiscal year. More detailed information on long term general obligation and business-type activities revenue debt can be found in Note IV.F. of the basic financial statements.

CITY OF WAUKEGAN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
APRIL 30, 2016

FUTURE EVENTS

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF WAUKEGAN

STATEMENT OF NET POSITION As of April 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Public Library
ASSETS				
Cash and investments	\$ 46,734,312	\$ 11,118,035	\$ 57,852,347	\$ 1,629,374
Receivables (net)				
Taxes receivable	30,685,854	-	30,685,854	3,963,655
Other taxes	4,838,127	18,349	4,856,476	-
Intergovernmental	2,177,476	-	2,177,476	68,666
Accounts	1,439,405	1,976,341	3,415,746	129,484
Special assessments	1,193,283	-	1,193,283	-
Prepaid items	579,151	78,838	657,989	-
Inventories	174,505	-	174,505	-
Internal balances	(1,099,891)	1,099,891	-	-
Restricted assets				
Cash and investments	501,154	1,737,605	2,238,759	-
Land held for resale	5,551,461	-	5,551,461	-
Capital Assets				
Land	6,820,912	2,573,935	9,394,847	71,486
Construction in progress	634,921	-	634,921	-
Land improvements	834,337	64,374	898,711	-
Buildings	48,397,543	22,984,881	71,382,424	9,024,655
Machinery, equipment and fleet	17,322,841	3,591,818	20,914,659	2,076,131
Infrastructure	201,211,195	85,009,485	286,220,680	-
Less: Accumulated depreciation	(187,181,715)	(49,023,883)	(236,205,598)	(5,415,052)
Total Assets	<u>180,814,871</u>	<u>81,229,669</u>	<u>262,044,540</u>	<u>11,548,399</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	2,531,122	66,794	2,597,916	-
Pension related amounts	<u>47,738,694</u>	<u>1,380,571</u>	<u>49,119,265</u>	<u>886,458</u>
Total Deferred Outflows of Resources	<u>50,269,816</u>	<u>1,447,365</u>	<u>51,717,181</u>	<u>886,458</u>
LIABILITIES				
Accounts payable	2,902,474	2,009,071	4,911,545	56,739
Accrued payroll	1,252,209	75,894	1,328,103	26,268
Other liabilities	646,189	445	646,634	36,926
Interest payable	923,278	131,949	1,055,227	40,850
Due to other governmental units	442,135	-	442,135	-
Deposits	347,660	123,264	470,924	-
Unearned revenue	1,066,169	-	1,066,169	68,666
Noncurrent Liabilities				
Due within one year	20,164,452	915,843	21,080,295	268,813
Due in more than one year	<u>292,769,547</u>	<u>15,285,500</u>	<u>308,055,047</u>	<u>4,818,410</u>
Total Liabilities	<u>320,514,113</u>	<u>18,541,966</u>	<u>339,056,079</u>	<u>5,316,672</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for future periods	30,685,854	-	30,685,854	3,963,655
Pension related amounts	<u>333,849</u>	<u>123,999</u>	<u>457,848</u>	<u>80,232</u>
Total Deferred Inflows of Resources	<u>31,019,703</u>	<u>123,999</u>	<u>31,143,702</u>	<u>4,043,887</u>
NET POSITION				
Net investment in capital assets	34,531,552	53,134,730	87,666,282	2,692,656
Restricted for				
TIF development	223,844	-	223,844	-
Police activities	3,187,874	-	3,187,874	-
Debt service	2,166,095	-	2,166,095	-
Cemetery care	51,182	-	51,182	-
Highway and streets	2,031,496	-	2,031,496	-
911 communications	1,471,082	-	1,471,082	-
Firefighter activities	500,815	-	500,815	-
Housing rehabilitation	312,651	-	312,651	-
Sanitation	1,516,616	-	1,516,616	-
Culture and recreation	9,600	-	9,600	-
Library	-	-	-	126,673
Unrestricted (deficit)	<u>(166,451,936)</u>	<u>10,876,339</u>	<u>(155,575,597)</u>	<u>254,969</u>
TOTAL NET POSITION	<u>\$ (120,449,129)</u>	<u>\$ 64,011,069</u>	<u>\$ (56,438,060)</u>	<u>\$ 3,074,298</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2016

<u>Functions/Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
Governmental Activities			
General government	\$ 6,149,615	\$ 7,321,263	\$ 1,835
Public safety	89,341,350	6,730,834	582,941
Building and zoning	1,905,674	19,757	-
Streets, bridges and public works	15,725,118	129,584	429,173
Sanitation and environment	4,633,418	48,732	-
Economic development	6,647,998	-	-
Culture and recreation	85,177	34,050	6,350
Community development	1,162,189	64,831	1,395,518
Interest and fiscal charges	<u>3,203,521</u>	-	-
Total Governmental Activities	<u>128,854,060</u>	<u>14,349,051</u>	<u>2,415,817</u>
Business-type Activities			
Water and sewer	13,050,392	13,108,672	-
Motor vehicle parking lot	<u>1,108,166</u>	<u>794,055</u>	-
Total Business-type Activities	<u>14,158,558</u>	<u>13,902,727</u>	-
Total Primary Government	<u>\$ 143,012,618</u>	<u>\$ 28,251,778</u>	<u>\$ 2,415,817</u>
Component Unit			
Public Library	<u>\$ 4,406,933</u>	<u>\$ 98,480</u>	<u>\$ 539,338</u>

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

Change in net position

NET POSITION - Beginning of Year
(as restated)

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Public Library
\$ 1,173,483	\$ -	\$ 1,173,483	\$ -
(82,027,575)	-	(82,027,575)	-
(1,885,917)	-	(1,885,917)	-
(15,166,361)	-	(15,166,361)	-
(4,584,686)	-	(4,584,686)	-
(6,647,998)	-	(6,647,998)	-
(44,777)	-	(44,777)	-
298,160	-	298,160	-
<u>(3,203,521)</u>	<u>-</u>	<u>(3,203,521)</u>	<u>-</u>
<u>(112,089,192)</u>	<u>-</u>	<u>(112,089,192)</u>	<u>-</u>
-	58,280	58,280	-
-	(314,111)	(314,111)	-
-	<u>(255,831)</u>	<u>(255,831)</u>	<u>-</u>
<u>(112,089,192)</u>	<u>(255,831)</u>	<u>(112,345,023)</u>	<u>-</u>
-	-	-	<u>(3,769,115)</u>
29,685,864	-	29,685,864	3,950,663
18,679,689	108,349	18,788,038	-
2,635,788	-	2,635,788	-
2,056,277	-	2,056,277	-
5,016,824	-	5,016,824	-
2,922,031	-	2,922,031	-
9,493,260	-	9,493,260	-
2,976,750	-	2,976,750	-
2,278,516	-	2,278,516	-
-	-	-	95,702
204,262	27,509	231,771	1,087
<u>1,170,630</u>	<u>6,883</u>	<u>1,177,513</u>	<u>60,754</u>
77,119,891	142,741	77,262,632	4,108,206
<u>431,554</u>	<u>(431,554)</u>	<u>-</u>	<u>-</u>
<u>77,551,445</u>	<u>(288,813)</u>	<u>77,262,632</u>	<u>4,108,206</u>
(34,537,747)	(544,644)	(35,082,391)	339,091
<u>(85,911,382)</u>	<u>64,555,713</u>	<u>(21,355,669)</u>	<u>2,735,207</u>
<u>\$ (120,449,129)</u>	<u>\$ 64,011,069</u>	<u>\$ (56,438,060)</u>	<u>\$ 3,074,298</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

BALANCE SHEET
GOVERNMENTAL FUNDS
As of April 30, 2016

	<u>General</u>	<u>Garbage</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 30,451,716	\$ 1,872,002	\$ 1,003,139	\$ 9,658,046
Receivables (net)				
Property taxes	13,834,272	4,321,753	10,842,415	1,687,414
Other taxes	4,565,984	-	-	272,143
Intergovernmental	1,974,751	-	-	202,725
Accounts	961,963	-	-	476,467
Special assessment receivable	-	-	1,193,283	-
Due from other funds	1,135,711	-	1,586,580	307,339
Prepaid items	216,870	-	-	225,181
Inventories	-	-	-	174,505
Restricted cash and investments	-	-	501,154	-
Property held for resale	<u>16,461</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 53,157,728</u>	<u>\$ 6,193,755</u>	<u>\$ 15,126,571</u>	<u>\$ 13,003,820</u>

Totals

\$ 42,984,903

30,685,854

4,838,127

2,177,476

1,438,430

1,193,283

3,029,630

442,051

174,505

501,154

16,461

\$ 87,481,874

CITY OF WAUKEGAN

BALANCE SHEET
GOVERNMENTAL FUNDS
As of April 30, 2016

	<u>General</u>	<u>Garbage</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 977,498	\$ 355,386	\$ 1,500	\$ 1,528,067
Accrued payroll	1,214,283	-	-	37,926
Other current liabilities	-	-	-	646,189
Deposits	347,660	-	-	-
Unearned revenues	1,066,169	-	-	-
Due to other governments	442,135	-	-	-
Due to other funds	<u>3,936,681</u>	<u>-</u>	<u>-</u>	<u>505,828</u>
Total Liabilities	<u>7,984,426</u>	<u>355,386</u>	<u>1,500</u>	<u>2,718,010</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	13,834,272	4,321,753	10,842,415	1,687,414
Unavailable revenues	<u>134,761</u>	<u>-</u>	<u>1,193,283</u>	<u>80,805</u>
Total Deferred Inflows of Resources	<u>13,969,033</u>	<u>4,321,753</u>	<u>12,035,698</u>	<u>1,768,219</u>
Fund Balances				
Nonspendable	847,598	-	-	450,868
Restricted	-	1,516,616	3,089,373	8,224,404
Committed	6,000,885	-	-	-
Assigned	-	-	-	268,579
Unassigned (deficit)	<u>24,355,786</u>	<u>-</u>	<u>-</u>	<u>(426,260)</u>
Total Fund Balances	<u>31,204,269</u>	<u>1,516,616</u>	<u>3,089,373</u>	<u>8,517,591</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 53,157,728</u>	<u>\$ 6,193,755</u>	<u>\$ 15,126,571</u>	<u>\$ 13,003,820</u>

See accompanying notes to financial statements.

Totals

\$ 2,862,451
1,252,209
646,189
347,660
1,066,169
442,135
4,442,509
11,059,322

30,685,854
1,408,849
32,094,703

1,298,466
12,830,393
6,000,885
268,579
23,929,526
44,327,849

\$ 87,481,874

CITY OF WAUKEGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of April 30, 2016

Total Fund Balances - Governmental Funds	\$ 44,327,849
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	88,040,034
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	1,408,849
Land purchased for resale in the governmental funds is not a financial resource and therefore, is not reported in the funds.	5,535,000
Internal service funds are reported in the statement of net position as governmental activities.	4,160,449
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the Governmental Funds Balance Sheet.	47,738,694
Deferred inflows of resources related to pensions do not related to current financial resources and are not reported in the Governmental Funds Balance Sheet.	(333,849)
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.	(313,857,277)
A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds.	<u>2,531,122</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (120,449,129)</u></u>

CITY OF WAUKEGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended April 30, 2016

	General Fund	Garbage Fund	Debt Service Fund
REVENUES			
Property taxes	\$ 11,521,246	\$ 4,656,281	\$ 10,945,647
Other taxes	29,642,127	-	-
Intergovernmental	12,689,239	-	-
Licenses	2,966,667	-	-
Permits	1,696,279	-	-
Franchise fees	1,039,452	-	-
Fines and forfeitures	3,107,106	-	-
Special assessments	-	-	103,110
Charges for services	2,739,094	-	-
Miscellaneous	1,723,740	11,591	-
Investment income	50,352	474	149,389
Total Revenues	67,175,302	4,668,346	11,198,146
EXPENDITURES			
Current			
Central services	4,210,172	-	-
Public safety - police and communication services	31,982,770	-	-
Public safety - fire services	19,342,724	-	-
Streets, bridges and public works	5,084,836	-	-
Building and zoning	1,180,476	-	-
Sanitation and environment	110,398	4,253,043	-
Economic development	1,664,160	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Capital Outlay	484,419	-	-
Debt Service			
Principal	84,048	-	8,066,000
Interest and fiscal charges	4,186	-	3,094,784
Total Expenditures	64,148,189	4,253,043	11,160,784
Excess (deficiency) of revenues over expenditures	3,027,113	415,303	37,362
OTHER FINANCING SOURCES (USES)			
Transfers in	432,996	-	491,570
Transfers out	(31,466)	-	(26)
Bond proceeds	-	-	14,050,000
Premium on debt	-	-	-
Payment to escrow agent	-	-	(14,201,868)
Sale of capital assets	104,400	-	-
Total Other Financing Sources (Uses)	505,930	-	339,676
Net Change in Fund Balances	3,533,043	415,303	377,038
FUND BALANCES - Beginning of Year	27,671,226	1,101,313	2,712,335
FUND BALANCES - END OF YEAR	\$ 31,204,269	\$ 1,516,616	\$ 3,089,373

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 2,562,690	\$ 29,685,864
1,715,695	31,357,822
4,563,351	17,252,590
-	2,966,667
-	1,696,279
-	1,039,452
101,297	3,208,403
-	103,110
1,180,145	3,919,239
93,910	1,829,241
<u>4,047</u>	<u>204,262</u>
<u>10,221,135</u>	<u>93,262,929</u>

-	4,210,172
3,003,242	34,986,012
35	19,342,759
2,469,136	7,553,972
-	1,180,476
-	4,363,441
4,601,630	6,265,790
54,811	54,811
1,027,820	1,027,820
9,633,047	10,117,466
204,795	8,354,843
<u>145,074</u>	<u>3,244,044</u>
<u>21,139,590</u>	<u>100,701,606</u>

<u>(10,918,455)</u>	<u>(7,438,677)</u>
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26,964	951,530
(491,570)	(523,062)
7,005,000	21,055,000
597,694	597,694
-	(14,201,868)
<u>630</u>	<u>105,030</u>
<u>7,138,718</u>	<u>7,984,324</u>

(3,779,737)	545,647
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<u>12,297,328</u>	<u>43,782,202</u>
<u>\$ 8,517,591</u>	<u>\$ 44,327,849</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended April 30, 2016

Net change in fund balances - total governmental funds	\$	545,647
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		10,117,466
Some items reported as capital outlay were not capitalized		(2,204,612)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		3,520,416
Depreciation is reported in the government-wide financial statements		(9,566,473)
Net book value of assets retired (net of internal service fund transactions)		(2,287,096)
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		
Special assessments		(103,110)
Grants		(307,407)
Taxes		(47,213)
Accounts receivable		(46,084)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Issuance of debt		(21,055,000)
Principal repaid		22,244,843
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to 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.		
Premium on debt issued		(597,694)
Amortization of debt premium		413,642
Loss on refunding debt issued		413,281
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(552,217)
Net pension liability		(55,401,683)
IMRF net pension liability		(2,797,278)
Other postemployment benefits liability		(708,764)
Environmental clean up liabilities		(269,977)
Accrued interest on debt		91,831
Amortization of deferred charge on refunding		(566,363)
Claims payable		(23,428,999)
Deferred outflows of resources related to pensions		47,375,672
Deferred inflows of resources related to pensions		(333,849)
Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities		
		1,013,274
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	(34,537,747)

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of April 30, 2016

	Business-type Activities - Enterprise Funds			Governmental
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 10,722,909	\$ 395,126	\$ 11,118,035	\$ 3,749,409
Receivables (net)				
Accounts	1,976,341	-	1,976,341	975
Other taxes	-	18,349	18,349	-
Due from other funds	1,229,496	21,960	1,251,456	806,917
Prepaid items	75,010	3,828	78,838	137,100
Total Current Assets	<u>14,003,756</u>	<u>439,263</u>	<u>14,443,019</u>	<u>4,694,401</u>
Noncurrent Assets				
Restricted Assets				
Restricted cash	1,137,596	600,009	1,737,605	-
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	1,162,247	1,411,688	2,573,935	-
Capital assets, being depreciated	<u>56,353,379</u>	<u>6,273,296</u>	<u>62,626,675</u>	-
Total Noncurrent Assets	<u>58,653,222</u>	<u>8,284,993</u>	<u>66,938,215</u>	-
Total Assets	<u>72,656,978</u>	<u>8,724,256</u>	<u>81,381,234</u>	<u>4,694,401</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	-	66,794	66,794	-
Pension related amounts	<u>1,343,184</u>	<u>37,387</u>	<u>1,380,571</u>	-
Total Deferred Outflows of Resources	<u>1,343,184</u>	<u>104,181</u>	<u>1,447,365</u>	-

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of April 30, 2016

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water &</u>	<u>Motor Vehicle</u>		<u>Activities</u>
	<u>Sewer</u>	<u>Parking Lot</u>	<u>Totals</u>	<u>Internal</u>
				<u>Service Funds</u>
LIABILITIES				
Current Liabilities				
Accounts payable	1,998,107	10,964	2,009,071	40,023
Accrued salaries	72,260	3,634	75,894	-
Interest payable	93,366	38,583	131,949	-
Other current liabilities	445	-	445	-
Deposits	123,264	-	123,264	-
Due to other funds	14,766	-	14,766	630,728
Current portion of long term debt	<u>486,001</u>	<u>429,842</u>	<u>915,843</u>	-
Total Current Liabilities	<u>2,788,209</u>	<u>483,023</u>	<u>3,271,232</u>	<u>670,751</u>
Noncurrent Liabilities				
Long-Term Debt				
Noncurrent portion of long term debt	9,374,113	3,059,768	12,433,881	-
Net pension liability	<u>2,778,550</u>	<u>73,069</u>	<u>2,851,619</u>	-
Total Noncurrent Liabilities	<u>12,152,663</u>	<u>3,132,837</u>	<u>15,285,500</u>	-
Total Liabilities	<u>14,940,872</u>	<u>3,615,860</u>	<u>18,556,732</u>	<u>670,751</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>120,822</u>	<u>3,177</u>	<u>123,999</u>	-
Total Deferred Inflows of Resources	<u>120,822</u>	<u>3,177</u>	<u>123,999</u>	-
NET POSITION				
Net investment in capital assets	48,853,192	4,281,538	53,134,730	-
Unrestricted	<u>10,085,276</u>	<u>927,862</u>	<u>11,013,138</u>	<u>4,023,650</u>
TOTAL NET POSITION	<u>\$ 58,938,468</u>	<u>\$ 5,209,400</u>	<u>\$ 64,147,868</u>	<u>\$ 4,023,650</u>
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.			<u>(136,799)</u>	<u>136,799</u>
Net Position Business-type Activities			<u>\$ 64,011,069</u>	
Net internal service funds reported in the statement of net position as governmental activities				<u>\$ 4,160,449</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended April 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 12,434,625	\$ 693,010	\$ 13,127,635	\$ 7,354,101
Fines and forfeitures	333,006	-	333,006	-
Permits	305,144	-	305,144	-
Miscellaneous	<u>35,897</u>	<u>101,045</u>	<u>136,942</u>	<u>1,172,072</u>
Total Operating Revenues	<u>13,108,672</u>	<u>794,055</u>	<u>13,902,727</u>	<u>8,526,173</u>
OPERATING EXPENSES				
Personnel services	3,125,907	125,154	3,251,061	-
Personnel benefits	1,873,045	62,270	1,935,315	-
Contractual services	1,329,539	149,732	1,479,271	13,660
Commodities	631,193	20,680	651,873	-
Claims and judgments	-	-	-	116,863
Insurance premiums	-	-	-	7,368,081
Depreciation	2,047,572	188,688	2,236,260	-
Professional services	<u>3,569,268</u>	<u>-</u>	<u>3,569,268</u>	<u>-</u>
Total Operating Expenses	<u>12,576,524</u>	<u>546,524</u>	<u>13,123,048</u>	<u>7,498,604</u>
Operating Income	<u>532,148</u>	<u>247,531</u>	<u>779,679</u>	<u>1,027,569</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	27,407	102	27,509	395
Other miscellaneous revenue	3,870	3,013	6,883	-
Home rule sales tax	-	108,349	108,349	-
Loss on the disposal of capital assets	(191,406)	(305,202)	(496,608)	-
Interest and fiscal charges	(290,300)	(280,045)	(570,345)	-
Deferred charges amortization	-	(28,623)	(28,623)	-
Debt discount/premium amortization	<u>(9,479)</u>	<u>51,769</u>	<u>42,290</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(459,908)</u>	<u>(450,637)</u>	<u>(910,545)</u>	<u>395</u>
Income (Loss) Before Transfers	<u>72,240</u>	<u>(203,106)</u>	<u>(130,866)</u>	<u>1,027,964</u>
TRANSFERS				
Transfers in	1,416	26	1,442	3,086
Transfers out	<u>(417,000)</u>	<u>(15,996)</u>	<u>(432,996)</u>	<u>-</u>
Total Transfers	<u>(415,584)</u>	<u>(15,970)</u>	<u>(431,554)</u>	<u>3,086</u>
Change in Net Position	<u>(343,344)</u>	<u>(219,076)</u>	<u>(562,420)</u>	<u>1,031,050</u>
NET POSITION - Beginning of Year (as restated)	<u>59,281,812</u>	<u>5,428,476</u>		<u>2,992,600</u>
NET POSITION - END OF YEAR	<u>\$ 58,938,468</u>	<u>\$ 5,209,400</u>		<u>\$ 4,023,650</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			<u>17,776</u>	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES			<u>\$ (544,644)</u>	

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended April 30, 2016

	Business-type Activities - Enterprise Funds			Governmental
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 13,178,886	\$ 920,548	\$ 14,099,434	\$ 8,797,650
Paid to suppliers for goods and services	(6,833,383)	(238,856)	(7,072,239)	(7,547,758)
Paid to employees for services	(3,125,907)	(125,154)	(3,251,061)	-
Net Cash Flows From Operating Activities	<u>3,219,596</u>	<u>556,538</u>	<u>3,776,134</u>	<u>1,249,892</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments sold and matured	-	331	331	-
Investment income	27,407	102	27,509	395
Investments purchased	(53,432)	-	(53,432)	-
Net Cash Flows From Investing Activities	<u>(26,025)</u>	<u>433</u>	<u>(25,592)</u>	<u>395</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	(415,584)	(15,970)	(431,554)	3,086
Interfund borrowings	(1,214,730)	(21,960)	(1,236,690)	(1,106,917)
Net Cash Flows From Noncapital Financing Activities	<u>(1,630,314)</u>	<u>(37,930)</u>	<u>(1,668,244)</u>	<u>(1,103,831)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(380,000)	(1,485,000)	(1,865,000)	-
Interest paid	(293,301)	(297,529)	(590,830)	-
Acquisition and construction of capital assets	(5,042,741)	(248,590)	(5,291,331)	-
Sale of capital assets	-	1,299,135	1,299,135	-
Net Cash Flows From Capital and Related Financing Activities	<u>(5,716,042)</u>	<u>(731,984)</u>	<u>(6,448,026)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(4,152,785)	(212,943)	(4,365,728)	146,456
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>14,875,694</u>	<u>608,069</u>	<u>15,483,763</u>	<u>3,602,953</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,722,909</u>	<u>\$ 395,126</u>	<u>\$ 11,118,035</u>	<u>\$ 3,749,409</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended April 30, 2016

	Business-type Activities - Enterprise Funds			Governmental
	Water & Sewer	Motor Vehicle Parking Lot	Totals	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 532,148	\$ 247,531	\$ 779,679	\$ 1,027,569
Nonoperating revenue	3,870	111,362	115,232	-
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	2,047,572	188,688	2,236,260	-
Changes in assets and liabilities				
Accounts receivable	43,747	15,131	58,878	271,477
Prepaid items	(21,102)	1,251	(19,851)	(17,400)
Accounts payable	534,984	(3,167)	531,817	(31,754)
Accrued salaries	16,513	529	17,042	-
Compensated absences	(5,518)	2,801	(2,717)	-
Claims payable	48,239	-	48,239	-
Customer deposits	22,597	-	22,597	-
Other postemployment benefits	59,903	-	59,903	-
Pension related deferrals and liabilities	(63,357)	(7,588)	(70,945)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 3,219,596</u>	<u>\$ 556,538</u>	<u>\$ 3,776,134</u>	<u>\$ 1,249,892</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 10,722,909	\$ 395,126	\$ 11,118,035	\$ 3,749,409
Restricted cash and investments - statement of net position	<u>1,137,596</u>	<u>600,009</u>	<u>1,737,605</u>	<u>-</u>
Total Cash and Investments	11,860,505	995,135	12,855,640	3,749,409
Less: Noncash equivalents	<u>(1,137,596)</u>	<u>(600,009)</u>	<u>(1,737,605)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS	<u>\$ 10,722,909</u>	<u>\$ 395,126</u>	<u>\$ 11,118,035</u>	<u>\$ 3,749,409</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Loss on disposal of capital assets	<u>\$ (191,406)</u>	<u>\$ (1,604,337)</u>		<u>\$ -</u>
Debt discount amortization	<u>\$ (9,479)</u>	<u>\$ -</u>		<u>\$ -</u>
Deferred charge on refunding amortization	<u>\$ -</u>	<u>\$ (28,623)</u>		<u>\$ -</u>
Debt premium amortization	<u>\$ -</u>	<u>\$ 51,769</u>		<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of April 30, 2016

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 628,828
Investments	
Money markets	4,509,927
State and local obligations	2,756,643
US Government and agency obligations	20,193,974
Mutual funds	73,457,645
Corporate bonds	22,128,756
Annuities	17,155,776
Accrued interest	319,104
Prepaid items	15,594
Total Assets	<u>141,166,247</u>
LIABILITIES	
Accounts payable	<u>34,969</u>
Total Liabilities	<u>34,969</u>
NET POSITION	
Restricted for pensions	<u>\$ 141,131,278</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended April 30, 2016

	<u>Pension Trusts</u>
ADDITIONS	
Contributions	
Employer	\$ 10,687,555
Plan members	2,476,443
Other	<u>6,222</u>
Total Contributions	<u>13,170,220</u>
Investment income (loss)	
Investment income	3,934,775
Net appreciation (depreciation) in the fair value of investments	<u>(3,665,953)</u>
Total Investment Income	268,822
Less: Investment expense	<u>196,047</u>
Net Investment Income (Loss)	<u>72,775</u>
Total Additions	<u>13,242,995</u>
DEDUCTIONS	
Benefits	12,786,199
Contractual services	140,625
Administrative	<u>94,188</u>
Total Deductions	<u>13,021,012</u>
Change in Net Position	221,983
NET POSITION - Beginning of Year	<u>140,909,295</u>
NET POSITION - END OF YEAR	<u>\$ 141,131,278</u>

See accompanying notes to financial statements.

CITY OF WAUKEGAN

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CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Waukegan Public Library

The government-wide financial statements include the Waukegan Public Library (Library) as a component unit. The Library is a legally separate organization. The board of the Library is appointed by the Mayor with the approval of the City Council. The Library's budget and tax levy is subject to approval by the City Council. See Note IV.K. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended April 30, 2016. Separately issued financial statements of the Waukegan Public Library may be obtained from the Library's office.

Pension Trust Funds

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

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

A. REPORTING ENTITY (cont.)

Related Organization

Housing Authority

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented May 1, 2015.

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements (cont.)

The City reports the following nonmajor governmental funds:

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

Motor fuel tax	Home rehab assistance
Community development block grant	Home rule sales tax infrastructure
Narcotics forfeiture	Prison review/DUI SB 740
911 emergency system	Local forfeiture
Public safety grants - police	North lakefront TIF #7
Fountain square TIF #5	Downtown TIF #8
Public safety grants - fire	South lakefront TIF #9
Sunset/Delany TIF #6	McGraw park TIF #10
Scoopin the Genesee	

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

Capital equipment replacement
Street and sidewalk rehabilitation

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

Cemetery trust

In addition, the City reports the following fund types:

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

Employee benefit plan
Safety and risk management

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements (cont.)

Pension trust funds are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans and defined contribution plans.

Police pension
Firefighters' pension

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements (cont.)

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund and the motor vehicle parking lot fund 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

1. Deposits and Investments

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

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

1. Deposits and Investments (cont.)

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

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

The police pension fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	35.0%	(0.1)%
Domestic Equities	37.5%	4.9%
International Equities	15.0%	5.0%
Real Estate	12.5%	6.0%

Illinois Compiled Statutes (ILCS) limit the police pension fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the police pension fund's investments was determined using an asset allocation study conducted by the police pension fund's investment management consultant in 2016 which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the police pension fund's target asset allocation are listed in the table above.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

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

1. Deposits and Investments (cont.)

The firefighters' pension fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35.0%	(0.1)%
Domestic Equities	37.5%	4.9%
International Equities	15.0%	5.0%
Real Estate	12.5%	6.0%

Illinois Compiled Statutes (ILCS) limit the firefighters' pension fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the firefighters' pension fund's investments was determined using an asset allocation study conducted by the firefighters' pension fund's investment management consultant in 2016 which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the firefighters' pension fund's target asset allocation are listed in the table above.

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

Interest Rate Risk

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

1. Deposits and Investments (cont.)

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

Custodial Credit Risk - Investments

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

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

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

1. Deposits and Investments (cont.)

Illinois 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 2015 attaches as an enforceable lien on January 1, 2015, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2016 tax levy, which attached as an enforceable lien on the property as of January 1, 2016, has not been recorded as a receivable as of April 30, 2016, as the tax has not yet been levied by the City and will not be levied until December 2016, and therefore, the levy is not measurable at April 30, 2016.

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

The county collects such taxes and remits them periodically. The 2015 property tax levy is recognized as a receivable and deferred inflows of resources in fiscal 2016, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2016, the property taxes receivable and unearned revenue consisted of the estimated amount collectible from the 2015 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to .53 percent (\$151,866) of outstanding property taxes at April 30, 2016. The City did collect taxes within 60 days of year-end for which a revenue was not recorded. It is the City's intention to use those funds for the 2016 fiscal year. The City also shows water and sewer receivables net of allowance for uncollectibles. The allowance is equal to 32.57 percent (\$136,687) of outstanding water and sewer receivables at April 30, 2016.

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

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

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Land improvements	10-20	Years
Buildings	45	Years
Building improvements	15-20	Years
Machinery and equipment	6-25	Years
Fleet	15-20	Years
Infrastructure	15-60	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. Deferred Outflows of Resources

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

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

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at April 30, 2016, are determined on the basis of current salary rates and include salary related payments.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

8. Long-Term Obligations

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. *Restricted* - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. *Assigned* - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. The City has adopted a financial policy authorizing the Council to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. *Unassigned* - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

Under Resolution #12-R-67, the City Council formally established a stabilization fund beginning with the fiscal year 2012 budget. The stabilization fund contained a committed balance within the general fund and is included in each annual budget. The stabilization fund can only be used to make loans to other funds. Additions to the stabilization fund are required when the fund balance declines below 8% of the General Fund's annual appropriated expenditures. The balance in the account at year end was \$5,189,680.

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

10. Equity Classifications (cont.)

See Note IV. I. for further information.

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

11. Land Held for Resale

The City has obtained certain properties with the intention of reselling the property. The value of that land is \$16,461 which is recorded in the General Fund at April 30, 2016. The City also has land that was originally purchased for their own use and later determined it would be for resale. The balance of this land held for resale at April 30, 2016 is \$5,535,000 and is included on the Statement of Net Position. Land held for resale is valued at the lower of cost or net realizable value.

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

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

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

General obligation bonds and notes payable	\$	63,410,000
Special assessment b-bonds		1,961,000
Compensated absences		6,838,096
Capital leases		1,362,138
Environmental cleanup liabilities		1,674,077
Other postemployment benefits liability		12,630,223
Net pension liability		181,914,487
IMRF net pension liability		7,677,534
Claims payable		33,163,738
Accrued interest		923,278
Unamortized debt discount and premium		<u>2,302,706</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>313,857,277</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT BALANCES

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

As of April 30, 2016, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Motor fuel tax	\$ 426,260	Excess of expenditures over revenues

The fund deficit is anticipated to be funded with future intergovernmental revenues.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits with financial institutions	\$ 41,402,012	\$ 42,357,204	Custodial
Money markets	6,696,109	6,696,109	Custodial
Money market mutual funds	2,574,741	2,578,700	Credit, interest rate
State and local bonds	2,756,643	2,756,643	Credit, custodial, concentration, interest rate
US treasuries	13,606,238	13,606,238	Custodial, interest rate
US agencies - explicit	6,587,736	6,587,736	Custodial, interest rate
Corporate bonds	22,128,756	22,128,756	Credit, custodial, concentration, interest rate
Equity mutual funds	73,457,645	73,457,645	Custodial
Illinois Funds	14,547,890	14,547,890	Credit
Annuities	17,155,776	17,155,776	Credit, interest rate
Petty cash	9,109	-	N/A
Total Deposits and Investments	<u>\$200,922,655</u>	<u>\$201,872,697</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 57,852,347		
Restricted cash and investments	2,238,759		
Per statement of net position - fiduciary funds			
Cash and cash equivalents	628,828		
Money markets	4,509,927		
State and local obligations	2,756,643		
US Government and agency obligations	20,193,974		
Mutual funds	73,457,645		
Corporate bonds	22,128,756		
Annuities	17,155,776		
Total Deposits and Investments	<u>\$200,922,655</u>		

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

The City maintains collateral agreements with its banks. At April 30, 2016, the banks had pledged various government securities in the amount of \$49,672,686 to secure the City's deposits.

Custodial Credit Risk

Deposits

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

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

Credit Risk

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of April 30, 2016, the City's investments were rated as follows:

	Standard & Poors	4/30/16 Fair Value
Firefighters' Pension State and local bonds	AAA	\$ 99,844
	AA+	119,174
	AA	394,674
	AA-	107,484
	Not rated	156,985
		<u>\$ 878,161</u>
Corporate bonds	AAA	\$ 73,821
	AA+	424,253
	AA	323,525
	AA-	589,827
	A+	345,177
	A	1,220,830
	A-	1,538,580
	Not rated	1,408,997
	BBB+	1,373,756
	BBB	937,442
	BBB-	269,131
		<u>\$ 8,505,339</u>
Police Pension State and local bonds	AAA	\$ 69,830
	AA+	413,296
	AA	361,507
	Not rated	1,033,849
		<u>\$ 1,878,482</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

Police Pension (cont.)

	<u>Standard & Poors</u>	<u>4/30/16 Fair Value</u>
State and local bonds		
	AAA	\$ 239,167
	AA+	730,570
	AA	439,323
	AA-	1,375,104
	A+	1,022,283
	A	2,406,124
	A-	3,627,065
	BBB+	2,016,614
	BBB	1,418,806
	BBB-	<u>348,361</u>
		<u>\$ 13,623,417</u>

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

Interest Rate Risk

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

As of April 30, 2016, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>			
		<u>Less than one year</u>	<u>One to five years</u>	<u>Six to ten years</u>	<u>More than ten years</u>
Money market mutual funds	\$ <u>2,574,741</u>	\$ <u>2,574,741</u>	\$ -	\$ -	\$ -
Totals	\$ <u>2,574,741</u>	\$ <u>2,574,741</u>	\$ -	\$ -	\$ -

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

Firefighters' Pension Fund

Investment Type	Fair Value	Maturity			
		Less than one year	One to five years	Six to ten years	More than ten years
State and local obligations	\$ 878,161	\$ 127,350	\$ 262,270	\$ 466,238	\$ 22,303
U.S. treasuries	7,757,399	881,703	4,259,365	2,475,647	140,684
U.S. agencies	2,421,757	-	548,080	369,086	1,504,591
Corporate bonds	8,505,339	507,758	4,070,246	3,462,748	464,587
Annuities	7,565,470	7,565,470	-	-	-
Totals	\$ 27,128,126	\$ 9,082,281	\$ 9,139,961	\$ 6,773,719	\$ 2,132,165

Police Pension Fund

Investment Type	Fair Value	Maturity			
		Less than one year	One to five years	Six to ten years	More than ten years
State and local obligations	\$ 1,878,482	\$ 191,950	\$ 1,385,474	\$ 278,755	\$ 22,303
US treasuries	5,848,839	-	1,938,731	3,910,108	-
U.S. agencies	4,165,979	239,490	1,192,924	1,337,397	1,396,168
Corporate bonds	13,623,417	1,193,831	8,098,025	3,802,409	529,152
Annuities	9,590,306	-	-	9,590,306	-
Totals	\$ 35,107,023	\$ 1,625,271	\$ 12,615,154	\$ 18,918,975	\$ 1,947,623

Money-Weighted Rate of Return

Police Pension Fund

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Firefighters' Pension Fund

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

B. RECEIVABLES

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

	General Fund	Garbage Fund	Debt Service Fund	Internal Service	Nonmajor Funds	Totals
Receivables						
Taxes	\$ 13,905,596	\$ 4,344,707	\$ 10,900,003	\$ -	\$ 1,687,414	\$ 30,837,720
Sales tax	2,672,607	-	-	-	272,143	2,944,750
Utility	853,883	-	-	-	-	853,883
Local use	333,003	-	-	-	-	333,003
Telecom	458,382	-	-	-	-	458,382
Hotel/motel	125,265	-	-	-	-	125,265
Food/beverage	122,844	-	-	-	-	122,844
Income	1,419,141	-	-	-	-	1,419,141
Replacement	555,610	-	-	-	-	555,610
Accounts	961,963	-	-	975	476,467	1,439,405
Motor fuel tax	-	-	-	-	202,725	202,725
Special assessment	-	-	1,193,283	-	-	1,193,283
Gross receivables	21,408,294	4,344,707	12,093,286	975	2,638,749	40,486,011
Less: Allowance for uncollectibles	<u>(71,324)</u>	<u>(22,954)</u>	<u>(57,588)</u>	-	-	<u>(151,866)</u>
Net Total Receivables	<u>\$ 21,336,970</u>	<u>\$ 4,321,753</u>	<u>\$ 12,035,698</u>	<u>\$ 975</u>	<u>\$ 2,638,749</u>	<u>\$ 40,334,145</u>

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

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

Uncollectibles related to water and sewer billing \$ 136,687

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

B. RECEIVABLES (cont.)

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 30,685,854	\$ -
Vehicle licenses	1,066,169	-
Utility	-	134,761
Special assessment	-	1,193,283
911 surcharge	-	80,805
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 31,752,023	 \$ 1,408,849
 Unearned revenue included in liabilities	 \$ 1,066,169	
 Unearned revenue included in deferred inflows	 30,685,854	
 Total Unearned Revenue for Governmental Funds	 \$ 31,752,023	

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Following is a list of restricted assets at April 30, 2016:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 2,238,759	\$ 1,737,605	\$ 501,154
Total Restricted Assets	<u>\$ 2,238,759</u>	<u>\$ 1,737,605</u>	<u>\$ 501,154</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,265,110	\$ 555,802	\$ -	\$ 6,820,912
Construction in progress	-	634,921	-	634,921
Total Capital Assets Not Being Depreciated	<u>6,265,110</u>	<u>1,190,723</u>	<u>-</u>	<u>7,455,833</u>
Capital assets being depreciated				
Land improvements	1,109,337	-	275,000	834,337
Buildings	48,397,543	-	-	48,397,543
Machinery, equipment, and fleet	15,143,876	2,244,679	65,714	17,322,841
Infrastructure	202,708,534	7,997,868	9,495,207	201,211,195
Total Capital Assets Being Depreciated	<u>267,359,290</u>	<u>10,242,547</u>	<u>9,835,921</u>	<u>267,765,916</u>
Total Capital Assets	<u>273,624,400</u>	<u>11,433,270</u>	<u>9,835,921</u>	<u>275,221,749</u>
Less: Accumulated depreciation for				
Land improvements	(562,706)	(30,606)	68,750	(524,562)
Buildings	(18,853,260)	(1,342,081)	-	(20,195,341)
Machinery, equipment, and fleet	(11,731,605)	(1,721,211)	65,714	(13,387,102)
Infrastructure	(154,016,496)	(6,472,575)	7,414,361	(153,074,710)
Total Accumulated Depreciation	<u>(185,164,067)</u>	<u>(9,566,473)</u>	<u>7,548,825</u>	<u>(187,181,715)</u>
Net Capital Assets Being Depreciated	<u>82,195,223</u>	<u>676,074</u>	<u>2,287,096</u>	<u>80,584,201</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 88,460,333</u>	<u>\$ 1,866,797</u>	<u>\$ 2,287,096</u>	<u>\$ 88,040,034</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 1,333,103
Public safety	992,423
Streets, bridges and public works, which includes the depreciation of infrastructure	6,815,999
Culture and recreation	30,478
Economic development	<u>394,470</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 9,566,473</u></u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciation				
Land	\$ 2,573,935	\$ -	\$ -	\$ 2,573,935
Total Capital Assets Not Being Depreciated	<u>2,573,935</u>	<u>-</u>	<u>-</u>	<u>2,573,935</u>
Capital assets being depreciated				
Land improvements	64,374	-	-	64,374
Buildings and improvements	20,465,189	5,350,875	2,831,183	22,984,881
Machinery, equipment, and fleet	3,454,419	218,649	81,250	3,591,818
Infrastructure	<u>84,787,140</u>	<u>501,935</u>	<u>279,590</u>	<u>85,009,485</u>
Total Capital Assets Being Depreciated	<u>108,771,122</u>	<u>6,071,459</u>	<u>3,192,023</u>	<u>111,650,558</u>
Total Capital Assets	<u>111,345,057</u>	<u>6,071,459</u>	<u>3,192,023</u>	<u>114,224,493</u>
Less: Accumulated depreciation for				
Land improvements	(30,578)	(3,219)	-	(33,797)
Buildings and improvements	(7,067,197)	(641,034)	1,226,846	(6,481,385)
Machinery, equipment, and fleet	(3,269,180)	(62,089)	81,250	(3,250,019)
Infrastructure	<u>(37,816,943)</u>	<u>(1,529,918)</u>	<u>88,179</u>	<u>(39,258,682)</u>
Total Accumulated Depreciation	<u>(48,183,898)</u>	<u>(2,236,260)</u>	<u>1,396,275</u>	<u>(49,023,883)</u>
Net Capital Assets Being Depreciated	<u>60,587,224</u>	<u>3,835,199</u>	<u>1,795,748</u>	<u>62,626,675</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 63,161,159</u></u>	<u><u>\$ 3,835,199</u></u>	<u><u>\$ 1,795,748</u></u>	<u><u>\$ 65,200,610</u></u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water and sewer	\$ 2,047,572
Motor vehicle parking	<u>188,688</u>
Total Business-type Activities Depreciation Expense	<u>\$ 2,236,260</u>

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor funds	\$ 504,983
General	Internal service funds	630,728
Debt service	General	1,586,580
Water and sewer fund	General	1,229,496
Motor vehicle parking lot	General	21,960
Nonmajor funds	General	298,608
Nonmajor funds	Nonmajor funds	845
Nonmajor funds	Water and sewer	7,886
Internal service funds	General	800,037
Internal service funds	Water and sewer	<u>6,880</u>
Total - Fund Financial Statements		5,088,003
Less: Fund eliminations		(2,391,016)
Add: Interfund receivables created with internal service fund eliminations		136,799
Less: Government-wide eliminations		<u>(1,733,895)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 1,099,891</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Interfund Receivables/Payables (cont.)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ (151,565)
Business-type Activities	Governmental Activities	<u>1,251,456</u>
Total Government-Wide Financial Statements		<u><u>\$ 1,099,891</u></u>

All amounts are due within one year, except for amount due to the General Fund from the internal service funds (\$630,728).

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.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Water and sewer	\$ 417,000	To repay services provided by the general fund
General	Motor vehicle parking lot	15,996	Parking lot admin reimbursement
Debt service	Nonmajor funds	491,570	Debt repayments
Water and sewer	General	1,416	To repay expenditures paid out of the water and sewer fund
Motor vehicle parking lot	Debt service	26	To close-out a portion of the debt service fund
Internal service funds	General	3,086	To forgive an subrogation payment
Nonmajor funds	General	<u>26,964</u>	To meet the budget shortfall
Total - Fund Financial Statements		956,058	
Less: Fund eliminations		(521,620)	
Less: Government-wide eliminations		<u>(2,884)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 431,554</u></u>	

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

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

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 432,996
Business-type Activities	Governmental Activities	<u>(1,442)</u>
Total Government-wide Financial Statements		<u>\$ 431,554</u>

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

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 64,225,000	\$ 21,055,000	\$ 21,870,000	\$ 63,410,000	\$ 9,775,000
Special assessment b-bonds	2,047,000	-	86,000	1,961,000	91,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	2,118,654	597,694	413,642	2,302,706	-
Sub-totals	<u>68,390,654</u>	<u>21,652,694</u>	<u>22,369,642</u>	<u>67,673,706</u>	<u>9,866,000</u>
Other Liabilities					
Vested compensated absences	6,285,879	2,123,686	1,571,469	6,838,096	1,709,524
Capital leases	1,650,981	-	288,843	1,362,138	297,993
Environmental cleanup liabilities	1,404,100	269,977	-	1,674,077	-
Net OPEB obligation	11,921,459	1,511,745	802,981	12,630,223	-
Net pension liability - police	77,038,554	38,968,588	7,088,523	108,918,619	-
Net pension liability - firefighters'	49,474,250	29,219,294	5,697,676	72,995,868	-
IMRF net pension liability	4,880,256	2,797,278	-	7,677,534	-
Claims payable	9,734,739	28,738,073	5,309,074	33,163,738	8,290,935
Total Other Liabilities	<u>162,390,218</u>	<u>103,628,641</u>	<u>20,758,566</u>	<u>245,260,293</u>	<u>10,298,452</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 230,780,872</u>	<u>\$ 125,281,335</u>	<u>\$ 43,128,208</u>	<u>\$ 312,933,999</u>	<u>\$ 20,164,452</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 14,025,000	\$ -	\$ 1,865,000	\$ 12,160,000	\$ 815,000
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	14,964	-	42,290	(27,326)	-
Sub-totals	14,039,964	-	1,907,290	12,132,674	815,000
Other Liabilities					
Vested compensated absences	406,091	98,807	101,524	403,374	100,843
Claims payable	10,718	300,431	252,192	58,957	-
Other postemployment benefits	694,816	127,769	67,866	754,719	-
Net pension liability	1,812,643	1,038,976	-	2,851,619	-
Total Other Liabilities	2,924,268	1,565,983	421,582	4,068,669	100,843
Total Business-type Activities Long-Term Liabilities	\$ 16,964,232	\$ 1,565,983	\$ 2,328,872	\$ 16,201,343	\$ 915,843

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

Estimated payments of compensated absences, other post employment benefits obligation and net pension liabilities are not included in the debt service requirement schedules. The compensated absences liability, other post employment benefits obligation and net pension liabilities attributable to governmental activities will be liquidated primarily by the General Fund. The capital leases will be paid from the General Fund and the 911 Emergency System Fund and the environmental remediation liability will be paid for from the Environment and Risk Management Fund.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

<u>Governmental Activities</u> <u>General Obligation Debt</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>April 30, 2016</u>
	December 1,				
2009A G.O. Bonds	2009	2020	4.25 - 5.25%	\$ 30,000,000	\$ 14,775,000
2010A G.O. Bonds	July 1, 2010	2016	2.50 - 4.00%	7,650,000	875,000
2010B G.O. Refunding Bonds	June 9, 2010	2022	3.00 - 4.00%	11,620,000	780,000
	September				
2010C G.O. Bonds	7, 2010	2031	3.00 - 4.25%	7,180,000	7,180,000
	July 19,				
2012A G.O. Bonds	2012	2023	3.00 - 5.00%	23,490,000	17,130,000
	April 17,				
2012B G.O. Bonds	2012	2023	2.75 - 4.51%	1,675,000	1,615,000
2015A G.O. Bonds	May 4, 2015	2033	2.00-5.00%	7,005,000	7,005,000
2015B G.O. Refunding Bonds	December 7,	2024	1.00-3.54%	14,050,000	<u>14,050,000</u>
	2015				
Total Governmental Activities - General Obligation Debt					<u><u>\$ 63,410,000</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 9,775,000	\$ 2,644,596
2018	8,635,000	2,280,303
2019	8,420,000	1,942,719
2020	8,780,000	1,575,770
2021	5,550,000	1,181,077
2022-2026	11,685,000	3,225,039
2027-2031	5,920,000	1,990,825
2032-2033	<u>4,645,000</u>	<u>351,250</u>
Totals	<u><u>\$ 63,410,000</u></u>	<u><u>\$ 15,191,579</u></u>

Revenue Debt

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The City has pledged future Motor Vehicle Parking System revenues, net of specified operating expenses, to repay \$5.3 million in parking fees and sales tax revenue bonds issued in 2014. Proceeds from the bonds provided financing for the parking garage. The bonds are payable solely from Motor Vehicle Parking System of the City and the City's portion of the parking fee revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require 53% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$3,855,500. Principal and interest paid for the current year and total customer gross revenues were \$547,583 and \$905,519, respectively.

The City has pledged future Water and Sewer Utility revenues, net of specified operating expenses, to repay \$1.8 million in water and sewer system improvements revenue bonds issued in 2010 and \$8.2 million issued in 2013. Proceeds from the bonds provided financing for the water and sewer systems. The bonds are payable solely from water and sewer revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 6% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$11,757,838. Principal and interest paid for the current year and total customer gross revenues were \$673,301 and \$13,139,949, respectively.

Revenue debt payable at April 30, 2016, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2016</u>
<u>Water and Sewer Utility</u>					
2010D Revenue Bonds	September 7, 2010	2031	3.00 - 5.00%	\$ 1,825,000	\$ 1,485,000
2012C Revenue Bonds	October 15, 2012	2032	2.00 - 3.25%	8,180,000	<u>7,325,000</u>
				Total Water and Sewer Utility	<u>8,810,000</u>
<u>Motor Vehicle Parking Lot Fund</u>					
2014A Parking Fees and Sales Tax Revenue Bonds	April 2, 2014	2024	2.00 - 5.00%	5,275,000	<u>3,350,000</u>
				Total Motor Vehicle Parking Lot Fund	<u>3,350,000</u>
				Total Business-type Activities Revenue Debt	<u>\$ 12,160,000</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2017	\$ 815,000	\$ 395,850
2018	835,000	373,800
2019	855,000	351,250
2020	885,000	328,050
2021	910,000	304,050
2022-2026	3,430,000	1,061,025
2027-2031	3,005,000	569,438
2032-2033	<u>1,425,000</u>	<u>69,875</u>
Totals	<u>\$ 12,160,000</u>	<u>\$ 3,453,338</u>

Special Assessment B-Bonds

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

Special assessment B-Bonds at April 30, 2016, consists of the following:

<u>Governmental Activities</u> <u>Special Assessment B-Bonds</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>April 30, 2016</u>
Special Assessment Improvement Bond, Series 2005	June 1, 2005	2030	6.125%	\$ 3,695,000	\$ <u>1,961,000</u>
Total Governmental Activities Special Assessment B-Bonds					\$ <u>1,961,000</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Special Assessment B-Bonds (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Special Assessment B-Bonds	
	Principal	Interest
	2017	\$ 91,000
2018	97,000	114,538
2019	103,000	108,596
2020	111,000	102,288
2021	116,000	95,489
2022-2026	704,000	361,008
2027-2031	739,000	116,618
Totals	\$ 1,961,000	\$ 1,018,648

Capital Leases

Refer to Note IV. G.

Advance Refunding

On December 7, 2016, the City received \$13,907,961 of net bond proceeds with an average interest rate of 2.74% to advance refund \$13,890,000 of outstanding bonds with an average coupon rate of 4.23%. The proceeds along with existing funds of the City were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position.

The cash flow requirements on the refunded bonds prior to the advance refunding was \$16,691,433 from 2016 through 2024. The cash flow requirements on the refunding bonds are \$15,588,771 from 2016 through 2023. The advance refunding resulted in an economic gain (difference between present values of the debt service payments on the old and new debt) of \$629,619.

On June 26, 2016, the Motor Vehicle Parking Lot Fund received \$1,246,129 from the sale of a parking parking structure and lot which was used to advance refund \$1,080,000 of outstanding bonds with an average coupon rate of 6.58%. The proceeds along with existing funds of the Motor Vehicle Parking Lot Fund were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Advance Refunding (cont.)

The cash flow requirements on the refunded bonds prior to the advance refunding was \$5,851,400 from 2016 through 2025. The cash flow requirements on the bonds after the defeasance are \$4,388,400 from 2016 through 2024. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments) of \$242,871.

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2004-2015 the City acquired capital assets through lease/purchase agreements. The gross amount of these assets under capital leases is \$3,114,340, 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, 2016, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 297,993	\$ 40,342	\$ 338,335
2018	240,552	31,519	272,071
2019	225,813	24,181	249,994
2020	233,289	16,706	249,995
2021	241,011	8,984	249,995
2022	<u>123,480</u>	<u>1,516</u>	<u>124,996</u>
Totals	<u>\$ 1,362,138</u>	<u>\$ 123,248</u>	<u>\$ 1,485,386</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

H. POLLUTION REMEDIATION OBLIGATIONS

At year end April 30, 2016, the City was obligated to address the future pollution cleanup activities due to obligations under judicial consent decrees, or to federal or state laws and regulations. The City's obligation originated to address the pollution remediation because the government is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs. Examples of expected future remediation activity costs include legal services, site investigation, and required post-remediation monitoring costs. The amount reported as a pollution remediation obligation represents the current value of the cash flows expected to be paid for these activities. Any expected recoveries would be treated separately as a receivable when such reimbursements become measurable. As of April 30, 2016, the principal obligation and net liability was \$1,674,077 for the City's share of the remaining costs of post-closure operation and maintenance required under a CERCLA Consent Decree addressing the closed Yeoman Creek Landfill. The City will recognize these liabilities and related expenses as an operating expense in the government-wide financial statements only when such costs become measurable. Because of this, the liability is subject to change as the City becomes aware of new information which may affect its estimate. Only when actual outlays are made are they recognized in the governmental fund financial statements as expenditures. This will also reduce the amount of the liability on the government-wide financial statements. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

I. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at April 30, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 6,820,912
Construction in progress	634,921
Other capital assets, net of accumulated depreciation	80,584,201
Less: Long-term capital-related debt outstanding (excluding unspent capital related debt proceeds)	(54,576,388)
Plus: Non-capital debt proceeds	839,490
Plus: Unamortized debt premiums, discounts, and loss on refunding	<u>228,416</u>
Total Net Investment in Capital Assets	<u>\$ 34,531,552</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

I. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at April 30, 2016, include the following:

	General Fund	Debt Service Fund	Garbage Fund	Nonmajor Funds	Totals
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 216,870	\$ -	\$ -	\$ 225,181	\$ 442,051
Inventories	-	-	-	174,505	174,505
Noncurrent interfunds	630,728	-	-	-	630,728
Permanent fund principal	-	-	-	51,182	51,182
Restricted for:					
Sanitation	-	-	1,516,616	-	1,516,616
Highways and streets	-	-	-	2,823,845	2,823,845
Police	-	-	-	3,039,009	3,039,009
911 communication	-	-	-	1,314,697	1,314,697
Fire	-	-	-	500,815	500,815
Housing rehabilitation	-	-	-	312,594	312,594
TIF development	-	-	-	223,844	223,844
Debt service	-	3,089,373	-	-	3,089,373
Culture and recreation	-	-	-	9,600	9,600
Committed to:					
Loans to other funds (see Note I.D.)	5,189,680	-	-	-	5,189,680
Environmental remediation	811,205	-	-	-	811,205
Assigned to:					
Highways and streets	-	-	-	268,579	268,579
Unassigned (deficit):	24,355,786	-	-	(426,260)	23,929,526
 Total Fund Balances	 \$ 31,204,269	 \$ 3,089,373	 \$1,516,616	 \$ 8,517,591	 \$ 44,327,849

The cemetery fund nonspendable amount is made up two components: expendable (temporarily restricted) in the amount of \$7,482 and nonexpendable (permanently restricted) in the amount of \$43,700.

Business-type Activities

Net Investment in Capital Assets

Land	\$ 2,573,935
Other capital assets, net of accumulated depreciation	62,626,675
Less: Long-term capital-related debt outstanding	(12,160,000)
Plus: Unamortized debt premiums, discounts, and refunding losses	94,120

Total Net Investment in Capital Assets **\$ 53,134,730**

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

J. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension liability/(asset) and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Water and Sewer</u>	<u>Motor Vehicle Parking Lot</u>	<u>Component Unit</u>
Net Position - April 30, 2015 (as reported)	\$ 25,066,993	\$ 66,221,705	\$60,901,357	\$ 5,474,923	\$ 3,820,882
Add: Prior Year Police and Firefighters' net pension obligation	18,558,137	-	-	-	-
Less: Police and Firefighters' net pension liability	(126,512,804)	-	-	-	-
Add: Deferred outflows related to pensions	363,022	146,651	146,651	-	87,162
Add: Prior year IMRF net pension obligation	1,493,526	-	-	-	-
Less: IMRF Net pension liability	<u>(4,880,256)</u>	<u>(1,812,643)</u>	<u>(1,766,196)</u>	<u>(46,447)</u>	<u>(1,172,837)</u>
Net position - April 30, 2015 (as restated)	<u>\$ (85,911,382)</u>	<u>\$ 64,555,713</u>	<u>\$59,281,812</u>	<u>\$ 5,428,476</u>	<u>\$ 2,735,207</u>

K. COMPONENT UNIT

WAUKEGAN PUBLIC LIBRARY

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

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

a. Basis of Accounting/Measurement Focus

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

K. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

b. Deposits and Investments

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits with financial institutions	\$ 1,628,804	\$ 1,679,796	Custodial
Petty cash	570	-	N/A
Total Deposits and Investments	<u>\$ 1,629,374</u>	<u>\$ 1,679,796</u>	

Custodial Credit Risk

Deposits

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

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

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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.

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

K. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

c. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Land	\$ 71,486	\$ -	\$ -	\$ 71,486	
Construction in progress	587,397	-	587,397	-	
Buildings and Improvements	7,630,117	1,394,538	-	9,024,655	20-40
Furniture and equipment	1,879,588	196,543	-	2,076,131	5-20
Less: Accumulated depreciation	<u>(5,083,032)</u>	<u>(332,020)</u>	<u>-</u>	<u>(5,415,052)</u>	
Totals	<u>\$ 5,085,556</u>	<u>\$ 1,259,061</u>	<u>\$ 587,397</u>	<u>\$ 5,757,220</u>	

d. Long-Term Obligations

Long-term obligations activity for the year ended April 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation debt	\$ 3,225,000	\$ -	\$ 165,000	\$ 3,060,000	\$ 170,000
Capital leases	58,003	-	53,439	4,564	4,564
Compensated absences	191,117	38,340	51,885	177,572	94,249
Net pension liability	<u>1,172,837</u>	<u>672,250</u>	<u>-</u>	<u>1,845,087</u>	<u>-</u>
Totals	<u>\$ 3,657,141</u>	<u>\$ 710,590</u>	<u>\$ 270,324</u>	<u>\$ 5,087,223</u>	<u>\$ 268,813</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

K. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

d. Long-Term Obligations (cont.)

2010 General Obligation Debt Certificates

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

Purpose	Interest Rates	Original Indebtedness	Carrying Amount
Series 2010 General Obligation Debt Certificates dated September 30, 2012 are due in annual installments through January 1, 2030.	2.00% - 4.38%	\$ 4,000,000	\$ 3,060,000
Total		<u>\$ 4,000,000</u>	<u>\$ 3,060,000</u>

Debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2017	\$ 170,000	\$ 122,887	\$ 292,887
2018	175,000	117,788	292,788
2019	180,000	111,663	291,663
2020	190,000	104,463	294,463
2021	195,000	96,863	291,863
2022-2026	1,100,000	360,513	1,460,513
2027-2030	<u>1,050,000</u>	<u>116,148</u>	<u>1,166,148</u>
Totals	<u>\$ 3,060,000</u>	<u>\$ 1,030,325</u>	<u>\$ 4,090,325</u>

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

K. COMPONENT UNIT (cont.)

WAUKEGAN PUBLIC LIBRARY (cont.)

d. Long-Term Obligations (cont.)

Capital Lease

On May 30, 2011, the Library entered into a lease agreement as lessee for financing the acquisition of equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. At April 30, 2016, \$245,376 of amounts included in capital assets were acquired via this capital lease. The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2016 are as follows:

	<u>Total</u>
2018	<u>\$ 4,581</u>
Total minimum lease payments	4,581
Less: Amount representing interest	<u>(17)</u>
Present Value of Minimum Lease Payments	<u>\$ 4,564</u>

e. Employee Retirement System

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

The employees of the Library are pooled with the employees of City of Waukegan for purposes of actuarial valuation. See Note V.A. for more information on the City of Waukegan's retirement information.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

Plan description. All employees (other than those covered by the Police and Firefighters' Pension plans) 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 of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for 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 and 2% for each year thereafter. However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2% for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

Under the employer number within IMRF, both the City and Library contribute to the plan. As a result, IMRF is considered to be an agent multiple-employer plan through which cost-sharing occurs between the City and Library.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan membership. At December 31, 2015, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	333
Inactive, non-retired members	224
Active members	246
Total	803

Contributions. As set by statute, City and Library employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's and Library's actuarially determined contribution rate for calendar year 2015 was 14.56% percent of annual covered payroll. The Village and the Library also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The total pension liability for IMRF was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.48%
Inflation	4.00%
Salary increases	4.40% to 16.00%, including inflation
Price inflation	3.00%

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	38.00%	8.85%	7.39%
International Equities	17.00%	9.55%	7.59%
Fixed income	27.00%	3.05%	3.00%
Real estate	8.00%	7.20%	6.00%
Alternatives	9.00%		
Private equity		13.15%	8.15%
Hedge funds		5.55%	5.25%
Commodities		4.40%	2.75%
Cash equivalents	1.00%	2.25%	2.25%

Discount rate. The discount rate used to measure the total pension liability for IMRF was 7.48%. The discount rate calculated using the December 31, 2014 measurement date was 7.49%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City and Library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.48% was blended with the index rate of 3.57% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability. The year ending December 31, 2085 is the last year in the 2016 to 2115 projection period for which projected benefit payments are fully funded.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the City and Library calculated using the discount rate of 7.48% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City:			
Total pension liability	\$ 100,176,456	\$ 88,818,097	\$ 79,540,993
Plan fiduciary net pension	78,288,944	78,288,944	78,288,944
Net pension liability/(asset)	<u>\$ 21,887,512</u>	<u>\$ 10,529,153</u>	<u>\$ 1,252,049</u>
Library:			
Total pension liability	\$ 17,554,524	\$ 15,564,130	\$ 13,938,447
Plan fiduciary net pension	13,719,043	13,719,043	13,719,043
Net pension liability/(asset)	<u>\$ 3,835,481</u>	<u>\$ 1,845,087</u>	<u>\$ 219,404</u>
Total:			
Total pension liability	\$ 117,730,980	\$ 104,382,227	\$ 93,479,440
Plan fiduciary net pension	92,007,987	92,007,987	92,007,987
Net pension liability/(asset)	<u>\$ 25,722,993</u>	<u>\$ 12,374,240</u>	<u>\$ 1,471,453</u>

Changes in net pension liability/(asset). The City's and Library changes in net pension liability/(asset) for the calendar year ended December 31, 2015 was as follows:

	Increase (Decrease)		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/(Asset) (a) - (b)</u>
City:			
Balances at December 31, 2014	\$ 86,422,228	\$ 79,729,329	\$ 6,692,899
Service cost	1,310,395	-	1,310,395
Interest on total pension liability	6,345,824	-	6,345,824
Differences between expected and actual experience of the total pension liability	(657,730)	-	(657,730)
Change of assumptions	104,326	-	104,326
Benefit payments, including refunds of employee contributions	(4,706,946)	(4,706,946)	-
Contributions - employer	-	1,766,035	(1,766,035)
Contributions - employee	-	545,576	(545,576)
Net investment income	-	392,658	(392,658)
Other (net transfer)	-	562,292	(562,292)
Balances at December 31, 2015	<u>\$ 88,818,097</u>	<u>\$ 78,288,944</u>	<u>\$ 10,529,153</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Library:			
Balances at December 31, 2014	\$ 15,144,288	\$ 13,971,451	\$ 1,172,837
Service cost	229,628	-	229,628
Interest on total pension liability	1,112,017	-	1,112,017
Differences between expected and actual experience of the total pension liability	(115,258)	-	(115,258)
Change of assumptions	18,282	-	18,282
Benefit payments, including refunds of employee contributions	(824,827)	(824,827)	-
Contributions - employer	-	309,473	(309,473)
Contributions - employee	-	95,604	(95,604)
Net investment income	-	68,808	(68,808)
Other (net transfer)	-	98,534	(98,534)
Balances at December 31, 2015	<u>\$ 15,564,130</u>	<u>\$ 13,719,043</u>	<u>\$ 1,845,087</u>
Total:			
Balances at December 31, 2014	\$ 101,566,516	\$ 93,700,780	\$ 7,865,736
Service cost	1,540,023	-	1,540,023
Interest on total pension liability	7,457,841	-	7,457,841
Differences between expected and actual experience of the total pension liability	(772,988)	-	(772,988)
Change of assumptions	122,608	-	122,608
Benefit payments, including refunds of employee contributions	(5,531,773)	(5,531,773)	-
Contributions - employer	-	2,075,508	(2,075,508)
Contributions - employee	-	641,180	(641,180)
Net investment income	-	461,466	(461,466)
Other (net transfer)	-	660,826	(660,826)
Balances at December 31, 2015	<u>\$ 104,382,227</u>	<u>\$ 92,007,987</u>	<u>\$ 12,374,240</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$1,731,382 and the Library recognized pension expense of \$117,116. The City and Library reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City:		
Difference between expected and actual experience	\$ -	\$ 457,848
Assumption changes	72,622	-
Net difference between projected and actual earnings on pension plan investments	4,414,642	-
Contributions subsequent to the measurement date	<u>624,881</u>	<u>-</u>
Total	<u>\$ 5,112,145</u>	<u>\$ 457,848</u>
Library:		
Difference between expected and actual experience	\$ -	\$ 80,232
Assumption changes	12,726	-
Net difference between projected and actual earnings on pension plan investments	773,604	-
Contributions subsequent to the measurement date	<u>100,128</u>	<u>-</u>
Total	<u>\$ 886,458</u>	<u>\$ 80,232</u>
Total:		
Difference between expected and actual experience	\$ -	\$ 538,080
Assumption changes	85,348	-
Net difference between projected and actual earnings on pension plan investments	5,188,246	-
Contributions subsequent to the measurement date	<u>725,009</u>	<u>-</u>
Total	<u>\$ 5,998,603</u>	<u>\$ 538,080</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending April 30, 2017. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$4,735,514) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>City</u>	<u>Library</u>	<u>Total</u>
2016	\$ 935,484	\$ 163,930	\$ 1,099,414
2017	935,484	163,930	1,099,414
2018	1,054,789	184,837	1,239,626
2019	<u>1,103,659</u>	<u>193,401</u>	<u>1,297,060</u>
Total	<u>\$ 4,029,416</u>	<u>\$ 706,098</u>	<u>\$ 4,735,514</u>

Police Pension

Plan description. 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.

As provided for in the Illinois Compiled Statutes, the Plan 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 shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one half the annual unadjusted percentage increase in the CPI, whichever is less.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan membership. At April 30, 2016, the Police Pension membership consisted of:

Retirees and beneficiaries	128
Active vested members	150
Active nonvested members	30
Total	308

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending April 30, 2016 was 46.37% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of April 30, 2016, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies. The financial statements of the Police Pension Plan 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.

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.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	6.50%
Inflation	2.50%
Projected salary increases	7.36% to 3.62%
Cost-of-living adjustments	3.00%

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 30, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Long-term expected real rate of return. See Note I.D.1 for Police Pension Fund investment policy, including target allocation and long-term expected real rate of return.

Discount rate. The discount rate used to measure the total pension liability for the Police Pension Plan was 6.50%, a decrease of .50% from the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 6.50% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 218,526,930	\$ 189,405,248	\$ 165,821,017
Plan fiduciary net position	<u>80,486,629</u>	<u>80,486,629</u>	<u>80,486,629</u>
Net pension liability	<u>\$ 138,040,301</u>	<u>\$ 108,918,619</u>	<u>\$ 85,334,388</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the calendar year ended April 30, 2016 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at May 1, 2015	\$ 156,909,027	\$ 79,870,473	\$ 77,038,554
Service cost	3,469,307	-	3,469,307
Interest on total pension liability	10,714,859	-	10,714,859
Differences between expected and actual experience of the total pension liability	1,768,282	-	1,768,282
Change of assumptions	23,870,577	-	23,870,577
Benefit payments, including refunds of employee contributions	(7,088,523)	(7,088,523)	-
Contributions - employer	-	6,286,274	(6,286,274)
Contributions - employee	-	1,470,091	(1,470,091)
Net investment income	-	186,595	(186,595)
Administration	(238,281)	(238,281)	-
Balances at April 30, 2016	\$ 189,405,248	\$ 80,486,629	\$ 108,918,619

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$13,093,763. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,430,212	\$ -
Assumption changes	19,306,866	-
Net difference between projected and actual earnings on pension plan investments	4,335,498	-
Total	\$ 25,072,576	\$ -

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$25,072,576) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2017	\$ 5,985,656
2018	5,985,656
2019	5,985,656
2020	5,985,656
2021	<u>1,129,952</u>
Total	<u>\$ 25,072,576</u>

Firefighters' Pension

Plan description. 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.

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Plan 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 Plan 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 As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan membership. At April 30, 2016, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	120
Active vested plan members	115
Active nonvested plan members	<u>7</u>
Total	<u><u>242</u></u>

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At April 30, 2016, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending April 30, 2016 was 45.38% of annual covered payroll.

Net pension liability/(asset). The net pension liability/(asset) was measured as of April 30, 2016, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of significant accounting policies. The financial statements of the Firefighters' Pension Plan 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.

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 As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	6.50%
Inflation	2.50%
Projected salary increases	7.36% to 3.62%
Cost-of-living adjustments	3.00%

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 30, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Long-term expected real rate of return. See Note I.D.1 for Firefighters' Pension Fund investment policy, including target allocation and long-term expected real rate of return.

Discount rate. The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 6.50%, a decrease of .50% from the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 6.50% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 153,010,535	\$ 133,640,519	\$ 117,827,984
Plan fiduciary net position	<u>60,644,651</u>	<u>60,644,651</u>	<u>60,644,651</u>
Net pension liability	<u>\$ 92,365,884</u>	<u>\$ 72,995,868</u>	<u>\$ 57,183,333</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the calendar year ended April 30, 2016 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at May 1, 2015	\$ 110,513,071	\$ 61,038,821	\$ 49,474,250
Service cost	2,897,890	-	2,897,890
Interest on total pension liability	7,519,878	-	7,519,878
Differences between expected and actual experience of the total pension liability	1,455,705	-	1,455,705
Change of assumptions	17,144,227	-	17,144,227
Benefit payments, including refunds of employee contributions	(5,697,676)	(5,697,676)	-
Contributions - employer	-	4,401,280	(4,401,280)
Contributions - employee	-	1,006,352	(1,006,352)
Net investment income	-	88,450	(88,450)
Administration	(192,576)	(192,576)	-
Balances at April 30, 2016	<u>\$ 133,640,519</u>	<u>\$ 60,644,651</u>	<u>\$ 72,995,868</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$8,988,354. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,220,969	\$ -
Assumption changes	14,379,674	-
Net difference between projected and actual earnings on pension plan investments	<u>3,333,901</u>	<u>-</u>
Total	<u>\$ 18,934,544</u>	<u>\$ -</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$18,934,544) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2015	\$ 3,832,764
2016	3,832,764
2017	3,832,764
2018	3,832,764
2019	<u>3,603,488</u>
Total	<u>\$ 18,934,544</u>

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
Assets			
Cash and cash equivalents	\$ 58,183	\$ 570,645	\$ 628,828
Investments			
Money Markets	3,471,949	1,037,978	4,509,927
State and local obligations	1,878,482	878,161	2,756,643
US Government and agency obligations	10,014,818	10,179,156	20,193,974
Mutual funds	41,666,438	31,791,207	73,457,645
Corporate Bonds	13,623,417	8,505,339	22,128,756
Annuities	9,590,306	7,565,470	17,155,776
Receivables			
Accrued interest	194,512	124,592	319,104
Prepaid items	<u>9,519</u>	<u>6,075</u>	<u>15,594</u>
Total Assets	<u>80,507,624</u>	<u>60,658,623</u>	<u>141,166,247</u>
Liabilities			
Accounts payable	<u>20,995</u>	<u>13,974</u>	<u>34,969</u>
Total Liabilities	<u>20,995</u>	<u>13,974</u>	<u>34,969</u>
Net Position			
Restricted for pensions	<u>\$ 80,486,629</u>	<u>\$ 60,644,649</u>	<u>\$ 141,131,278</u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Position

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
Additions			
Contributions			
Employer	\$ 6,286,275	\$ 4,401,280	\$ 10,687,555
Plan members	1,470,091	1,006,352	2,476,443
Other	<u>1,830</u>	<u>4,392</u>	<u>6,222</u>
Total Contributions	<u>7,758,196</u>	<u>5,412,024</u>	<u>13,170,220</u>
Investment income	184,765	84,057	268,822
Less: Investment expense	<u>105,605</u>	<u>90,442</u>	<u>196,047</u>
Net Investment Income (Expense)	<u>79,160</u>	<u>(6,385)</u>	<u>72,775</u>
Total Additions	<u>7,837,356</u>	<u>5,405,639</u>	<u>13,242,995</u>
Deductions			
Administration and contractual services	132,677	102,136	234,813
Benefits	<u>7,088,523</u>	<u>5,697,676</u>	<u>12,786,199</u>
Total Deductions	<u>7,221,200</u>	<u>5,799,812</u>	<u>13,021,012</u>
Net change in net position	616,156	(394,173)	221,983
Net Position, beginning of the year	<u>73,019,891</u>	<u>56,356,030</u>	<u>129,375,921</u>
Net Position, end of the Year	<u>\$ 80,486,629</u>	<u>\$ 60,644,649</u>	<u>\$ 141,131,278</u>

B. RISK MANAGEMENT

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

Self Insurance

For workers compensation claims, the uninsured risk of loss is \$750,000 per incident for police, fire and EMT employees, \$1,000,000 per incident for USL&H employees and \$700,000 per incident for all other employees. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

For crime claims, the uninsured risk of loss is \$10,000 per incident, while pollution has an uninsured risk of loss of \$25,000 per event, commercial auto liability has a \$50,000 deductible, and property has a \$50,000 deductible. All other coverages have an uninsured risk of loss of \$250,000 per incident. There is an aggregate stop loss of \$15 million combined for General Liability, Liquor Liability, Employee Benefit Plan Administration Liability, Law Enforcement Liability, Public Entity Management Liability and Auto Liability. There is an additional \$10 million in excess liability coverage for total coverage of \$25 million per occurrence and \$25 million in the aggregate. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

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

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

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims - Beginning of Year	\$ 5,714,187	\$ 9,745,457
Current year claims and changes in estimates	7,744,050	29,038,503
Claim payments	<u>(3,712,780)</u>	<u>(5,561,265)</u>
 Unpaid Claims - End of Year	 <u>\$ 9,745,457</u>	 <u>\$ 33,222,695</u>

C. COMMITMENTS AND CONTINGENCIES

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

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

The City has active construction projects as of April 30, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The City has the following encumbrances outstanding at year end, relating to funds on hand:

Nonmajor funds	\$ 9,396,021
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The City has a letter of credit with First Midwest Bank in the amount of \$1,404,100. The maturity date is July 18, 2016. The line of credit carries an interest rate of prime + 1.75%. No amounts have been drawn on the letter of credit as of April 30, 2016.

In fiscal year 2015, the City issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$40,000,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 10.

The obligation matures in 2038, and carries an interest rate of 5.5%. The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of the future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements.

In fiscal year 2015, the City approved a developer agreement to return a portion of the sales tax collected back to a specific business enterprise in the City. The obligation is payable solely from sales tax collected in the General Fund.

The obligation matures in 2019. The obligation does not constitute a charge upon any funds of the City. In the event that the business leaves the City or does not meet employment requirements, the obligation terminates with no further liability to the City. Since the amount of the future payments is contingent employment numbers and the amount of sales tax collected by the City, the obligation is not reported as a liability in the accompanying financial statements.

23 former City employees are entitled to monthly disability benefits from the City for the rest of their lives. Disability payments total \$30,772 per moth. The City's policy is to fund disability expenditures as the benefit payments become due. The liability for future payments is not determinable.

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan. The plan provides for eligible retirees and their spouses through the City's which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses at established contribution rates.

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 2016, total member contributions were zero.

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

Annual required contribution	\$	1,609,529
Interest on net OPEB obligation		567,732
Adjustment to annual required contribution		<u>(537,747)</u>
Annual OPEB cost		1,639,514
Contributions made		<u>(870,847)</u>
Increase in net OPEB obligation		768,667
Net OPEB Obligation - Beginning of Year		<u>12,616,275</u>
Net OPEB Obligation - End of Year	\$	<u><u>13,384,942</u></u>

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two years prior were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2014	\$ 4,110,858	34%	\$ 10,824,513
April 30, 2015	2,084,264	53%	12,616,275
April 30, 2016	1,639,514	53%	13,384,942

The funded status of the plan as of May 1, 2015, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 20,381,842
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 20,381,842
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 26,151,226
UAAL as a percentage of covered payroll	77.94%

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

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the April 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.50% investment rate of return and an annual healthcare cost trend rate of 8.50% initially, reduced by decrements to an ultimate rate of 5.00% after 7 years. Both rates include a 3.00% 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, 2016, was 30 years.

E. SUBSEQUENT EVENTS

On May 8, 2016 the City issued a capital lease in the amount of \$1,324,688 with an interest rate of 2.75%. This amount will be used acquire public works vehicles.

On June 09, 2016 the City issued general obligation bonds in the amount of \$6,850,000 with an interest rate of 2-4%. This amount will be used to fund street repair.

Subsequent to April 30, 2016, the investment markets have experienced significant volatility. It is highly likely that the values of the City's investments have changed by material amounts since year end.

F. TAX INCREMENT FINANCING DISTRICT

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

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

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

CITY OF WAUKEGAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE V - OTHER INFORMATION (cont.)

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- > Statement No. 79, *Certain External Investment Pools and Pool Participants*
- > Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 11,525,000	\$ 11,525,000	\$ 11,521,246	\$ (3,754)
Other taxes	27,121,000	27,512,000	29,642,127	2,130,127
Intergovernmental	11,800,000	11,800,000	12,689,239	889,239
Licenses	3,327,000	3,327,000	2,966,667	(360,333)
Permits	1,561,000	1,561,000	1,696,279	135,279
Franchise fees	1,300,000	1,300,000	1,039,452	(260,548)
Fines and forfeitures	1,827,000	1,827,000	3,107,106	1,280,106
Charges for services	2,478,000	2,478,000	2,739,094	261,094
Miscellaneous	613,000	613,000	1,723,740	1,110,740
Investment income	11,000	11,000	50,352	39,352
Total Revenues	<u>61,563,000</u>	<u>61,954,000</u>	<u>67,175,302</u>	<u>5,221,302</u>
EXPENDITURES				
Current:				
Central services	4,145,000	4,266,142	4,210,172	55,970
Public safety - police and communication services	31,388,000	31,880,757	31,982,770	(102,013)
Public safety - fire services	19,439,952	19,390,007	19,342,724	47,283
Streets, bridges and public works	5,514,000	5,195,705	5,084,836	110,869
Building and zoning	1,490,000	1,206,237	1,180,476	25,761
Sanitation and environment	815,000	110,678	110,398	280
Economic development	1,332,000	1,664,391	1,664,160	231
Capital Outlay	653,000	623,234	484,419	138,815
Debt Service				
Principal	84,048	84,048	84,048	-
Interest and fiscal charges	10,000	4,500	4,186	314
Total Expenditures	<u>64,871,000</u>	<u>64,425,699</u>	<u>64,148,189</u>	<u>277,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,308,000)</u>	<u>(2,471,699)</u>	<u>3,027,113</u>	<u>5,498,812</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	433,000	433,200	432,996	(204)
Transfers out	(50,000)	(54,702)	(31,466)	23,236
Sale of capital assets	-	-	104,400	104,400
Total Other Financing Sources (Uses)	<u>383,000</u>	<u>378,498</u>	<u>505,930</u>	<u>127,432</u>
Net Change in Fund Balance	<u>\$ (2,925,000)</u>	<u>\$ (2,093,201)</u>	<u>3,533,043</u>	<u>\$ 5,626,244</u>
FUND BALANCE - Beginning of Year			<u>27,671,226</u>	
FUND BALANCE - END OF YEAR			<u>\$ 31,204,269</u>	

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

CITY OF WAUKEGAN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - GARBAGE - MAJOR SPECIAL REVENUE FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ 4,587,000	\$ 4,587,000	\$ 4,656,281	\$ 69,281
MISCELLANEOUS				
Sale of recyclable material	-	-	11,591	11,591
INVESTMENT INCOME				
Investment income	-	-	474	474
Total Revenues	<u>4,587,000</u>	<u>4,587,000</u>	<u>4,668,346</u>	<u>81,346</u>
EXPENDITURES				
SANITATION AND ENVIRONMENT				
Contractual services	<u>4,587,000</u>	<u>4,253,044</u>	<u>4,253,043</u>	<u>1</u>
Total Expenditures	<u>4,587,000</u>	<u>4,253,044</u>	<u>4,253,043</u>	<u>1</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 333,956</u>	415,303	<u>\$ 81,347</u>
FUND BALANCE - Beginning of Year			<u>1,101,313</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,516,616</u>	

CITY OF WAUKEGAN

RETIREE'S HEALTH PLAN
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND FUNDED PROGRESS
 As of April 30, 2016

<u>Fiscal Year Ending</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
04/30/2016	\$ 1,609,529	54.11%	\$ 13,384,942
04/30/2015	1,620,617	52.00%	12,616,275
04/30/2014	2,058,537	38.17%	11,810,099

<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>
05/01/2015	\$ -	\$ 20,381,842	\$ 20,381,842	-%	\$26,151,226	77.94%
05/01/2014	-	20,574,038	20,574,038	-%	25,389,540	81.03%
05/01/2013	-	29,723,546	29,723,546	-%	32,352,687	91.87%

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, 2015
Actuarial cost method	Projected Unit Credit
Amortization method	Level % of pay, open
Remaining amortization period	30
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increases	3.00%
Inflation factor	3.00%
Cost of living adjustments	3.00%

CITY OF WAUKEGAN
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

Most Recent Fiscal Year

	2016		
	City	Library	Total
Total pension liability			
Service cost	\$ 1,310,395	\$ 229,628	1,540,023
Interest	6,345,824	1,112,017	7,457,841
Differences between expected and actual experience	(657,730)	(115,258)	(772,988)
Changes of assumptions	104,326	18,282	122,608
Benefit payments, including refunds of member contributions	(4,706,946)	(824,827)	(5,531,773)
Net change in total pension liability	2,395,869	419,842	2,815,711
Total pension liability - beginning	<u>86,422,228</u>	<u>15,144,288</u>	<u>101,566,516</u>
Total pension liability - ending (a)	<u>\$ 88,818,097</u>	<u>\$ 15,564,130</u>	<u>\$ 104,382,227</u>
Plan fiduciary net position			
Employer contributions	\$ 1,766,035	\$ 309,473	2,075,508
Employee contributions	545,576	95,604	641,180
Net investment income	392,658	68,808	461,466
Benefit payments, including refunds of member contributions	(4,706,946)	(824,827)	(5,531,773)
Other (net transfer)	562,292	98,534	600,826
Net change in plan fiduciary net position	(1,440,385)	(252,408)	(1,752,793)
Plan fiduciary net position - beginning	<u>79,729,329</u>	<u>13,971,451</u>	<u>93,700,780</u>
Plan fiduciary net position - ending (b)	<u>\$ 78,288,944</u>	<u>\$ 13,719,043</u>	<u>\$ 91,947,987</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 10,529,153</u>	<u>\$ 1,845,087</u>	<u>\$ 12,434,240</u>
Plan fiduciary net position as a percentage of the total pension liability	88.15%	88.15%	88.09%
Covered-employee payroll			\$ 14,253,259
Employer's net pension liability as a percentage of covered-employee payroll			87.24%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

CITY OF WAUKEGAN
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Most Recent Fiscal Year

	2016		
	City	Library	Total
Actuarially determined contribution	\$ 1,759,772	\$ 308,376	\$ 2,068,148
Contributions in relation to the actuarially determined contribution	<u>(1,766,035)</u>	<u>(309,473)</u>	<u>(2,075,508)</u>
Contribution deficiency (excess)	<u>\$ (6,263)</u>	<u>\$ (1,097)</u>	<u>\$ (7,360)</u>
Covered-employee payroll			\$ 14,253,259
Contributions as a percentage of covered-employee payroll			14.56%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5-Year Smoothed Market
Inflation	2.75%
Salary increases	3.75% to 14.50% including inflation
Investment rate of return	7.50%
Retirement Age	that are specific to the type of eligibility condition
	RP-2000
Mortality	CHBCA

Other information:

There were no benefit changes during the year.

CITY OF WAUKEGAN

POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Last Two Fiscal Years

	<u>2015</u>	<u>2016</u>
Total pension liability		
Service cost	\$ 3,094,780	\$ 3,469,307
Interest	10,378,912	10,714,859
Differences between expected and actual experience	1,907,051	1,768,282
Changes of assumptions	-	23,870,577
Pension plan administrative expense	-	(238,281)
Benefit payments, including refunds of member contributions	<u>(6,741,890)</u>	<u>(7,088,523)</u>
Net change in total pension liability	<u>8,638,853</u>	<u>32,496,221</u>
Total pension liability - beginning	148,270,174	156,909,027
Total pension liability - ending (a)	<u>\$ 156,909,027</u>	<u>\$ 189,405,248</u>
Plan fiduciary net position		
Employer contributions	\$ 7,092,839	\$ 6,286,274
Employee contributions	1,399,855	1,470,091
Net investment income	5,339,746	186,595
Benefit payments, including refunds of member contributions	(6,741,893)	(7,088,523)
Administration	<u>(239,965)</u>	<u>(238,281)</u>
Net change in plan fiduciary net position	<u>6,850,582</u>	<u>616,156</u>
Plan fiduciary net position - beginning	73,019,891	79,870,473
Plan fiduciary net position - ending (b)	<u>\$ 79,870,473</u>	<u>\$ 80,486,629</u>
Village's net pension liability - ending (a) - (b)	<u>\$ 77,038,554</u>	<u>\$ 108,918,619</u>
Plan fiduciary net position as a percentage of the total pension liability	50.90%	42.49%
Covered-employee payroll	\$ 12,291,761	\$ 13,555,896
Village's net pension liability as a percentage of covered-employee payroll	626.75%	803.48%

Notes to Schedule:

Changes of assumptions. For Fiscal Year 2016, the investment rate of returned decreased to 6.50% from 7.00% in 2015. Also, the retirement age changed from graded by age (36% at 50 to 100% at age 69) in 2015 to graded by age (14% at 50 to 100% at age 65)

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

CITY OF WAUKEGAN
POLICE PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Actuarially determined contribution	\$ 2,903,049	\$ 3,254,964	\$ 3,556,176	\$ 5,661,011
Contributions in relation to the actuarially determined contribution	2,736,580	2,899,728	2,899,201	3,321,274
Contribution deficiency (excess)	<u>\$ 166,469</u>	<u>\$ 355,236</u>	<u>\$ 656,975</u>	<u>\$ 2,339,737</u>
Covered-employee payroll	\$ 11,043,518	\$ 12,065,474	\$ 11,949,401	\$ 12,094,598
Contributions as a percentage of covered-employee payroll	24.78%	24.03%	24.26%	27.46%

Notes to Schedule:

The Plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of June 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	Graded by age (7.36% to 3.62%)
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Retirement age	50-65
Mortality	Mortality rates were based on the RP-2000 BCA Mortality Table projected to 2015 with Blue Collar Adjustment 40%

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 5,661,011	\$ 6,629,144	\$ 6,906,176	\$ 6,497,393	\$ 7,536,269	\$ 7,568,821
<u>3,566,929</u>	<u>5,670,179</u>	<u>5,561,347</u>	<u>5,694,120</u>	<u>7,092,839</u>	<u>6,286,274</u>
<u>\$ 2,094,082</u>	<u>\$ 958,965</u>	<u>\$ 1,344,829</u>	<u>\$ 803,273</u>	<u>\$ 443,430</u>	<u>\$ 1,282,547</u>
\$ 12,094,598	\$ 11,369,401	\$ 12,414,144	\$ 13,484,483	\$ 12,191,761	\$ 13,555,896
29.49%	49.87%	44.80%	42.23%	58.18%	46.37%

CITY OF WAUKEGAN
POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Two Fiscal Years

	<u>2015</u>	<u>216</u>
Annual money-weighted rate of return, net of investment expense	7.35%	0.10%

Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

CITY OF WAUKEGAN
FIREFIIGHTERS' PENSION FUND

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
Last Two Fiscal Years

	<u>2015</u>	<u>2016</u>
Total pension liability		
Service cost	\$ 2,552,986	\$ 2,897,890
Interest	7,500,681	7,519,878
Differences between expected and actual experience	(1,375,617)	1,455,705
Changes of assumptions	-	17,144,227
Pension plan administrative expense	-	(192,576)
Benefit payments, including refunds of member contributions	<u>(5,317,565)</u>	<u>(5,697,676)</u>
Net change in total pension liability	<u>3,360,485</u>	<u>23,127,448</u>
Total pension liability - beginning	<u>107,152,586</u>	<u>110,513,071</u>
Total pension liability - ending (a)	<u><u>\$ 110,513,071</u></u>	<u><u>\$ 133,640,519</u></u>
Plan fiduciary net position		
Employer contributions	\$ 4,900,036	\$ 4,401,280
Employee contributions	962,482	1,006,352
Net investment income	4,303,762	88,450
Benefit payments, including refunds of member contributions	(5,317,564)	(5,697,676)
Administration	<u>(165,925)</u>	<u>(192,576)</u>
Net change in plan fiduciary net position	<u>4,682,791</u>	<u>(394,170)</u>
Plan fiduciary net position - beginning	<u>56,356,030</u>	<u>61,038,821</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 61,038,821</u></u>	<u><u>\$ 60,644,651</u></u>
Village's net pension liability - ending (a) - (b)	<u><u>\$ 49,474,250</u></u>	<u><u>\$ 72,995,868</u></u>
Plan fiduciary net position as a percentage of the total pension liability	55.23%	45.38%
Covered-employee payroll	\$ 10,133,393	\$ 10,270,208
Village's net pension liability as a percentage of covered-employee payroll	488.23%	710.75%

Notes to Schedule:

Changes of assumptions. For Fiscal Year 2016, the investment rate of returned decreased to 6.50% from 7.00% in 2015. Also, the retirement age changed from graded by age (36% at 50 to 100% at age 69) in 2015 to graded by age (14% at 50 to 100% at age 65)

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

CITY OF WAUKEGAN
FIREFIIGHTERS' PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Actuarially determined contribution	\$ 2,903,049	\$ 3,254,964	\$ 3,556,176	\$ 5,661,011
Contributions in relation to the actuarially determined contribution	2,736,580	2,899,728	2,899,201	3,321,274
Contribution deficiency (excess)	<u>\$ 166,469</u>	<u>\$ 355,236</u>	<u>\$ 656,975</u>	<u>\$ 2,339,737</u>
Covered-employee payroll	\$ 11,043,518	\$ 12,065,474	\$ 11,949,401	\$ 12,094,598
Contributions as a percentage of covered-employee payroll	24.78%	24.03%	24.26%	27.46%

Notes to Schedule:

The Plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of June 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	Graded by age (7.36% to 3.62%)
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Retirement age	50-65
Mortality	Mortality Table projected to 2015 with Blue Collar Adjustment 40%

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 5,661,011	\$ 6,629,144	\$ 6,906,176	\$ 6,497,393	\$ 7,536,269	\$ 5,156,731
<u>3,566,929</u>	<u>5,670,179</u>	<u>5,561,347</u>	<u>5,694,120</u>	<u>7,092,839</u>	<u>4,401,280</u>
<u>\$ 2,094,082</u>	<u>\$ 958,965</u>	<u>\$ 1,344,829</u>	<u>\$ 803,273</u>	<u>\$ 443,430</u>	<u>\$ 755,451</u>
\$ 12,094,598	\$ 11,369,401	\$ 12,414,144	\$ 13,484,483	\$ 12,191,761	\$ 10,270,208
29.49%	49.87%	44.80%	42.23%	58.18%	42.85%

CITY OF WAUKEGAN
FIREFIGHTERS' PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Two Fiscal Years

	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	7.67%	0.10%

Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

CITY OF WAUKEGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION April 30, 2016

BUDGETARY INFORMATION

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

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

The City is authorized to change budgeted amounts within any fund; however, revision must be approved by two-thirds of the members of the City Council. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function, and department. The City's Director of Finance and the Mayor is authorized to transfer budget amounts between departments within any fund; however, the City Council must approve revisions that alter the total expenditures of any fund.

SUPPLEMENTARY INFORMATION

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PROPERTY TAXES				
Property taxes - general	\$ -	\$ -	\$ 37,603	\$ 37,603
Property taxes - pension	11,125,000	11,125,000	11,066,250	(58,750)
Property taxes - road and bridge	400,000	400,000	417,393	17,393
Total Property Taxes	<u>11,525,000</u>	<u>11,525,000</u>	<u>11,521,246</u>	<u>(3,754)</u>
OTHER TAXES				
Sales	9,281,000	9,281,000	10,209,561	928,561
Home rule sales	5,920,000	5,920,000	6,754,433	834,433
Local use	1,700,000	2,091,000	3,249,462	1,158,462
Utility taxes	4,400,000	4,400,000	3,870,852	(529,148)
Telecommunication taxes	3,000,000	3,000,000	2,635,788	(364,212)
Hotel/Motel	1,200,000	1,200,000	1,343,538	143,538
Municipal auto rental	20,000	20,000	18,645	(1,355)
Food and beverage tax	1,500,000	1,500,000	1,456,823	(43,177)
Foreign Fire	100,000	100,000	103,025	3,025
Total Other Taxes	<u>27,121,000</u>	<u>27,512,000</u>	<u>29,642,127</u>	<u>2,130,127</u>
INTERGOVERNMENTAL				
Income tax	8,300,000	8,300,000	9,493,260	1,193,260
Personal property replacement tax	3,200,000	3,200,000	2,976,750	(223,250)
Federal grants	300,000	300,000	89,208	(210,792)
State grants	-	-	130,021	130,021
Total Intergovernmental	<u>11,800,000</u>	<u>11,800,000</u>	<u>12,689,239</u>	<u>889,239</u>
LICENSES				
Vehicle	1,630,000	1,630,000	1,276,193	(353,807)
Liquor	200,000	200,000	234,755	34,755
Determined by square feet	600,000	600,000	421,031	(178,969)
Amusement devices	30,000	30,000	15,800	(14,200)
Amusement arcade	-	-	100	100
Animal	25,000	25,000	13,375	(11,625)
Juke box	4,000	4,000	5,350	1,350
Restaurant	-	-	150	150
Taxi company	-	-	(115)	(115)
Tobacco dealer	25,000	25,000	29,700	4,700
Vending machine	40,000	40,000	30,006	(9,994)
Contractor's registration	48,000	48,000	70,504	22,504
Pawn shop	15,000	15,000	9,000	(6,000)
Rental property	450,000	450,000	498,555	48,555
Carnival	1,000	1,000	340	(660)
Sales door	4,000	4,000	6,150	2,150
Billiard	2,000	2,000	1,050	(950)
Public transportation	5,000	5,000	7,150	2,150
Gaming	185,000	185,000	294,900	109,900
Raffle ordinance	-	-	1,325	1,325

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND - (cont.) For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
LICENSES (cont.)				
Day care	\$ 21,000	\$ 21,000	\$ 24,075	\$ 3,075
Business flat fee	42,000	42,000	22,425	(19,575)
Business general	-	-	4,848	4,848
Total Licenses	<u>3,327,000</u>	<u>3,327,000</u>	<u>2,966,667</u>	<u>(360,333)</u>
PERMITS				
Building	771,000	771,000	1,265,133	494,133
Electrical	250,000	250,000	119,968	(130,032)
Plumbing	220,000	220,000	81,380	(138,620)
Heating (HVAC)	200,000	200,000	126,436	(73,564)
Occupancy/residential	10,000	10,000	6,650	(3,350)
Signs	-	-	244	244
Demolition	10,000	10,000	-	(10,000)
Food handlers	-	-	10	10
City drivers	4,000	4,000	2,080	(1,920)
Fire protection construction work	6,000	6,000	11,812	5,812
Elevator	50,000	50,000	-	(50,000)
Roadway damage	20,000	20,000	45,380	25,380
Hazardous materials	20,000	20,000	35,906	15,906
Water shed development	-	-	1,280	1,280
Total Permits	<u>1,561,000</u>	<u>1,561,000</u>	<u>1,696,279</u>	<u>135,279</u>
FRANCHISE FEES				
Cable television	900,000	900,000	796,599	(103,401)
Off-track betting	200,000	200,000	183,228	(16,772)
Video service	200,000	200,000	59,625	(140,375)
Total Franchise Fees	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,039,452</u>	<u>(260,548)</u>
FINE AND FORFEITURES				
Parking	1,100,000	1,100,000	1,417,864	317,864
Tobacco enforcement violation	10,000	10,000	2,000	(8,000)
Court ordered fines	-	-	135	135
Seizures	250,000	250,000	184,895	(65,105)
Code enforcement	70,000	70,000	42,832	(27,168)
Judgment bond	7,000	7,000	2,777	(4,223)
Municipal prosecution	16,000	16,000	55,185	39,185
Arrest fines	1,000	1,000	1,190	190
DUI fines	198,000	198,000	1,255,694	1,057,694
Pace shelter advertising income	-	-	36,116	36,116
Unit school district police security	100,000	100,000	62,469	(37,531)
Waukegan housing authority security	75,000	75,000	45,949	(29,051)
Total Fine and Forfeitures	<u>1,827,000</u>	<u>1,827,000</u>	<u>3,107,106</u>	<u>1,280,106</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
 GENERAL FUND - (cont.)
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CHARGES FOR SERVICES				
Subpoena	\$ -	\$ -	\$ 410	\$ 410
Board-up service	-	-	808	808
Plans and specifications review	90,000	90,000	158,539	68,539
Weed cutting	-	-	248	248
Recycle bins	-	-	295	295
Conservation	-	-	29	29
Fire reports	-	-	130	130
Ambulance service	1,400,000	1,400,000	1,342,799	(57,201)
Vital statistics	45,000	45,000	35,467	(9,533)
Liquor license filing	3,000	3,000	3,303	303
False fire alarm	27,000	27,000	16,350	(10,650)
False burglar alarm	80,000	80,000	87,822	7,822
Burglar alarm subscribe	70,000	70,000	46,481	(23,519)
Fire alarm subscribe	200,000	200,000	397,229	197,229
Photo copy	-	-	12,962	12,962
Elevator inspection	35,000	35,000	72,220	37,220
Registrar's services	-	-	260	260
Taxi inspections	5,000	5,000	3,310	(1,690)
Zoning subdivision annexation	75,000	75,000	300	(74,700)
Zoning letters and certifications	75,000	75,000	67,784	(7,216)
Grave openings/lots	-	-	800	800
Street openings	5,000	5,000	9,125	4,125
Vacations of land	-	-	1,200	1,200
License fee - fire department	2,000	2,000	9,445	7,445
Volume cap	-	-	53	53
Finger print - liquor license	-	-	1,260	1,260
Finger print - walk-ins	2,000	2,000	2,685	685
Rental reinspection fee	-	-	100	100
Job applications - fire and police	5,000	5,000	-	(5,000)
Fire Inspection	-	-	100	100
Rental unit inspection	-	-	30	30
Employee wage lien	2,000	2,000	2,380	380
Annual sign fee	-	-	22,663	22,663
Miscellaneous code enforcement	1,000	1,000	375	(625)
Vacant structure register	150,000	150,000	123,725	(26,275)
Walk thru inspection	45,000	45,000	40,425	(4,575)
E-Citations	5,000	5,000	4,531	(469)
NSF check processing	5,000	5,000	515	(4,485)
License fee business license	5,000	5,000	7,306	2,306
Rental license	15,000	15,000	7,027	(7,973)

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND - (cont.)
For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CHARGES FOR SERVICES (cont.)				
Cellular telecom/tower	\$ 40,000	\$ 40,000	\$ 16,515	\$ (23,485)
Garbage collection	-	-	12,995	12,995
Vehicle registration	-	-	100	100
Special events - police reimbursement	-	-	10,324	10,324
Special events - fire reimbursement	51,000	51,000	190,484	139,484
Impact fees	40,000	40,000	28,185	(11,815)
Total Charges for Services	<u>2,478,000</u>	<u>2,478,000</u>	<u>2,739,094</u>	<u>261,094</u>
MISCELLANEOUS REVENUES				
Rental income	60,000	60,000	50,044	(9,956)
Donations	5,000	5,000	2,609	(2,391)
Recyclables	-	-	4,576	4,576
Sale of gas and oil	225,000	225,000	129,584	(95,416)
Reimbursements	-	-	19,901	19,901
Sale of city ordinance books	-	-	500	500
Sale of labor and materials	-	-	7,082	7,082
Sale of miscellaneous items	50,000	50,000	10,151	(39,849)
Restitution payments	-	-	35	35
Special police duty events	233,000	233,000	226,514	(6,486)
Liens	30,000	30,000	108,050	78,050
Commissions	-	-	12	12
WHA in lieu tax	-	-	60,480	60,480
Special events	-	-	3,780	3,780
Other	10,000	10,000	1,100,422	1,090,422
Total Miscellaneous Revenues	<u>613,000</u>	<u>613,000</u>	<u>1,723,740</u>	<u>1,110,740</u>
INVESTMENT INCOME				
Investment income	11,000	11,000	50,352	39,352
TOTAL REVENUES	<u>\$ 61,563,000</u>	<u>\$ 61,954,000</u>	<u>\$ 67,175,302</u>	<u>\$ 5,221,302</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
CENTRAL SERVICES				
Personnel services	\$ 2,338,000	\$ 2,256,801	\$ 2,254,412	\$ 2,389
Personnel benefits	897,000	1,003,152	998,382	4,770
Contractual services	839,000	912,190	865,512	46,678
Commodities	71,000	93,999	91,866	2,133
Capital outlay	<u>320,000</u>	<u>218,838</u>	<u>202,777</u>	<u>16,061</u>
Total Central Services	<u>4,465,000</u>	<u>4,484,980</u>	<u>4,412,949</u>	<u>72,031</u>
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Personnel services	15,299,000	16,071,953	16,030,022	41,931
Personnel benefits	8,229,000	7,638,397	7,627,396	11,001
Contractual services	1,081,000	1,485,062	1,660,511	(175,449)
Commodities	797,000	734,937	714,434	20,503
Pension contribution	5,982,000	5,950,408	5,950,407	1
Capital outlay	<u>176,000</u>	<u>281,334</u>	<u>160,018</u>	<u>121,316</u>
Total Public Safety - Police and Communication Services	<u>31,564,000</u>	<u>32,162,091</u>	<u>32,142,788</u>	<u>19,303</u>
PUBLIC SAFETY - FIRE SERVICES				
Personnel services	10,862,000	11,033,930	11,031,415	2,515
Personnel benefits	3,538,000	3,208,860	3,183,812	25,048
Contractual services	539,952	503,932	486,235	17,697
Commodities	413,000	577,871	575,849	2,022
Pension contribution	4,087,000	4,065,414	4,065,413	1
Capital outlay	<u>117,000</u>	<u>115,500</u>	<u>115,358</u>	<u>142</u>
Total Public Safety - Fire Services	<u>19,556,952</u>	<u>19,505,507</u>	<u>19,458,082</u>	<u>47,425</u>
STREETS, BRIDGES AND PUBLIC WORKS				
Personnel services	2,297,000	2,148,447	2,100,629	47,818
Personnel benefits	1,048,000	1,370,160	1,364,215	5,945
Contractual services	945,000	623,037	616,877	6,160
Commodities	<u>1,224,000</u>	<u>1,054,061</u>	<u>1,003,115</u>	<u>50,946</u>
Total Streets, Bridges and Public Works	<u>5,514,000</u>	<u>5,195,705</u>	<u>5,084,836</u>	<u>110,869</u>
BUILDING AND ZONING				
Personnel services	678,000	697,045	696,366	679
Personnel benefits	324,000	289,875	285,956	3,919
Contractual services	462,000	174,758	157,167	17,591
Commodities	26,000	44,559	40,987	3,572
Capital outlay	<u>40,000</u>	<u>1,351</u>	<u>55</u>	<u>1,296</u>
Total Building and Zoning	<u>1,530,000</u>	<u>1,207,588</u>	<u>1,180,531</u>	<u>27,057</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
SANITATION AND ENVIRONMENT				
Contractual services	\$ 815,000	\$ 110,678	\$ 110,398	\$ 280
ECONOMIC DEVELOPMENT				
Personnel services	289,000	302,822	302,795	27
Personnel benefits	107,000	122,645	122,530	115
Contractual services	934,000	1,236,257	1,236,182	75
Commodities	2,000	2,667	2,653	14
Capital outlay	-	6,211	6,211	-
Total Economic Development	<u>1,332,000</u>	<u>1,670,602</u>	<u>1,670,371</u>	<u>231</u>
DEBT SERVICE				
Principal	84,048	84,048	84,048	-
Interest and fiscal charges	<u>10,000</u>	<u>4,500</u>	<u>4,186</u>	<u>314</u>
Total Debt Service	<u>94,048</u>	<u>88,548</u>	<u>88,234</u>	<u>314</u>
TOTAL EXPENDITURES	<u>\$ 64,871,000</u>	<u>\$ 64,425,699</u>	<u>\$ 64,148,189</u>	<u>\$ 277,510</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE - MAJOR DEBT SERVICE FUND
For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 10,898,000	\$ 10,898,000	\$ 10,945,647	\$ 47,647
Special assessments	212,500	212,500	103,110	(109,390)
Investment income	-	-	149,389	149,389
Total Revenues	<u>11,110,500</u>	<u>11,110,500</u>	<u>11,198,146</u>	<u>87,646</u>
EXPENDITURES				
Debt Service				
Principal	8,021,000	8,066,000	8,066,000	-
Interest and fiscal charges	<u>3,233,000</u>	<u>3,094,860</u>	<u>3,094,784</u>	<u>76</u>
Total Expenditures	<u>11,254,000</u>	<u>11,160,860</u>	<u>11,160,784</u>	<u>76</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(143,500)</u>	<u>(50,360)</u>	<u>37,362</u>	<u>87,722</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	14,050,000	14,050,000
Transfers in	143,500	143,500	491,570	348,070
Transfers out	-	(308,937)	(26)	308,911
Payment to escrow agent	-	-	(14,201,868)	(14,201,868)
Total Other Financing Sources (Uses)	<u>143,500</u>	<u>(165,437)</u>	<u>339,676</u>	<u>505,113</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (215,797)</u>	377,038	<u>\$ 592,835</u>
FUND BALANCE - Beginning of Year			<u>2,712,335</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,089,373</u>	

CITY OF WAUKEGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of April 30, 2016

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System
ASSETS				
Cash and cash equivalents	\$ 593,321	\$ 65,933	\$ 789,667	\$ 986,153
Investments	-	-	-	-
Receivables (net)				
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Intergovernmental	202,725	-	-	-
Accounts	-	-	-	466,463
Due from other funds	8,587	128	77,253	63,212
Prepaid items	679	57	53,865	75,580
Inventories	174,505	-	-	-
TOTAL ASSETS	<u>\$ 979,817</u>	<u>\$ 66,118</u>	<u>\$ 920,785</u>	<u>\$ 1,591,408</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,204,282	\$ 10,935	\$ 83,232	\$ 74,843
Accrued salaries	26,611	7,249	2,063	2,003
Other current liabilities	-	-	-	-
Due to other funds	-	-	-	43,480
Total Liabilities	<u>1,230,893</u>	<u>18,184</u>	<u>85,295</u>	<u>120,326</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	-	-	-	-
Unavailable revenues	-	-	-	80,805
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,805</u>
Fund Balances				
Nonspendable	175,184	57	53,865	75,580
Restricted	-	47,877	781,625	1,314,697
Assigned	-	-	-	-
Unassigned (deficit)	(426,260)	-	-	-
Total Fund Balances	<u>(251,076)</u>	<u>47,934</u>	<u>835,490</u>	<u>1,390,277</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 979,817</u>	<u>\$ 66,118</u>	<u>\$ 920,785</u>	<u>\$ 1,591,408</u>

Special Revenue

Public Safety Grants - Police	Fountain Square TIF #5	Public Safety Grants - Fire	Sunset/Delany TIF #6	Home Rehab Assistance	Scoopin The Genesee	Home Rule Sales Tax Infrastructure
\$ 2,201,379	\$ 50,000	\$ 500,815	\$ 132,477	\$ 264,563	\$ -	\$ 1,759,353
-	-	-	-	-	-	-
-	-	-	596,170	-	-	-
-	-	-	-	-	-	272,143
-	-	-	-	-	10,000	-
-	-	-	-	175	-	-
-	-	-	-	-	-	-
<u>\$ 2,201,379</u>	<u>\$ 50,000</u>	<u>\$ 500,815</u>	<u>\$ 728,647</u>	<u>\$ 264,738</u>	<u>\$ 10,000</u>	<u>\$ 2,031,496</u>
\$ -	\$ -	\$ -	\$ -	\$ 21	\$ 400	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
461,503	-	-	-	-	-	-
<u>461,503</u>	-	-	-	<u>21</u>	<u>400</u>	-
-	-	-	596,170	-	-	-
-	-	-	-	-	-	-
-	-	-	<u>596,170</u>	-	-	-
-	-	-	-	-	-	-
1,739,876	50,000	500,815	132,477	264,717	9,600	2,031,496
-	-	-	-	-	-	-
<u>1,739,876</u>	<u>50,000</u>	<u>500,815</u>	<u>132,477</u>	<u>264,717</u>	<u>9,600</u>	<u>2,031,496</u>
<u>\$ 2,201,379</u>	<u>\$ 50,000</u>	<u>\$ 500,815</u>	<u>\$ 728,647</u>	<u>\$ 264,738</u>	<u>\$ 10,000</u>	<u>\$ 2,031,496</u>

CITY OF WAUKEGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of April 30, 2016

	Special Revenue			
	Prisoner Review/DUI SB 740	Local Forfeiture Fund	North Lakefront TIF #7	Downtown TIF #8
ASSETS				
Cash and cash equivalents	\$ 216,615	\$ 957,674	\$ 13,664	\$ 491
Investments	-	-	-	-
Receivables (net)				
Property taxes	-	-	30,833	113,692
Other taxes	-	-	-	-
Intergovernmental	-	-	-	-
Accounts	-	-	-	-
Due from other funds	97,292	26,434	-	-
Prepaid items	95,000	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	<u>\$ 408,907</u>	<u>\$ 984,108</u>	<u>\$ 44,497</u>	<u>\$ 114,183</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 97,293	\$ 36,180	\$ -	\$ -
Accrued salaries	-	-	-	-
Other current liabilities	-	646,189	-	-
Due to other funds	845	-	-	-
Total Liabilities	<u>98,138</u>	<u>682,369</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	-	-	30,833	113,692
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>30,833</u>	<u>113,692</u>
Fund Balances				
Nonspendable	95,000	-	-	-
Restricted	215,769	301,739	13,664	491
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>310,769</u>	<u>301,739</u>	<u>13,664</u>	<u>491</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 408,907</u>	<u>\$ 984,108</u>	<u>\$ 44,497</u>	<u>\$ 114,183</u>

Special Revenue		Capital Projects		Permanent	Total Nonmajor Governmental Funds
South Lakefront TIF #9	McGaw Park TIF #10	Capital Equipment Replacement	Street/Sidewalk Rehabilitation	Cemetery Trust	
\$ 26,870	\$ 342	\$ 263,088	\$ 784,463	\$ 7,478	\$ 9,614,346
-	-	-	-	43,700	43,700
20,729	925,990	-	-	-	1,687,414
-	-	-	-	-	272,143
-	-	-	-	-	202,725
-	-	-	-	4	476,467
-	-	26,372	7,886	-	307,339
-	-	-	-	-	225,181
-	-	-	-	-	174,505
<u>\$ 47,599</u>	<u>\$ 926,332</u>	<u>\$ 289,460</u>	<u>\$ 792,349</u>	<u>\$ 51,182</u>	<u>\$ 13,003,820</u>
\$ -	\$ -	\$ 20,881	\$ -	\$ -	\$ 1,528,067
-	-	-	-	-	37,926
-	-	-	-	-	646,189
-	-	-	-	-	505,828
-	-	20,881	-	-	2,718,010
20,729	925,990	-	-	-	1,687,414
-	-	-	-	-	80,805
<u>20,729</u>	<u>925,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,768,219</u>
-	-	-	-	51,182	450,868
26,870	342	-	792,349	-	8,224,404
-	-	268,579	-	-	268,579
-	-	-	-	-	(426,260)
<u>26,870</u>	<u>342</u>	<u>268,579</u>	<u>792,349</u>	<u>51,182</u>	<u>8,517,591</u>
<u>\$ 47,599</u>	<u>\$ 926,332</u>	<u>\$ 289,460</u>	<u>\$ 792,349</u>	<u>\$ 51,182</u>	<u>\$ 13,003,820</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended April 30, 2016

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Narcotics Forfeiture	911 Emergency System
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	2,386,335	921,456	175,909	-
Fines and forfeitures	-	-	18,755	-
Charges for services	-	-	-	1,168,395
Miscellaneous	-	61,081	379	-
Investment income	778	-	-	-
Total Revenues	<u>2,387,113</u>	<u>982,537</u>	<u>195,043</u>	<u>1,168,395</u>
EXPENDITURES				
Current				
Public safety - police and communication services	-	-	118,569	744,726
Public safety - fire services	-	-	-	-
Streets, bridges and public works	2,469,136	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	824,630	-	-
Capital Outlay	1,732,696	120,059	193,734	48,868
Principal	-	-	-	204,795
Interest and fiscal charges	-	-	-	45,200
Total Expenditures	<u>4,201,832</u>	<u>944,689</u>	<u>312,303</u>	<u>1,043,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,814,719)</u>	<u>37,848</u>	<u>(117,260)</u>	<u>124,806</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Premium on debt	-	-	-	-
Sale of capital assets	630	-	-	-
Total Other Financing Sources (Uses)	<u>630</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,814,089)	37,848	(117,260)	124,806
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,563,013</u>	<u>10,086</u>	<u>952,750</u>	<u>1,265,471</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (251,076)</u>	<u>\$ 47,934</u>	<u>\$ 835,490</u>	<u>\$ 1,390,277</u>

Special Revenue

Public Safety Grants - Police	Fountain Square TIF #5	Public Safety Grants - Fire	Sunset/Delany TIF #6	Home Rehab Assistance	Scoopin The Genesee	Home Rule Sales Tax Infrastructure
\$ 1,909,866	\$ -	\$ -	\$ 504,349	\$ -	\$ -	\$ -
-	-	-	-	-	-	1,715,695
401,393	-	-	-	424,062	-	-
-	-	-	-	-	-	-
-	-	-	-	-	8,000	-
-	-	-	-	-	32,400	-
1,364	-	-	-	-	-	-
<u>2,312,623</u>	<u>-</u>	<u>-</u>	<u>504,349</u>	<u>424,062</u>	<u>40,400</u>	<u>1,715,695</u>
1,835,148	-	-	-	-	-	-
-	-	35	-	-	-	-
-	4,410,995	-	82,818	-	709	-
-	-	-	-	-	54,791	-
-	-	-	-	203,190	-	-
-	-	-	-	10,100	-	-
-	-	-	-	-	-	-
<u>1,835,148</u>	<u>4,410,995</u>	<u>35</u>	<u>82,818</u>	<u>213,290</u>	<u>55,500</u>	<u>-</u>
<u>477,475</u>	<u>(4,410,995)</u>	<u>(35)</u>	<u>421,531</u>	<u>210,772</u>	<u>(15,100)</u>	<u>1,715,695</u>
-	-	-	-	-	26,964	-
-	-	-	(295,297)	-	-	(196,273)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(295,297)</u>	<u>-</u>	<u>26,964</u>	<u>(196,273)</u>
477,475	(4,410,995)	(35)	126,234	210,772	11,864	1,519,422
<u>1,262,401</u>	<u>4,460,995</u>	<u>500,850</u>	<u>6,243</u>	<u>53,945</u>	<u>(2,264)</u>	<u>512,074</u>
<u>\$ 1,739,876</u>	<u>\$ 50,000</u>	<u>\$ 500,815</u>	<u>\$ 132,477</u>	<u>\$ 264,717</u>	<u>\$ 9,600</u>	<u>\$ 2,031,496</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2016

	Special Revenue			
	Prisoner Review/DUI SB 740	Local Forfeiture Fund	North Lakefront TIF #7	Downtown TIF #8
REVENUES				
Property taxes	\$ -	\$ -	\$ 13,664	\$ 104,521
Other taxes	-	-	-	-
Intergovernmental	-	62,028	-	-
Fines and forfeitures	82,542	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Investment income	-	-	-	-
Total Revenues	82,542	62,028	13,664	104,521
EXPENDITURES				
Current				
Public safety - police and communication services	32,102	272,697	-	-
Public safety - fire services	-	-	-	-
Streets, bridges and public works	-	-	-	-
Economic development	-	-	-	104,030
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital Outlay	2,388	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	34,490	272,697	-	104,030
Excess (deficiency) of revenues over (under) expenditures	48,052	(210,669)	13,664	491
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Premium on debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	48,052	(210,669)	13,664	491
FUND BALANCES (DEFICIT) - Beginning of Year	262,717	512,408	-	-
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 310,769	\$ 301,739	\$ 13,664	\$ 491

Special Revenue		Capital Projects		Permanent	Total Nonmajor Governmental Funds
South Lakefront TIF #9	McGaw Park TIF #10	Capital Equipment Replacement	Street/Sidewalk Rehabilitation	Cemetery Trust	
\$ 26,870	\$ 3,420	\$ -	\$ -	\$ -	\$ 2,562,690
-	-	-	-	-	1,715,695
-	-	192,168	-	-	4,563,351
-	-	-	-	-	101,297
-	-	-	-	3,750	1,180,145
-	-	-	-	50	93,910
-	-	33	1,828	44	4,047
<u>26,870</u>	<u>3,420</u>	<u>192,201</u>	<u>1,828</u>	<u>3,844</u>	<u>10,221,135</u>
-	-	-	-	-	3,003,242
-	-	-	-	-	35
-	-	-	-	-	2,469,136
-	3,078	-	-	-	4,601,630
-	-	-	-	20	54,811
-	-	-	-	-	1,027,820
-	-	522,393	7,002,809	-	9,633,047
-	-	-	-	-	204,795
-	-	-	99,874	-	145,074
-	<u>3,078</u>	<u>522,393</u>	<u>7,102,683</u>	<u>20</u>	<u>21,139,590</u>
<u>26,870</u>	<u>342</u>	<u>(330,192)</u>	<u>(7,100,855)</u>	<u>3,824</u>	<u>(10,918,455)</u>
-	-	-	-	-	26,964
-	-	-	-	-	(491,570)
-	-	-	7,005,000	-	7,005,000
-	-	-	597,694	-	597,694
-	-	-	-	-	630
-	-	-	<u>7,602,694</u>	-	<u>7,138,718</u>
26,870	342	(330,192)	501,839	3,824	(3,779,737)
-	-	598,771	290,510	47,358	12,297,328
<u>\$ 26,870</u>	<u>\$ 342</u>	<u>\$ 268,579</u>	<u>\$ 792,349</u>	<u>\$ 51,182</u>	<u>\$ 8,517,591</u>

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX - NONMAJOR SPECIAL REVENUE FUND
For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 500,000	\$ 500,000	\$ 107,819	\$ (392,181)
Motor fuel tax	2,560,000	2,560,000	2,278,516	(281,484)
INVESTMENT INCOME				
Investment income	<u>1,000</u>	<u>1,000</u>	<u>778</u>	<u>(222)</u>
Total Revenues	<u>3,061,000</u>	<u>3,061,000</u>	<u>2,387,113</u>	<u>(673,887)</u>
EXPENDITURES				
STREETS, BRIDGES AND PUBLIC WORKS				
Personnel services	895,900	1,004,364	880,353	124,011
Personnel benefits	470,500	434,058	434,022	36
Contractual services	619,000	646,946	640,085	6,861
Commodities	600,000	514,676	514,676	-
Capital outlay	<u>1,710,000</u>	<u>3,062,496</u>	<u>1,732,696</u>	<u>1,329,800</u>
Total Expenditures	<u>4,295,400</u>	<u>5,662,540</u>	<u>4,201,832</u>	<u>1,460,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,234,400)</u>	<u>(2,601,540)</u>	<u>(1,814,719)</u>	<u>786,821</u>
OTHER FINANCING SOURCES				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>630</u>	<u>630</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>630</u>	<u>630</u>
Net Change in Fund Balance	<u>\$ (1,234,400)</u>	<u>\$ (2,601,540)</u>	<u>(1,814,089)</u>	<u>\$ 787,451</u>
FUND BALANCE - Beginning of Year			<u>1,563,013</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (251,076)</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT - NONMAJOR
 SPECIAL REVENUE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Intergovernmental	\$ 1,170,300	\$ 1,170,300	\$ 921,456	\$ (248,844)
MISCELLANEOUS				
Liens	-	-	61,081	61,081
Total Revenues	<u>1,170,300</u>	<u>1,170,300</u>	<u>982,537</u>	<u>(187,763)</u>
EXPENDITURES				
COMMUNITY DEVELOPMENT				
Personnel services	250,000	249,232	249,230	2
Personnel benefits	86,000	108,677	103,718	4,959
Contractual services	686,300	433,181	468,501	(35,320)
Commodities	8,000	5,350	3,181	2,169
Capital outlay	140,000	160,000	120,059	39,941
Total Expenditures	<u>1,170,300</u>	<u>956,440</u>	<u>944,689</u>	<u>11,751</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 213,860</u>	37,848	<u>\$ (176,012)</u>
FUND BALANCE - Beginning of Year			<u>10,086</u>	
FUND BALANCE - END OF YEAR			<u>\$ 47,934</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - NARCOTICS FORFEITURE - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 160,000	\$ 160,000	\$ 175,909	\$ 15,909
FINES AND FORFEITURES				
Customs/border patrol	-	-	18,755	18,755
Other miscellaneous revenue	-	-	379	379
Total Revenues	<u>160,000</u>	<u>160,000</u>	<u>195,043</u>	<u>35,043</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICE				
Personnel services	60,000	66,625	66,623	2
Contractual services	-	43,043	43,043	-
Commodities	-	8,903	8,903	-
Capital outlay	500,000	193,735	193,734	1
Total Expenditures	<u>560,000</u>	<u>312,306</u>	<u>312,303</u>	<u>3</u>
Net Change in Fund Balance	<u>\$ (400,000)</u>	<u>\$ (152,306)</u>	(117,260)	<u>\$ 35,046</u>
FUND BALANCE - Beginning of Year			<u>952,750</u>	
FUND BALANCE - END OF YEAR			<u>\$ 835,490</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
CHARGES FOR SERVICES				
911 emergency surcharge	<u>\$ 846,000</u>	<u>\$ 846,000</u>	<u>\$ 1,168,395</u>	<u>\$ 322,395</u>
Total Revenues	<u>846,000</u>	<u>846,000</u>	<u>1,168,395</u>	<u>322,395</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Personnel services	190,000	159,568	159,567	1
Personnel benefits	33,300	9,119	9,028	91
Contractual services	1,095,500	772,556	561,436	211,120
Commodities	10,400	18,300	14,695	3,605
Capital outlay	<u>100,000</u>	<u>48,869</u>	<u>48,868</u>	<u>1</u>
Total Public Safety - Police and Communication Services	<u>1,429,200</u>	<u>1,008,412</u>	<u>793,594</u>	<u>214,818</u>
DEBT SERVICE				
Principal	-	-	204,795	(204,795)
Interest and fiscal charges	-	45,200	45,200	-
Total Debt Service	-	<u>45,200</u>	<u>249,995</u>	<u>(204,795)</u>
Total Expenditures	<u>1,429,200</u>	<u>1,053,612</u>	<u>1,043,589</u>	<u>10,023</u>
Net Change in Fund Balance	<u><u>\$ (583,200)</u></u>	<u><u>\$ (207,612)</u></u>	124,806	<u><u>\$ 332,418</u></u>
FUND BALANCE - Beginning of Year			<u>1,265,471</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 1,390,277</u></u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - PUBLIC SAFETY GRANTS - POLICE - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property taxes	\$ 1,920,000	\$ 1,920,000	\$ 1,909,866	\$ (10,134)
INTERGOVERNMENTAL				
Federal grants	110,000	110,000	401,393	291,393
INVESTMENT INCOME				
Investment income	<u>-</u>	<u>-</u>	<u>1,364</u>	<u>1,364</u>
Total Revenues	<u>2,030,000</u>	<u>2,030,000</u>	<u>2,312,623</u>	<u>282,623</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Personnel services	1,070,000	1,088,307	1,088,306	1
Personnel benefits	519,000	730,284	730,283	1
Contractual services	60,000	6,250	6,250	-
Commodities	<u>50,000</u>	<u>10,310</u>	<u>10,309</u>	<u>1</u>
Total Expenditures	<u>1,699,000</u>	<u>1,835,151</u>	<u>1,835,148</u>	<u>3</u>
Net Change in Fund Balance	<u>\$ 331,000</u>	<u>\$ 194,849</u>	477,475	<u>\$ 282,626</u>
FUND BALANCE - Beginning of Year			<u>1,262,401</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,739,876</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Contractual services	<u>4,000,000</u>	<u>4,410,996</u>	<u>4,410,995</u>	<u>1</u>
Total Expenditures	<u>4,000,000</u>	<u>4,410,996</u>	<u>4,410,995</u>	<u>1</u>
Net Change in Fund Balance	<u>\$ (4,000,000)</u>	<u>\$ (4,410,996)</u>	(4,410,995)	<u>\$ 1</u>
FUND BALANCE - Beginning of Year			<u>4,460,995</u>	
FUND BALANCE - END OF YEAR			<u>\$ 50,000</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - PUBLIC SAFETY GRANTS - FIRE - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
PUBLIC SAFETY - FIRE SERVICES				
Commodities	-	<u>100</u>	<u>35</u>	<u>65</u>
Total Expenditures	-	<u>100</u>	<u>35</u>	<u>65</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (100)</u>	(35)	<u>\$ 65</u>
FUND BALANCE - Beginning of Year			<u>500,850</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 500,815</u></u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SUNSET/DELANY TIF #6 - NONMAJOR SPECIAL REVENUE
 FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ -	\$ -	\$ 504,349	\$ 504,349
Total Revenues	-	-	504,349	504,349
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Contractual services	-	82,818	82,818	-
Total Expenditures	-	82,818	82,818	-
Excess (deficiency) of revenues over (under) expenditures	-	(82,818)	421,531	504,349
OTHER FINANCING USES				
Transfers out	-	(295,297)	(295,297)	-
Total Other Financing Uses	-	(295,297)	(295,297)	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (378,115)</u>	126,234	<u>\$ 504,349</u>
FUND BALANCE - Beginning of Year			6,243	
FUND BALANCE - END OF YEAR			<u>\$ 132,477</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 1,000,000	\$ 1,000,000	\$ 424,062	\$ (575,938)
Total Revenues	1,000,000	1,000,000	424,062	(575,938)
EXPENDITURES				
COMMUNITY DEVELOPMENT				
Contractual services	410,000	213,456	203,190	10,266
Capital Outlay	590,000	20,101	10,100	10,001
Total Expenditures	1,000,000	233,557	213,290	20,267
Net Change in Fund Balance	\$ -	\$ 766,443	210,772	\$ (555,671)
FUND BALANCE - Beginning of Year			53,945	
FUND BALANCE - END OF YEAR			\$ 264,717	

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
CHARGES FOR SERVICES				
Vendor fees	\$ 4,000	\$ 4,000	\$ 6,750	\$ 2,750
Vehicle registration	2,000	2,000	1,250	(750)
MISCELLANEOUS				
Donations	-	-	6,350	6,350
Downtown events	2,000	2,000	-	(2,000)
Other	<u>2,000</u>	<u>2,000</u>	<u>26,050</u>	<u>24,050</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>40,400</u>	<u>30,400</u>
EXPENDITURES				
CULTURE AND RECREATION				
Personnel services	10,000	15,162	15,043	119
Contractual services	50,000	39,749	39,748	1
Contractual services	-	1,000	709	291
Total Expenditures	<u>60,000</u>	<u>55,911</u>	<u>55,500</u>	<u>411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,000)</u>	<u>(45,911)</u>	<u>(15,100)</u>	<u>30,811</u>
OTHER FINANCING SOURCES				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>26,964</u>	<u>(23,036)</u>
Total Other Financing Sources	<u>50,000</u>	<u>50,000</u>	<u>26,964</u>	<u>(23,036)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 4,089</u>	11,864	<u>\$ 7,775</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(2,264)</u>	
FUND BALANCE - END OF YEAR			<u>\$ 9,600</u>	

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

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - HOME RULE SALES TAX INFRASTRUCTURE - NONMAJOR
 SPECIAL REVENUE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Home rule sales	\$ 2,500,000	\$ 2,500,000	\$ 1,715,695	\$ (784,305)
Total Revenues	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,715,695</u>	<u>(784,305)</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES				
Transfers out	<u>(143,500)</u>	<u>(196,273)</u>	<u>(196,273)</u>	<u>-</u>
Total Other Financing Uses	<u>(143,500)</u>	<u>(196,273)</u>	<u>(196,273)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 2,356,500</u>	<u>\$ 2,303,727</u>	1,519,422	<u>\$ (784,305)</u>
FUND BALANCE - Beginning of Year			<u>512,074</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,031,496</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - PRISONER REVIEW/DUI SB 740 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
FINES AND FORFEITURES				
Prison review agency	\$ 40,000	\$ 40,000	\$ 44,304	\$ 4,304
Late payment/penalties	<u>35,000</u>	<u>35,000</u>	<u>38,238</u>	<u>3,238</u>
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>82,542</u>	<u>7,542</u>
EXPENDITURES				
PUBLIC SAFETY - POLICE AND COMMUNICATION SERVICES				
Contractual services	7,000	2,000	-	2,000
Commodities	115,000	57,107	32,102	25,005
Capital outlay	<u>95,000</u>	<u>2,388</u>	<u>2,388</u>	<u>-</u>
Total Expenditures	<u>217,000</u>	<u>61,495</u>	<u>34,490</u>	<u>27,005</u>
Net Change in Fund Balance	<u>\$ (142,000)</u>	<u>\$ 13,505</u>	48,052	<u>\$ 34,547</u>
FUND BALANCE - Beginning of Year			<u>262,717</u>	
FUND BALANCE - END OF YEAR			<u>\$ 310,769</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - LOCAL FORFEITURE FUND - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INTERGOVERNMENTAL				
State grants	\$ 25,000	\$ 25,000	\$ 58,560	\$ 33,560
Other	25,000	25,000	3,468	(21,532)
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>62,028</u>	<u>12,028</u>
EXPENDITURES				
PUBLIC SAFETY				
Contractual services	-	20,777	20,720	57
Commodities	500,000	256,611	251,977	4,634
Total Expenditures	<u>500,000</u>	<u>277,388</u>	<u>272,697</u>	<u>4,691</u>
Net Change in Fund Balance	<u>\$ (450,000)</u>	<u>\$ (227,388)</u>	(210,669)	<u>\$ 16,719</u>
FUND BALANCE - Beginning of Year			<u>512,408</u>	
FUND BALANCE - END OF YEAR			<u>\$ 301,739</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - NORTH LAKEFRONT TIF #7 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ -	\$ -	\$ 13,664	\$ 13,664
Total Revenues	-	-	13,664	13,664
EXPENDITURES				
Total Expenditures	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	13,664	<u>\$ 13,664</u>
FUND BALANCE - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ 13,664</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - DOWNTOWN TIF #8 - NONMAJOR SPECIAL REVENUE
 FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ -	\$ -	\$ 104,521	\$ 104,521
Total Revenues	-	-	104,521	104,521
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Contractual services	-	642	321	321
Commodities	-	109,920	103,709	6,211
Total Expenditures	-	110,562	104,030	6,532
Net Change in Fund Balance	\$ -	\$ (110,562)	491	\$ 111,053
FUND BALANCE - Beginning of Year			-	
FUND BALANCE - END OF YEAR			\$ 491	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SOUTH LAKEFRONT TIF #9 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property taxes	\$ -	\$ -	\$ 26,870	\$ 26,870
Total Revenues	<u>-</u>	<u>-</u>	<u>26,870</u>	<u>26,870</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	26,870	<u>\$ 26,870</u>
FUND BALANCE - Beginning of Year			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ 26,870</u>	

CITY OF WAUKEGAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - MCGAW PARK TIF #10 - NONMAJOR SPECIAL REVENUE
 FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ -	\$ -	\$ 3,420	\$ 3,420
Total Revenues	<u>-</u>	<u>-</u>	<u>3,420</u>	<u>3,420</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT				
Contractual services	-	3,078	3,078	-
Total Expenditures	<u>-</u>	<u>3,078</u>	<u>3,078</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (3,078)</u>	342	<u>\$ 3,420</u>
FUND BALANCE - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ 342</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
INTERGOVERNMENTAL				
Federal grants	\$ 185,000	\$ 185,000	\$ -	\$ (185,000)
Local grants	-	-	192,168	192,168
INVESTMENT INCOME				
Investment income	-	-	33	33
Total Revenues	<u>185,000</u>	<u>185,000</u>	<u>192,201</u>	<u>7,201</u>
EXPENDITURES				
EQUIPMENT REPLACEMENT				
Capital Outlay	<u>4,060,000</u>	<u>2,348,481</u>	<u>522,393</u>	<u>1,826,088</u>
DEBT SERVICE				
Interest and fiscal charges	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total Expenditures	<u>4,260,000</u>	<u>2,548,481</u>	<u>522,393</u>	<u>2,026,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,075,000)</u>	<u>(2,363,481)</u>	<u>(330,192)</u>	<u>2,033,289</u>
OTHER FINANCING SOURCES				
Debt issued	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>	<u>(4,000,000)</u>
Total Other Financing Sources	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>	<u>(4,000,000)</u>
Net Change in Fund Balance	<u>\$ (75,000)</u>	<u>\$ 1,636,519</u>	<u>(330,192)</u>	<u>\$ (1,966,711)</u>
FUND BALANCE - Beginning of Year			<u>598,771</u>	
FUND BALANCE - END OF YEAR			<u>\$ 268,579</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
INVESTMENT INCOME				
Investment income	\$ -	\$ -	\$ 1,828	\$ 1,828
Total Revenues	<u>-</u>	<u>-</u>	<u>1,828</u>	<u>1,828</u>
EXPENDITURES				
STREETS, BRIDGES AND PUBLIC WORKS				
Capital outlay	<u>17,550,000</u>	<u>17,559,990</u>	<u>7,002,809</u>	<u>10,557,181</u>
DEBT SERVICE				
Interest and fiscal charges	<u>450,000</u>	<u>440,010</u>	<u>99,874</u>	<u>340,136</u>
Total Expenditures	<u>18,000,000</u>	<u>18,000,000</u>	<u>7,102,683</u>	<u>10,897,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,000,000)</u>	<u>(18,000,000)</u>	<u>(7,100,855)</u>	<u>10,899,145</u>
OTHER FINANCING SOURCES				
Bond proceeds	18,000,000	18,000,000	7,005,000	(10,995,000)
Premium on debt	<u>-</u>	<u>-</u>	<u>597,694</u>	<u>597,694</u>
Total Other Financing Sources	<u>18,000,000</u>	<u>18,000,000</u>	<u>7,602,694</u>	<u>(10,397,306)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	501,839	<u>\$ 501,839</u>
FUND BALANCE - Beginning of Year			<u>290,510</u>	
FUND BALANCE - END OF YEAR			<u>\$ 792,349</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
CHARGES FOR SERVICES				
Grave Openings	\$ -	\$ -	\$ 3,750	\$ 3,750
INVESTMENT INCOME				
Investment income	-	-	44	44
MISCELLANEOUS				
Donations	-	-	50	50
Total Revenues	-	-	3,844	3,844
EXPENDITURES				
CULTURE AND RECREATION				
Contractual services	-	20	20	-
Total Expenditures	-	20	20	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (20)</u>	3,824	<u>\$ 3,844</u>
FUND BALANCE - Beginning of Year			<u>47,358</u>	
FUND BALANCE - END OF YEAR			<u>\$ 51,182</u>	

CITY OF WAUKEGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL WATER AND SEWER FUND - MAJOR ENTERPRISE FUND For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 12,810,000	\$ 12,810,000	\$ 12,434,625	\$ (375,375)
Fines and forfeitures	286,000	286,000	333,006	47,006
Permits	294,000	294,000	305,144	11,144
Miscellaneous	59,000	59,000	35,897	(23,103)
Total Operating Revenues	13,449,000	13,449,000	13,108,672	(340,328)
OPERATING EXPENSES				
Personnel services	3,152,000	3,128,138	3,125,907	2,231
Personnel benefits	1,827,000	1,964,990	1,873,045	91,945
Contractual services	1,670,000	1,620,927	1,329,539	291,388
Commodities	612,000	632,474	631,193	1,281
Professional services	10,480,000	9,073,811	3,569,268	5,504,543
Depreciation	-	2,047,572	2,047,572	-
Total Operating Expenses	17,741,000	18,467,912	12,576,524	5,891,388
Operating Income (Loss)	(4,292,000)	(5,018,912)	532,148	5,551,060
NONOPERATING REVENUES (EXPENSES)				
Investment income	5,000	5,000	27,407	22,407
Miscellaneous	-	-	3,870	3,870
Loss on the disposal of capital assets	-	-	(191,406)	(191,406)
Interest and fiscal charges	(296,000)	(292,100)	(290,300)	1,800
Debt discount amortization	-	(9,479)	(9,479)	-
Total Nonoperating Revenues (Expenses)	(291,000)	(296,579)	(459,908)	(163,329)
Net Income Before Transfers	(4,583,000)	(5,315,491)	72,240	5,387,731
TRANSFERS				
Transfers in	-	-	1,416	1,416
Transfers out	(417,000)	(417,000)	(417,000)	-
Net Transfers	(417,000)	(417,000)	(415,584)	1,416
Change in net position	\$ (5,000,000)	\$ (5,732,491)	(343,344)	\$ 5,389,147
NET POSITION - Beginning of Year (as restated)			59,281,812	
NET POSITION - END OF YEAR			\$ 58,938,468	

CITY OF WAUKEGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
MOTOR VEHICLE PARKING LOT FUND - MAJOR ENTERPRISE FUND
For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 672,000	\$ 672,000	\$ 693,010	\$ 21,010
Miscellaneous	<u>202,000</u>	<u>202,000</u>	<u>101,045</u>	<u>(100,955)</u>
Total Operating Revenues	<u>874,000</u>	<u>874,000</u>	<u>794,055</u>	<u>(79,945)</u>
OPERATING EXPENSES				
Personnel services	120,000	125,237	125,154	83
Personnel benefits	59,000	69,989	62,270	7,719
Contractual services	1,896,000	1,798,290	149,732	1,648,558
Commodities	15,000	21,603	20,680	923
Depreciation	-	188,688	188,688	-
Professional services	-	<u>248,590</u>	-	<u>(248,590)</u>
Total Operating Expenses	<u>2,090,000</u>	<u>2,452,397</u>	<u>546,524</u>	<u>1,905,873</u>
Operating Income (Loss)	<u>(1,216,000)</u>	<u>(1,578,397)</u>	<u>247,531</u>	<u>1,825,928</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	102	102
Home rule sales tax	108,000	108,000	108,349	349
Miscellaneous revenue	-	-	3,013	3,013
Deferred charges amortization	-	-	(28,623)	(28,623)
Debt premium amortization	-	-	51,769	51,769
Gain (Loss) on the disposal of capital assets	1,300,000	1,300,000	(305,202)	(1,605,202)
Interest and fiscal charges	<u>(172,000)</u>	<u>(300,054)</u>	<u>(280,045)</u>	<u>20,009</u>
Total Nonoperating Revenues (Expenses)	<u>1,236,000</u>	<u>1,107,946</u>	<u>(450,637)</u>	<u>(1,558,583)</u>
Net Income (Loss) Before Transfers	<u>20,000</u>	<u>(470,451)</u>	<u>(203,106)</u>	<u>267,345</u>
TRANSFERS				
Transfers in	-	-	26	26
Transfers out	<u>(20,000)</u>	<u>(18,465)</u>	<u>(15,996)</u>	<u>2,469</u>
Net Transfers	<u>(20,000)</u>	<u>(18,465)</u>	<u>(15,970)</u>	<u>2,495</u>
Change in net position	<u>\$ -</u>	<u>\$ (488,916)</u>	<u>(219,076)</u>	<u>\$ 269,840</u>
NET POSITION - Beginning of Year (as restated)			<u>5,428,476</u>	
NET POSITION - END OF YEAR			<u>\$ 5,209,400</u>	

CITY OF WAUKEGAN

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of April 30, 2016

	<u>Employee Benefit Plan</u>	<u>Safety and Risk Management</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 70,608	\$ 3,678,801	\$ 3,749,409
Receivables			
Accounts	-	975	975
Due from other funds	620,657	186,260	806,917
Prepaid items	<u>137,100</u>	<u>-</u>	<u>137,100</u>
Total Current Assets	<u>828,365</u>	<u>3,866,036</u>	<u>4,694,401</u>
 Total Assets	 <u>828,365</u>	 <u>3,866,036</u>	 <u>4,694,401</u>
LIABILITIES			
Current Liabilities			
Accounts payable	37,923	2,100	40,023
Due to other funds	<u>630,728</u>	<u>-</u>	<u>630,728</u>
Total Current Liabilities	<u>668,651</u>	<u>2,100</u>	<u>670,751</u>
 Total Liabilities	 <u>668,651</u>	 <u>2,100</u>	 <u>670,751</u>
NET POSITION			
Unrestricted	<u>159,714</u>	<u>3,863,936</u>	<u>4,023,650</u>
 TOTAL NET POSITION	 <u>\$ 159,714</u>	 <u>\$ 3,863,936</u>	 <u>\$ 4,023,650</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS For the Year Ended April 30, 2016

	<u>Employee Benefit Plan</u>	<u>Safety and Risk Management</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 7,354,101	\$ -	\$ 7,354,101
Miscellaneous	<u>213,428</u>	<u>958,644</u>	<u>1,172,072</u>
Total Operating Revenues	<u>7,567,529</u>	<u>958,644</u>	<u>8,526,173</u>
OPERATING EXPENSES			
Contractual services	6,474	7,186	13,660
Claims and judgments	114,155	2,708	116,863
Insurance premiums	<u>7,368,081</u>	<u>-</u>	<u>7,368,081</u>
Total Operating Expenses	<u>7,488,710</u>	<u>9,894</u>	<u>7,498,604</u>
Operating Income	<u>78,819</u>	<u>948,750</u>	<u>1,027,569</u>
NONOPERATING EXPENSES			
Investment income	<u>-</u>	<u>395</u>	<u>395</u>
Total Nonoperating Expenses	<u>-</u>	<u>395</u>	<u>395</u>
TRANSFERS			
Transfers in	<u>-</u>	<u>3,086</u>	<u>3,086</u>
Total Transfers	<u>-</u>	<u>3,086</u>	<u>3,086</u>
Change in net position	78,819	952,231	1,031,050
NET POSITION - Beginning of Year	<u>80,895</u>	<u>2,911,705</u>	<u>2,992,600</u>
NET POSITION - END OF YEAR	<u>\$ 159,714</u>	<u>\$ 3,863,936</u>	<u>\$ 4,023,650</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended April 30, 2016

	Employee Benefit Plan	Safety and Risk Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 7,567,529	\$ 1,230,121	\$ 8,797,650
Paid to suppliers for goods and services	(7,539,964)	(7,794)	(7,547,758)
Net Cash Flows From Operating Activities	27,565	1,222,327	1,249,892
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	-	395	395
Net Cash Flows From Investing Activities	-	395	395
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	-	3,086	3,086
Interfund borrowings	(920,657)	(186,260)	(1,106,917)
Net Cash Flows From Noncapital Financing Activities	(920,657)	(183,174)	(1,103,831)
Net Change in Cash and Cash Equivalents	(893,092)	1,039,548	146,456
CASH AND CASH EQUIVALENTS - Beginning of Year	963,700	2,639,253	3,602,953
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 70,608	\$ 3,678,801	\$ 3,749,409
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 78,819	\$ 948,750	\$ 1,027,569
Changes in assets and liabilities			
Accounts receivable	-	271,477	271,477
Prepaid items	(17,400)	-	(17,400)
Accounts payable	(33,854)	2,100	(31,754)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 27,565	\$ 1,222,327	\$ 1,249,892
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			

CITY OF WAUKEGAN

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
 EMPLOYEES' BENEFIT PLAN FUND - INTERNAL SERVICE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES				
Charges for services				
Premiums city	\$ 6,625,000	\$ 6,625,000	\$ 6,349,865	\$ (275,135)
Premiums employees	1,377,000	1,377,000	1,004,236	(372,764)
Miscellaneous	<u>192,000</u>	<u>192,000</u>	<u>213,428</u>	<u>21,428</u>
Total Operating Revenues	<u>8,194,000</u>	<u>8,194,000</u>	<u>7,567,529</u>	<u>(626,471)</u>
OPERATING EXPENSES				
Contractual services	-	5,838	6,474	(636)
Commodities	-	100	-	100
Claims and judgments	60,000	114,794	114,155	639
Insurance premiums	<u>7,942,000</u>	<u>7,766,269</u>	<u>7,368,081</u>	<u>398,188</u>
Total Operating Expenses	<u>8,002,000</u>	<u>7,887,001</u>	<u>7,488,710</u>	<u>398,291</u>
Operating Income	<u>\$ 192,000</u>	<u>\$ 306,999</u>	78,819	<u>\$ (228,180)</u>
NET POSITION - Beginning of Year			<u>80,895</u>	
NET POSITION - END OF YEAR			<u>\$ 159,714</u>	

CITY OF WAUKEGAN

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL SAFETY AND RISK MANAGEMENT FUND - INTERNAL SERVICE FUND For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services				
Miscellaneous	\$ 250,000	\$ 250,000	\$ 958,644	\$ 708,644
Total Operating Revenues	<u>250,000</u>	<u>250,000</u>	<u>958,644</u>	<u>708,644</u>
OPERATING EXPENSES				
Contractual services	25,000	48,903	7,186	41,717
Commodities	5,000	5,100	-	5,100
Claims and judgments	-	17,040	2,708	14,332
Total Operating Expenses	<u>30,000</u>	<u>71,043</u>	<u>9,894</u>	<u>61,149</u>
Operating Income	<u>220,000</u>	<u>178,957</u>	<u>948,750</u>	<u>769,793</u>
NON-OPERATING EXPENSES				
Investment income	-	-	395	395
Total Non-Operating Expenses	<u>-</u>	<u>-</u>	<u>395</u>	<u>395</u>
Net Income Before Transfers	<u>220,000</u>	<u>178,957</u>	<u>949,145</u>	<u>770,188</u>
TRANSFERS				
Transfers in	-	-	3,086	3,086
Net Transfers	<u>-</u>	<u>-</u>	<u>3,086</u>	<u>3,086</u>
Change in net assets	<u>\$ 220,000</u>	<u>\$ 178,957</u>	952,231	<u>\$ 773,274</u>
NET POSITION - Beginning of Year			<u>2,911,705</u>	
NET POSITION - END OF YEAR			<u>\$ 3,863,936</u>	

CITY OF WAUKEGAN

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
As of April 30, 2016

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 58,183	\$ 570,645	\$ 628,828
Investments			
Money markets	3,471,949	1,037,978	4,509,927
State and local obligations	1,878,482	878,161	2,756,643
US Government and agency obligations	10,014,818	10,179,156	20,193,974
Mutual funds	41,666,438	31,791,207	73,457,645
Corporate bonds	13,623,417	8,505,339	22,128,756
Annuities	9,590,306	7,565,470	17,155,776
Accrued interest	194,512	124,592	319,104
Prepaid items	<u>9,519</u>	<u>6,075</u>	<u>15,594</u>
Total Assets	<u>80,507,624</u>	<u>60,658,623</u>	<u>141,166,247</u>
LIABILITIES			
Accounts payable	<u>20,995</u>	<u>13,974</u>	<u>34,969</u>
Total Liabilities	<u>20,995</u>	<u>13,974</u>	<u>34,969</u>
NET POSITION			
Restricted for pensions	<u>\$ 80,486,629</u>	<u>\$ 60,644,649</u>	<u>\$ 141,131,278</u>

CITY OF WAUKEGAN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

For the Year Ended April 30, 2016

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
ADDITIONS			
Contributions			
Employer	\$ 6,286,275	\$ 4,401,280	\$ 10,687,555
Plan members	1,470,091	1,006,352	2,476,443
Other	1,830	4,392	6,222
Total Contributions	<u>7,758,196</u>	<u>5,412,024</u>	<u>13,170,220</u>
INVESTMENT INCOME (LOSS)			
Investment income	2,744,859	1,189,916	3,934,775
Net appreciation (depreciation) in the fair value of investments	<u>(2,560,094)</u>	<u>(1,105,859)</u>	<u>(3,665,953)</u>
Total Investment Income (Loss)	184,765	84,057	268,822
Less: Investment expense	<u>105,605</u>	<u>90,442</u>	<u>196,047</u>
Net Investment Income	<u>79,160</u>	<u>(6,385)</u>	<u>72,775</u>
Total Additions	<u>7,837,356</u>	<u>5,405,639</u>	<u>13,242,995</u>
DEDUCTIONS			
Benefits	7,088,523	5,697,676	12,786,199
Contractual services	86,055	54,570	140,625
Administration	<u>46,622</u>	<u>47,566</u>	<u>94,188</u>
Total Deductions	<u>7,221,200</u>	<u>5,799,812</u>	<u>13,021,012</u>
 Change in Net Position	 616,156	 (394,173)	 221,983
 NET POSITION - Beginning of Year	 <u>79,870,473</u>	 <u>61,038,822</u>	 <u>140,909,295</u>
 NET POSITION, END OF YEAR	 <u>\$ 80,486,629</u>	 <u>\$ 60,644,649</u>	 <u>\$ 141,131,278</u>

CITY OF WAUKEGAN

POLICE PENSION FUND

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
ADDITIONS				
Contributions				
Employer	\$ 6,222,000	\$ 6,222,000	\$ 6,286,275	\$ (64,275)
Plan members	1,320,000	1,320,000	1,470,091	(150,091)
Other	-	-	1,830	(1,830)
Total Contributions	<u>7,542,000</u>	<u>7,542,000</u>	<u>7,758,196</u>	<u>(216,196)</u>
INVESTMENT INCOME (LOSS)				
Investment income	3,188,000	3,188,000	2,744,859	443,141
Net appreciation (depreciation) in the fair value of investments	<u>368,000</u>	<u>368,000</u>	<u>(2,560,094)</u>	<u>2,928,094</u>
Total Investment Income	3,556,000	3,556,000	184,765	3,371,235
Less: Investment expense	<u>133,000</u>	<u>105,606</u>	<u>105,605</u>	<u>1</u>
Net Investment Income (loss)	<u>3,423,000</u>	<u>3,450,394</u>	<u>79,160</u>	<u>3,371,234</u>
Total Additions	<u>10,965,000</u>	<u>10,992,394</u>	<u>7,837,356</u>	<u>3,155,038</u>
DEDUCTIONS				
Benefits	7,200,000	7,127,212	7,088,523	38,689
Contractual services	66,000	86,055	86,055	-
Administration	<u>23,000</u>	<u>54,107</u>	<u>46,622</u>	<u>7,485</u>
Total Deductions	<u>7,289,000</u>	<u>7,267,374</u>	<u>7,221,200</u>	<u>46,174</u>
Change in net position	<u>\$ 3,676,000</u>	<u>\$ 3,725,020</u>	616,156	<u>\$ 3,108,864</u>
NET POSITION, Beginning of Year			<u>79,870,473</u>	
NET POSITION, END OF YEAR			<u>\$ 80,486,629</u>	

CITY OF WAUKEGAN

FIREFIIGHTERS' PENSION FUND

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
ADDITIONS				
Contributions				
Employer	\$ 4,327,000	\$ 4,327,000	\$ 4,401,280	\$ (74,280)
Plan members	1,020,000	1,020,000	1,006,352	13,648
Other	-	-	4,392	(4,392)
Total Contributions	<u>5,347,000</u>	<u>5,347,000</u>	<u>5,412,024</u>	<u>(65,024)</u>
INVESTMENT INCOME (LOSS)				
Investment income	1,446,000	1,446,000	1,189,916	256,084
Net appreciation (depreciation) in the fair value of investments	<u>1,618,000</u>	<u>1,618,000</u>	<u>(1,105,859)</u>	<u>2,723,859</u>
Total Investment Income	3,064,000	3,064,000	84,057	2,979,943
Less: Investment expense	<u>235,000</u>	<u>222,667</u>	<u>90,442</u>	<u>132,225</u>
Net Investment Income (loss)	<u>2,829,000</u>	<u>2,841,333</u>	<u>(6,385)</u>	<u>2,847,718</u>
Total Additions	<u>8,176,000</u>	<u>8,188,333</u>	<u>5,405,639</u>	<u>2,782,694</u>
DEDUCTIONS				
Benefits	5,500,000	5,697,676	5,697,676	-
Contractual services	236,000	63,051	54,570	8,481
Administration	<u>19,000</u>	<u>55,606</u>	<u>47,566</u>	<u>8,040</u>
Total Deductions	<u>5,755,000</u>	<u>5,816,333</u>	<u>5,799,812</u>	<u>16,521</u>
Change in net position	<u>\$ 2,421,000</u>	<u>\$ 2,372,000</u>	(394,173)	<u>\$ 2,766,173</u>
NET POSITION, Beginning of Year			<u>61,038,822</u>	
NET POSITION, END OF YEAR			<u>\$ 60,644,649</u>	

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	166 - 175
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	176 - 188
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	189 - 194
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	195 - 199
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	200 - 203

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

CITY OF WAUKEGAN

NET POSITION BY COMPONENT Last Ten Fiscal Years

	2007	2008	2009	2010
<i>(in thousands)</i>				
Governmental activities				
Net investment in capital assets	\$ 13,819	\$ 19,304	\$ 52,967	\$ 57,218
Restricted net position	9,234	14,199	6,313	11,872
Unrestricted net position	(34,169)	(42,207)	(38,001)	(50,638)
Total governmental activities net position	\$ (11,117)	\$ (8,704)	\$ 21,279	\$ 18,452
Business-type activities				
Net investment in capital assets	\$ 41,058	\$ 43,285	\$ 61,805	\$ 60,780
Restricted net position	695	560	-	-
Unrestricted net position	3,114	326	(4,553)	(3,003)
Total business-type activities net position	\$ 44,867	\$ 44,171	\$ 57,252	\$ 57,777
Primary government				
Net investment in capital assets	\$ 54,876	\$ 62,588	\$ 114,772	\$ 117,998
Restricted net position	9,929	14,759	6,313	11,872
Unrestricted net position	(31,055)	(41,881)	(42,554)	(53,641)
Total primary government net position	\$ 33,751	\$ 35,467	\$ 78,531	\$ 76,229

*The City implemented GASB Statement 68 in fiscal year 2016. Prior years have not been restated.

Source: Statement of Net Position

	2011	2012	2013	2014	2015	2016*
\$	52,654	\$ 41,082	\$ 38,461	\$ 38,918	\$ 35,845	\$ 34,532
	11,746	13,284	10,753	13,874	14,643	11,471
	(50,578)	(31,200)	(28,223)	(28,173)	(25,421)	(166,452)
\$	13,822	\$ 23,167	\$ 20,990	\$ 24,619	\$ 25,067	\$ (120,449)
\$	59,814	\$ 57,995	\$ 56,409	\$ 56,139	\$ 53,495	\$ 53,135
	-	-	-	-	-	-
	3,586	3,440	7,914	10,733	12,726	10,876
\$	63,400	\$ 61,435	\$ 64,323	\$ 66,872	\$ 66,222	\$ 64,011
\$	112,469	\$ 99,077	\$ 94,870	\$ 95,057	\$ 89,340	\$ 87,666
	11,746	13,284	10,753	13,874	14,643	11,471
	(46,992)	(27,759)	(20,309)	(17,441)	(12,694)	(155,576)
\$	77,223	\$ 84,602	\$ 85,313	\$ 91,491	\$ 91,289	\$ (56,438)

CITY OF WAUKEGAN

CHANGES IN NET POSITION
Last Ten Fiscal Years

<i>(in thousands)</i>	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	\$ 6,034	\$ 6,303	\$ 8,922	\$ 7,084	\$ 6,250
Public Safety	42,636	44,164	65,437	48,824	48,811
Building and zoning	-	-	-	-	-
Streets, Bridges & Other Public Works	9,486	10,537	26,348	16,291	15,503
Sanitation & Environment	3,560	3,623	4,628	4,355	4,644
Economic Development	3,045	4,446	4,878	1,221	1,386
Community Development	1,390	968	1,580	1,610	89
Culture & Recreation	2,291	2,462	96	160	1,515
Interest on long-term debt	3,522	3,656	3,945	3,597	5,095
Total governmental activities expenses	71,964	76,159	115,834	83,142	83,293
Business-type activities:					
Water & Sewer	9,867	10,761	13,960	9,575	6,891
Parking System	965	953	1,217	902	918
Total business-type activities expenses	10,832	11,714	15,177	10,477	7,809
Total primary government expenses	\$ 82,796	\$ 87,873	\$ 131,011	\$ 93,619	\$ 91,102
Program Revenues					
Governmental activities:					
Charges for services	\$ 11,232	\$ 12,900	\$ 12,739	\$ 11,216	\$ 13,087
Operating grants and contributions	2,147	2,600	102	470	2,944
Capital grants and contributions	75	-	636	7,252	575
Total governmental activities program revenues	13,453	15,500	13,477	18,938	16,606
Business-type activities:					
Charges for services - Water & Sewer	11,363	11,133	10,895	11,612	12,537
Charges for services - Parking System	861	867	880	1,231	632
Capital grants and contributions	989	300	250	251	-
Total business-type activities program revenues	13,213	12,300	12,025	13,094	13,169
Total primary government program revenues	\$ 26,666	\$ 27,800	\$ 25,502	\$ 30,669	\$ 29,775
Net (Expense)/Revenue					
Governmental activities	\$ (58,511)	\$ (60,659)	\$ (102,357)	\$ (64,204)	\$ (66,687)
Business-type activities	2,381	586	(3,152)	2,617	5,360
Total primary government net expense	\$ (56,130)	\$ (60,073)	\$ (105,509)	\$ (61,587)	\$ (61,327)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property Taxes	\$ 16,633	\$ 17,357	\$ 19,437	\$ 20,963	\$ 24,650
Sales & Utility Taxes	25,494	26,718	23,800	23,237	22,800
Income Taxes & Franchise Fees	12,367	13,864	14,028	12,534	10,673
Motor Fuel Taxes	2,726	2,639	2,444	2,330	2,600
Miscellaneous & Investment Income	910	1,004	1,222	223	1,188
Litigation Proceeds	-	-	-	-	-
Gain (Loss) on Sales of Fixed Assets	(41)	-	-	-	-
Transfers	2,687	1,445	753	2,091	147
Total governmental activities	60,776	63,027	61,684	61,378	62,058
Business-type activities:					
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ 121
Miscellaneous & Investment Income	156	-	-	-	288
Gain (Loss) on Sales of Fixed Assets	(18)	-	-	-	-
Transfers	(2,687)	(1,445)	(753)	(2,091)	(147)
Total business-type activities	(2,549)	(1,445)	(753)	(2,091)	262
Total primary government	\$ 58,227	\$ 61,582	\$ 60,931	\$ 59,287	\$ 62,320
Change in Net Position					
Governmental activities	\$ 2,265	\$ 2,368	\$ (40,673)	\$ (2,827)	\$ (4,629)
Business-type activities	(168)	(859)	(3,905)	526	5,622
Total primary government	\$ 2,096	\$ 1,509	\$ (44,578)	\$ (2,301)	\$ 993

Source: Statement of Activities

	2012	2013	2014	2015	2016
\$	7,551	\$ 5,924	\$ 5,528	\$ 6,514	\$ 6,150
	46,398	49,782	54,201	57,961	89,341
	1,313	1,167	1,278	1,482	1,906
	13,523	14,027	14,356	14,955	15,725
	5,075	5,889	5,079	4,824	4,633
	3,666	2,047	959	1,883	6,648
	1,356	2,099	1,646	1,818	1,162
	92	90	86	91	85
	6,563	3,782	3,429	3,432	3,204
	85,536	84,807	86,563	92,959	128,854
	9,390	9,423	9,071	12,838	13,050
	903	893	914	995	1,108
	10,293	10,316	9,984	13,833	14,159
\$	95,829	\$ 95,122	\$ 96,547	\$ 106,792	\$ 143,013
\$	13,079	\$ 12,375	\$ 12,305	\$ 13,403	\$ 14,349
	3,132	4,271	5,388	4,290	2,416
	329	84	78	60	-
	16,539	16,730	17,771	17,753	16,765
	10,385	13,983	12,330	12,557	13,109
	929	988	949	876	794
	-	-	-	-	-
	11,314	14,971	13,279	13,433	13,903
\$	27,853	\$ 31,701	\$ 31,050	\$ 31,186	\$ 30,668
\$	(68,997)	\$ (68,077)	\$ (68,791)	\$ (75,206)	\$ (112,089)
	1,021	4,656	3,294	(400)	(256)
\$	(67,976)	\$ (63,421)	\$ (65,497)	\$ (75,606)	\$ (112,345)
\$	27,283	\$ 26,402	\$ 29,079	\$ 30,278	\$ 29,686
	24,212	23,315	27,469	28,512	31,311
	9,567	11,347	12,239	12,470	12,470
	2,646	2,557	2,931	2,649	2,279
	220	355	223	1,313	1,375
	12,657	-	-	-	-
	(1,363)	-	-	-	-
	3,120	1,924	683	433	432
	78,343	65,900	72,624	75,655	77,551
\$	132	\$ 120	\$ 152	\$ 178	\$ 108
	1	37	4	5	34
	-	-	-	-	-
	(3,120)	(1,924)	(683)	(433)	(432)
	(2,987)	(1,767)	(527)	(250)	(289)
\$	75,356	\$ 64,132	\$ 72,097	\$ 75,405	\$ 77,263
\$	9,345	\$ (2,178)	\$ 3,833	\$ 448	\$ (34,538)
	(1,965)	2,888	2,767	(650)	(545)
\$	7,380	\$ 711	\$ 6,600	\$ (202)	\$ (35,082)

CITY OF WAUKEGAN

PROGRAM REVENUES BY FUNCTION/PROGRAM Last Ten Fiscal Years

<i>(in thousands)</i>	2007	2008	2009
Function/Program			
Governmental activities:			
General government	\$ 2,448	\$ 3,322	\$ 7,108
Public Safety	7,480	9,013	5,449
Building and zoning	-	-	-
Streets, Bridges & Other Public Works	584	686	177
Sanitation & Environment	187	417	356
Economic Development	183	58	-
Community Development	1,561	1,322	286
Culture & Recreation	568	725	101
Subtotal governmental activities	<u>13,011</u>	<u>15,544</u>	<u>13,477</u>
Business-type activities:			
Water & Sewer	12,352	11,270	11,145
Parking	861	867	880
Subtotal business-type activities	<u>13,213</u>	<u>12,137</u>	<u>12,025</u>
Total primary government	<u>\$ 26,224</u>	<u>\$ 27,681</u>	<u>\$ 25,502</u>

Source: Statement of Activities

	2010	2011	2012	2013	2014	2015	2016
\$	6,696	\$ 6,390	\$ 6,425	\$ 5,845	\$ 6,719	\$ 7,575	\$ 7,323
	4,588	6,790	6,927	7,131	8,697	7,703	7,314
	-	-	28	39	14	0	20
	7,365	1,134	660	382	531	550	559
	87	492	1,041	1,247	281	63	49
	-	-	-	-	-	-	-
	138	1,799	1,459	2,085	1,530	1,819	1,460
	64	-	0	-	-	42	40
	18,938	16,605	16,539	16,730	17,771	17,753	16,765
	11,863	12,369	10,385	13,983	12,330	12,557	13,109
	1,231	800	929	988	949	876	794
	13,094	13,169	11,314	14,971	13,279	13,433	13,903
\$	32,032	\$ 29,774	\$ 27,853	\$ 31,701	\$ 31,050	\$ 31,186	\$ 30,668

CITY OF WAUKEGAN

FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2007	2008	2009	2010	2011
General Fund					
Reserved	\$ 4,481,790	\$ 5,867,348	\$ 8,062,344	\$ 1,705,883	\$ 2,061,135
Unreserved	8,422,604	6,705,002	-	(1,600,635)	2,961,394
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total general fund	\$ 12,904,394	\$ 12,572,350	\$ 8,062,344	\$ 105,248	\$ 5,022,529
All Other Governmental Funds					
Reserved	\$ 4,155,228	\$ 2,854,587	\$ 275,000	\$ 22,355,336	\$ 22,062,796
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	3,480,065	3,161,930	(1,745,657)	3,355,152	5,948,208
Capital projects funds	2,731,856	785,923	(761,030)	(1,940,118)	2,839,701
Permanent fund	-	-	43,067	43,025	477
Debt service funds	(292,740)	335,752	2,176,349	2,046,484	180,492
Unassigned (deficit), reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Permanent fund	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	10,074,409	7,138,192	(12,271)	25,859,879	31,031,674
Total governmental funds	\$ 22,978,803	\$ 19,710,542	\$ 8,050,073	\$ 25,965,127	\$ 36,054,203

Note:

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

Source: Financial Section, Balance Sheet Governmental Funds

2012 (1)	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
7,368,074	7,403,995	8,174,596	1,190,693	847,598
-	-	-	-	-
4,939,969	4,926,380	4,617,248	5,598,205	6,000,885
-	-	-	-	-
<u>11,948,988</u>	<u>11,939,745</u>	<u>16,801,151</u>	<u>20,882,328</u>	<u>24,355,786</u>
<u>\$ 24,257,031</u>	<u>\$ 24,270,120</u>	<u>\$ 29,592,995</u>	<u>\$ 27,671,226</u>	<u>\$ 31,204,269</u>
\$ -	\$ -	\$ -	\$ -	\$ -
398,292	321,095	234,623	286,538	450,868
18,468,744	10,972,428	14,497,894	14,937,421	12,830,393
845,733	736,524	293,638	889,281	268,579
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(511,861)	(126,291)	(49,381)	(2,264)	(426,260)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>19,200,908</u>	<u>11,903,756</u>	<u>14,976,774</u>	<u>16,110,976</u>	<u>13,123,580</u>
<u>\$ 43,457,939</u>	<u>\$ 36,173,876</u>	<u>\$ 44,569,769</u>	<u>\$ 43,782,202</u>	<u>\$ 44,327,849</u>

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

	2007	2008	2009
Revenues			
Taxes	\$ 56,164,150	\$ 59,284,717	\$ 43,598,865
Licenses and Permits	3,591,778	3,803,051	3,789,391
Intergovernmental	2,541,570	2,955,181	16,472,643
Charges for services	2,609,643	2,933,794	2,789,845
Fines and forfeitures	4,427,069	4,944,792	6,264,233
Investment earnings	1,107,407	1,069,269	381,911
Other revenues	<u>1,225,932</u>	<u>2,159,054</u>	<u>1,924,238</u>
Total revenues	<u>71,667,549</u>	<u>77,149,858</u>	<u>75,221,126</u>
Expenditures			
General government	5,375,216	5,758,644	6,596,320
Public Safety	41,597,208	43,478,169	44,399,128
Streets, Bridges & Other Public Works	8,587,270	9,952,811	10,411,033
Building, Zoning and Economic Development	5,908,109	7,139,294	7,844,128
Sanitation and Environment	3,589,201	3,651,624	4,905,360
Capital outlay	2,730,207	4,232,717	5,972,765
Debt service			
Principal	7,533,534	6,480,443	5,463,866
Interest and Fees	2,090,501	2,484,421	2,226,091
Waukegan Port District Pass Troughs	<u>(542,338)</u>	<u>(657,898)</u>	<u>-</u>
Total expenditures	<u>76,868,908</u>	<u>82,520,225</u>	<u>87,818,691</u>
Excess of revenues over (under) expenditures	<u>(5,201,359)</u>	<u>(5,370,367)</u>	<u>(12,597,565)</u>
Other Financing Sources (Uses)			
Bonds / Debt issued	-	-	-
Payment to escrow agent	-	-	-
Costs of issuance, discounts and premiums on debt	-	-	-
Sale of Capital Assets	112,499	25,436	27,523
Transfers in	2,936,751	2,109,838	3,516,142
Transfers out	(250,093)	(664,415)	(2,763,124)
Capital Leases	<u>-</u>	<u>748,043</u>	<u>112,765</u>
Total other financing sources (uses)	<u>2,799,157</u>	<u>2,218,902</u>	<u>893,306</u>
Net change in fund balances	<u>\$ (2,402,202)</u>	<u>\$ (3,151,465)</u>	<u>\$ (11,704,259)</u>
Debt service as a percentage of noncapital expenditures	13.0%	11.5%	9.4%

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

	2010	2011	2012	2013	2014	2015	2016
\$	44,134,461	\$ 47,429,708	\$ 51,379,400	\$ 51,164,286	\$ 56,429,857	\$ 59,047,661	\$ 61,043,686
	3,402,391	3,763,147	3,986,513	3,647,304	4,269,323	5,012,380	4,662,946
	12,095,338	16,551,786	16,096,259	19,186,682	19,988,019	18,912,653	17,252,590
	3,279,696	3,685,204	3,860,387	4,181,196	3,429,426	3,735,097	3,919,239
	4,437,924	3,697,777	2,610,764	2,514,086	2,833,120	2,257,863	3,208,403
	194,714	329,407	169,410	201,575	177,431	177,277	204,262
	<u>890,170</u>	<u>3,227,396</u>	<u>14,747,361</u>	<u>1,993,527</u>	<u>2,199,270</u>	<u>3,188,500</u>	<u>2,971,803</u>
	<u>68,434,694</u>	<u>78,684,425</u>	<u>92,850,094</u>	<u>82,888,656</u>	<u>89,326,446</u>	<u>92,331,431</u>	<u>93,262,929</u>
	6,057,857	3,965,921	5,824,137	4,523,601	4,221,438	4,022,611	4,210,172
	43,395,282	43,527,765	45,591,449	48,129,717	48,311,806	51,891,525	54,328,771
	8,537,483	7,876,199	7,621,079	7,781,208	7,760,063	7,893,209	7,553,972
	2,899,905	4,075,298	6,069,205	4,299,508	3,463,725	5,037,215	8,528,897
	4,944,241	4,701,891	5,082,767	5,454,619	5,612,815	4,538,166	4,363,441
	2,615,607	3,392,831	4,493,781	3,637,237	892,530	3,598,470	10,117,466
	12,186,184	5,670,989	8,968,777	8,782,227	8,568,632	7,871,246	8,354,843
	1,977,108	3,147,821	4,222,260	2,835,582	3,161,753	3,408,256	3,244,044
	-	-	-	-	-	-	-
	<u>82,613,667</u>	<u>76,358,715</u>	<u>87,873,455</u>	<u>85,443,699</u>	<u>81,992,762</u>	<u>88,260,698</u>	<u>100,701,606</u>
	<u>(14,178,973)</u>	<u>2,325,710</u>	<u>4,976,639</u>	<u>(2,555,043)</u>	<u>7,333,684</u>	<u>4,070,733</u>	<u>(7,438,677)</u>
	30,000,000	14,830,000	25,165,000	-	-	-	21,055,000
	-	(7,751,641)	(35,069,183)	(3,575,080)	-	-	(14,201,868)
	-	84,798	2,898,312	-	-	-	597,694
	2,976	39,162	33,547	970	21,639	540	105,030
	9,823,634	2,852,417	19,694,565	2,069,169	1,568,981	1,552,678	951,530
	(7,732,583)	(2,291,370)	(13,891,344)	(145,169)	(885,685)	(7,971,125)	(523,062)
	-	-	517,290	-	-	1,559,607	-
	<u>32,094,027</u>	<u>7,763,366</u>	<u>(651,813)</u>	<u>(1,650,110)</u>	<u>704,935</u>	<u>(4,858,300)</u>	<u>7,984,324</u>
\$	<u>17,915,054</u>	<u>\$ 10,089,076</u>	<u>\$ 4,324,826</u>	<u>\$ (4,205,153)</u>	<u>\$ 8,038,619</u>	<u>\$ (787,567)</u>	<u>\$ 545,647</u>
	17.7%	12.1%	15.8%	14.2%	14.5%	13.3%	12.8%

CITY OF WAUKEGAN

DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Fiscal Years

Levy Year	Fiscal Year	City of Waukegan	Overlapping Rates		
			Lake County	Lake County Forest	Waukegan Township & Road Bridge
2014	2015/2016	3.474	0.682	0.210	0.583
2013	2014/2015	3.340	0.663	0.218	0.536
2012	2013/2014	2.827	0.608	0.212	0.434
2011	2012/2013	2.191	0.554	0.201	0.370
2010	2011/2012	1.956	0.505	0.198	0.333
2009	2010/2011	1.644	0.464	0.200	0.300
2008	2009/2010	1.408	0.453	0.199	0.284
2007	2008/2009	1.389	0.444	0.201	0.281
2006	2007/2008	1.405	0.450	0.204	0.289
2005	2006/2007	1.389	0.454	0.210	0.289

Source: Lake County Clerk Tax Extension Office, Rate Sheet based on Waukegan Township 09 rates only, and does not include rates related to other townships that may extend into the City of Waukegan's corporate limits.

Notes:

The components of the City of Waukegan Direct Rate are provided in the "Property Tax Levy by Fund" schedule.

North Shore Sanitary	Waukegan Park District	School District 60	College of Lake County	Total
0.169	1.126	10.380	0.306	16.930
0.164	1.107	9.292	0.296	15.616
0.150	1.009	10.136	0.272	15.648
0.150	0.833	8.175	0.240	12.714
0.136	0.723	6.921	0.218	10.990
0.124	0.645	5.986	0.200	9.563
0.121	0.616	5.691	0.196	8.968
0.120	0.610	5.639	0.192	8.876
0.125	0.599	5.834	0.195	9.101
0.132	0.586	5.872	0.197	9.129

CITY OF WAUKEGAN

PRINCIPAL PROPERTY TAX PAYERS
BY EQUALIZED ASSESSED VALUATION
Current Year versus Ten Years Prior

Fiscal Year 2006 / Fiscal Year 2004				Fiscal Year 2016 / Levy Year 2014			
Rank	Name	EAV	% of Total EAV	Name	EAV	% of Total EAV	
1	PDC PROPERTIES INC	\$ 25,714,284	2.0%	COLLIERS INTERNATIONAL	\$ 19,849,865	2%	
2	CHICAGO TITLE LAND TRUST CO	11,519,594	0.9%	ALLEGIANCE HEALTHCARE CORP	19,631,666	2%	
3	ALLEGIANCE HEALTHCARE CORP	9,250,295	0.7%	COMMUNITY HEALTH SYSTEMS INC	17,692,817	2%	
4	MNY NORTHERN CORP	8,990,194	0.7%	MARQUETTE ENTERPRISES	8,188,922	1%	
5	RSD WAUKEGAN LP	6,654,335	0.5%	NORTHERN CROSSING JV LLC	7,814,467	1%	
6	WATERON LAKEHURST I & II	6,611,921	0.5%	HEALTH CARE SERVICE CORP	6,956,126	1%	
7	MIDWEST GENERATION LLC	5,851,228	0.5%	ABBOTT LABORATORIES INC	6,629,234	1%	
8	SPUNGEN, KENNETH	5,766,090	0.4%	FOUNTAIN SQUARE LLC	5,977,558	1%	
9	BANK OF WAUKEGAN TR 204446	5,162,418	0.4%	PAUL, BRADY	5,195,080	1%	
10	KING DRIVE LIMITED PARTNERSHIP	5,155,716	0.4%	WALMART STORES INC	5,038,738	1%	
	Total	<u>\$ 274,275,245</u>	<u>21.1%</u>	Total	<u>\$286,573,643</u>	<u>30%</u>	
	City of Waukegan EAV	<u>\$ 1,299,561,590</u>	<u>100.0%</u>	City of Waukegan EAV	<u>\$941,401,930</u>	<u>100%</u>	

Source: Office of the County Clerk of Lake County

CITY OF WAUKEGAN

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property tax</u>	<u>Sales tax</u>	<u>Telecom tax</u>	<u>Local Use tax</u>
2016	\$ 29,685,864	\$ 18,679,689	\$ 2,635,788	\$ 3,249,462
2015	30,277,644	16,628,752	2,667,495	1,857,864
2014	29,078,659	15,819,527	2,941,780	1,559,884
2013	26,401,544	13,932,684	2,888,258	1,412,274
2012	27,283,122	13,710,279	3,168,540	1,300,102
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
Change 2007 - 2016	78.5%	41.0%	-21.7%	177.2%

Notes:

Addition of a 1.0% food & beverage tax implemented in May, 2011.

Increase Hotel/Motel Tax from 5% to 6% implemented May 2013. Sunset provision lowering back down to 5% effective April 30, 2017.

The recognition of Foreign Fire Tax as an Other Tax in May 2014.

Increase home rule sales tax from 1.0% to 0.25% implemented in January, 2015.

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

Statement of Activities

<u>Utility tax</u>	<u>F&B tax</u>	<u>Hotel/Motel tax</u>	<u>Other tax</u>	<u>Total</u>
\$ 3,870,852	\$ 1,456,823	\$ 1,343,538	\$ 121,670	\$ 61,043,686
4,746,455	1,377,861	1,215,711	179,266	58,951,048
4,383,168	1,330,000	1,091,156	225,683	56,429,857
4,015,041	1,567,061	917,633	29,791	51,164,286
4,003,767	930,228	963,658	19,704	51,379,400
4,234,627	-	958,984	20,959	47,429,708
4,113,397	-	954,246	18,741	44,199,145
4,895,372	-	945,020	21,059	43,236,827
9,161,293	-	909,422	21,517	45,475,409
4,806,806	-	875,008	19,550	39,225,096
-19.5%	N/A	53.5%	522.4%	55.6%

CITY OF WAUKEGAN

PROPERTY TAX LEVY EXTENSION BY FUND Last Ten Fiscal Years

Levy Year	Fiscal Year	Corporate Amount	Rate	Garbage Amount	Rate
2014	2015/2016	\$ -	-	\$ 4,681,008	0.497
2013	2014/2015	556,225	0.057	4,586,416	0.470
2012	2013/2014	-	-	5,756,987	0.522
2011	2012/2013	3,474,636	0.270	-	-
2010	2011/2012	2,366,729	0.165	-	-
2009	2010/2011	8,986,374	0.574	-	-
2008	2009/2010	8,620,482	0.530	-	-
2007	2008/2009	8,211,467	0.523	-	-
2006	2007/2008	7,806,691	0.533	-	-
2005	2006/2007	7,033,606	0.511	-	-

Levy Year	Fiscal Year	Police Pension Amount	Rate	Fire Pension Amount	Rate
2014	2015/2016	\$ 5,982,007	0.635	\$ 4,087,002	0.434
2013	2014/2015	5,815,966	0.596	3,991,158	0.409
2012	2013/2014	5,635,671	0.511	3,837,991	0.348
2011	2012/2013	5,585,156	0.434	3,693,409	0.287
2010	2011/2012	5,661,011	0.393	4,072,774	0.283
2009	2010/2011	3,569,501	0.228	2,630,158	0.168
2008	2009/2010	3,250,376	0.200	2,350,341	0.145
2007	2008/2009	2,903,049	0.185	2,379,579	0.152
2006	2007/2008	2,740,000	0.187	2,260,000	0.155
2005	2006/2007	2,764,270	0.201	2,369,958	0.172

Levy Year	Fiscal Year	Bonds Levy Amount	Rate
2014	2015/2016	\$ 11,003,774	1.169
2013	2014/2015	10,851,265	1.112
2012	2013/2014	11,238,256	1.019
2011	2012/2013	11,594,989	0.901
2010	2011/2012	12,407,805	0.861
2009	2010/2011	6,700,642	0.428
2008	2009/2010	4,810,966	0.296
2007	2008/2009	4,319,815	0.275
2006	2007/2008	4,004,952	0.274
2005	2006/2007	3,806,756	0.277

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

Fire Protection Amount	Rate	Police Protection Amount	Rate	IMRF Amount	Rate
\$ -	-	\$ 1,920,008	0.204	\$ 1,056,008	0.112
858,733	0.088	927,042	0.095	1,034,383	0.106
408,062	0.037	452,177	0.041	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Library Levy Amount	Rate	Aggregate Levy (not including Bonds)			
		Total Amount	Rate	Change Amount	%
\$ 3,971,643	0.422	\$ 21,697,676	2.304	\$ (43,888)	-0.20%
3,971,641	0.407	21,741,564	2.228	1,801,656	9.04%
3,849,020	0.349	19,939,908	1.808	3,338,869	20.11%
3,847,838	0.299	16,601,039	1.290	841,787	5.34%
3,658,738	0.254	15,759,252	1.095	(3,278,084)	-17.22%
3,851,303	0.246	19,037,336	1.216	969,592	5.37%
3,846,545	0.237	18,067,744	1.112	894,395	5.21%
3,679,254	0.234	17,173,349	1.094	852,804	5.23%
3,513,854	0.240	16,320,545	1.115	797,542	5.14%
3,355,169	0.244	15,523,003	1.128	N/A	N/A

Grand Total			
Total Amount	Rate	Change Amount	%
\$ 32,701,451	3.473	\$ 108,621	0.33%
32,592,830	3.340	1,414,666	4.54%
31,178,164	2.827	2,982,136	10.58%
28,196,028	2.191	28,971	0.10%
28,167,057	1.956	2,429,079	9.44%
25,737,978	1.644	2,859,268	12.50%
22,878,710	1.408	1,385,546	6.45%
21,493,164	1.369	1,167,667	5.74%
20,325,497	1.389	995,738	5.15%
19,329,759	1.405	N/A	N/A

CITY OF WAUKEGAN

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Levy Year	Fiscal Year	Tax Levy Extended	Current Year Collections	
			Amount	Percentage
2014	2015/2016	\$ 32,701,451	\$ 32,528,679	99.47%
2013	2014/2015	32,592,830	30,277,644	92.90%
2012	2013/2014	31,178,164	29,078,659	93.27%
2011	2012/2013	28,196,028	26,401,544	93.64%
2010	2011/2012	28,167,057	27,283,122	96.86%
2009	2010/2011	25,737,978	25,656,929	99.69%
2008	2009/2010	22,878,710	22,872,289	99.97%
2007	2008/2009	21,493,164	21,493,164	100.00%
2006	2007/2008	20,325,497	20,325,497	100.00%
2005	2006/2007	19,329,759	19,290,776	99.80%

Notes: The Levy Year and the Fiscal Year both run May to April.

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

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

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

Levy Year	Fiscal Year	Residential EAV	Farm EAV	Commercial EAV	Industrial EAV
2014	2015/2016	\$ 498,925,236	\$ 2,051,124	\$ 269,352,288	\$ 168,843,469
2013	2014/2015	655,530,642	1,470,188	210,266,457	106,480,056
2012	2013/2014	676,004,015	1,897,724	272,470,012	151,082,990
2011	2012/2013	788,465,455	2,213,433	317,798,692	176,217,472
2010	2011/2012	922,374,350	2,113,730	335,763,213	179,843,319
2009	2010/2011	1,042,192,063	2,191,507	336,223,441	183,599,170
2008	2009/2010	1,088,145,802	2,086,700	353,390,712	183,139,143
2007	2008/2009	1,056,710,592	2,369,933	338,947,988	173,990,252
2006	2007/2008	n/a	n/a	n/a	n/a
2005	2006/2007	n/a	n/a	n/a	n/a

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

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

Real Estate	Railroads	Total EAV	Tax Rate	Estimated Actual Value
n/a	\$ 2,229,813	941,401,930	3.474	\$ 3,138,006,433
n/a	2,085,879	975,833,222	3.340	3,252,777,407
n/a	1,416,290	1,102,871,031	2.827	3,676,236,770
n/a	2,207,177	1,286,902,229	2.191	4,289,674,097
n/a	1,991,612	1,442,086,224	1.956	4,806,954,080
n/a	1,364,286	1,565,570,467	1.644	5,218,568,223
n/a	668,690	1,627,431,047	1.408	5,424,770,157
n/a	1,017,239	1,573,036,004	1.389	5,243,453,347
1,465,427,494	1,579,424	1,467,006,918	1.405	4,890,023,060
1,376,518,325	1,571,939	1,378,090,264	-	4,593,634,213

CITY OF WAUKEGAN

DIRECT AND OVERLAPPING SALES TAX RATES, Last Ten Fiscal Years

Fiscal Year	Home Rule Sales Tax *	RTA Sales Tax	State Sales Tax	Total Sales Tax
2016	1.25%	0.75%	6.25%	8.25%
2015	1.25%	0.75%	6.25%	8.25%
2014	1.00%	0.75%	6.25%	8.00%
2013	1.00%	0.75%	6.25%	8.00%
2012	1.00%	0.75%	6.25%	8.00%
2011	1.00%	0.75%	6.25%	8.00%
2010	1.00%	0.75%	6.25%	8.00%
2009	1.00%	0.75%	6.25%	8.00%
2008	1.00%	0.75%	6.25%	8.00%
2007	1.00%	0.25%	6.25%	7.50%

Source: Illinois Department of Revenue

* Home Rules Sales Tax increased by 0.25% effective January, 2015

All rates are as of April of each year.

CITY OF WAUKEGAN

TAXABLE SALES BY CATEGORY Last Ten Calendar Years

Classification	2007	% of Total	2008	% of Total	2009	% of Total	2010	% of Total	2011
General Merchandise	\$ 1,046,503	12.1%	\$ 1,139,141	13.5%	\$ 1,098,568	12.8%	\$ 1,066,579	13.7%	\$ 909,500
Food	1,361,837	15.7%	1,288,694	15.3%	1,227,555	14.3%	1,221,243	15.7%	1,197,988
Drinking & Eating	694,627	8.0%	753,771	9.0%	732,740	8.5%	760,487	9.8%	808,642
Apparel	143,623	1.7%	181,272	2.2%	156,369	1.8%	155,763	2.0%	269,989
Furniture & Fixtures	112,002	1.3%	105,845	1.3%	99,491	1.2%	102,264	1.3%	98,119
Lumber & Hardware	485,716	5.6%	401,080	4.8%	396,595	4.6%	394,238	5.1%	379,058
Auto & Filling Stations	2,130,687	24.6%	1,847,857	22.0%	2,363,526	27.6%	1,506,945	19.3%	1,725,712
Drugs & Other Retail	1,515,685	17.5%	1,442,731	17.2%	1,466,699	17.1%	1,475,504	18.9%	1,699,520
Agriculture & All Others	926,772	10.7%	1,070,280	12.7%	847,454	9.9%	929,948	11.9%	824,242
Manufacturers	<u>238,758</u>	2.8%	<u>176,950</u>	2.1%	<u>182,826</u>	2.1%	<u>179,144</u>	2.3%	<u>194,865</u>
Total	<u>\$ 8,656,210</u>	100.0%	<u>\$ 8,407,622</u>	100.0%	<u>\$ 8,571,824</u>	100.0%	<u>\$ 7,792,114</u>	100.0%	<u>\$ 8,107,634</u>

Source: Illinois Department of Revenue, Standard Industrial Classification (SIC) Code Reporting by Calendar Year.

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

% of Total	2012	% of Total	2013	% of Total	2014	% of Total	2015	% of Total
11.2%	\$ 1,094,806	13.0%	\$ 1,062,376	11.9%	\$ 1,052,512	10.5%	\$ 1,110,688	8.3%
14.8%	1,176,372	14.0%	1,179,561	13.2%	1,276,788	12.7%	1,317,741	12.9%
10.0%	856,464	10.2%	896,358	10.0%	952,470	9.5%	1,015,576	9.9%
3.3%	102,710	1.2%	101,749	1.1%	149,164	1.5%	161,921	1.6%
1.2%	80,565	1.0%	88,835	1.0%	103,483	1.0%	97,792	1.0%
4.7%	365,653	4.3%	395,044	4.4%	398,555	4.0%	426,506	4.2%
21.3%	1,913,384	22.7%	1,806,316	20.2%	2,436,917	24.2%	2,151,595	21.1%
21.0%	1,839,940	21.9%	2,327,763	26.1%	2,631,537	26.2%	2,901,267	28.4%
10.2%	825,446	9.8%	842,240	9.4%	814,330	8.1%	834,608	8.2%
2.4%	<u>156,787</u>	1.9%	<u>233,314</u>	2.6%	<u>239,760</u>	2.4%	<u>190,190</u>	1.9%
100.0%	<u>\$ 8,412,127</u>	100.0%	<u>\$ 8,933,556</u>	100.0%	<u>\$ 10,055,517</u>	100.0%	<u>\$ 10,207,885</u>	100.0%

CITY OF WAUKEGAN

GENERAL BONDED DEBT BY TYPE OF ACTIVITY Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Levy Year</u>	<u>Governmental Type Activities General Obligation Bonded Debt*</u>	<u>Business Type Activities General Obligation Bonded Debt</u>	<u>Total General Obligation Bonded Debt</u>
2016	2014	\$ 67,074,844	\$ -	\$ 67,074,844
2015	2013	67,994,635	-	65,876,000
2014	2012	74,515,424	-	71,795,000
2013	2011	83,368,364	326,880	79,975,000
2012	2010	95,527,381	396,880	91,520,000
2011	2009	103,230,786	463,739	105,863,271
2010	2008	90,142,556	527,482	91,591,922
2009	2007	71,993,193	588,162	72,581,355
2008	2006	93,817,307	748,000	94,565,307
2007	2005	101,367,585	-	101,367,585

Sources:

Notes to Financial Statements, Note IV Detailed Notes on All Funds, F. Long-Term Obligations, General Obligation Debt.

* Includes Capital Leases and Premium on Debt
Special assessment bonds are not GO (levy supported)

CITY OF WAUKEGAN

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

Fiscal Year	Levy Year	Population	Per Capita Personal Income	Equalized Assessed Value	Governmental Activities General Obligation Bonded Debt	Business-Type Activities and Special Assessment Revenue Debt	Total Debt	Ratio of General Obligation Bonded Debt to Assessed Value*	General Obligation Bonded Debt Per Capita Personal Income	General Obligation Bonded Debt Per Capita
2016	2014	88,475	\$ 20,333	\$ 941,401,930	\$ 67,074,844	\$ 14,093,674	\$ 81,168,518	8.62%	\$ 3,992	\$ 917
2015	2013	88,915	20,226	975,833,222	65,876,000	16,086,694	81,962,694	8.40%	4,052	922
2014	2012	88,940	20,324	1,102,871,031	71,795,000	16,963,000	88,758,000	8.05%	4,367	998
2013	2011	89,099	20,401	1,286,902,229	79,975,000	17,729,000	97,704,000	7.59%	4,789	1,097
2012	2010	89,099	20,993	1,442,086,224	91,520,000	10,045,000	101,565,000	7.04%	4,838	1,140
2011	2009	89,078	20,249	1,565,570,467	105,863,271	10,523,000	116,386,271	7.43%	5,748	1,307
2010	2008	90,788	17,498	1,627,431,047	91,591,922	9,097,000	100,688,922	6.19%	5,754	1,109
2009	2007	91,138	17,701	1,573,036,004	72,581,355	9,482,000	82,063,355	5.22%	4,636	900
2008	2006	91,018	17,648	1,467,006,918	94,565,307	10,404,000	104,969,307	7.16%	5,948	1,153
2007	2005	90,542	17,145	1,378,090,264	101,367,585	10,790,967	112,158,552	8.14%	6,542	1,239

Note: Homerule communities in the State of Illinois do not have a legal limit on debt margin.

Sources:

Notes to Financial Statements, Note IV Detailed Notes on All Funds, F.
Long-Term Obligations, General Obligation Debt.
United States Census Bureau Quick Facts

CITY OF WAUKEGAN

OVERLAPPING BONDED DEBT April 30, 2016

Government Body	Outstanding GO Debt	Applicable to the City	
		Percent *	Amount
Unit School District Number 60	\$ 49,781,091	93%	\$ 46,296,415
Community College District Number 532	77,130,000	4%	3,370,581
Lake County	200,575,000	4%	8,323,863
Lake County Forest Preserve District	314,845,000	4%	13,066,068
North Shore Sanitary District	-	12%	-
Waukegan Park District	19,118,935	97%	18,545,367
 Total Overlapping Debt	 661,450,026		 89,602,292
 Total Direct GO Debt	 \$ 67,074,844	 100%	 67,074,844
 Total Overlapping & Direct GO Debt			 \$ 156,677,136

Source: Lake County Tax Extension Office, District Bond Principal Payments Report

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

CITY OF WAUKEGAN

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

Fiscal Year	General Expenditures	General Obligation Debt Service	Ratio of General Obligation Debt Service to General Expenditures
2016	\$ 89,102,719	\$ 11,598,887	13.02%
2015	88,260,698	11,279,502	12.78%
2014	81,992,762	11,730,385	14.31%
2013	85,443,699	11,617,809	13.60%
2012	87,873,455	13,191,037	15.01%
2011	76,358,715	8,818,810	11.55%
2010	82,613,667	14,163,292 (4)	17.14%
2009	87,818,691	7,689,957 (4)	8.76%
2008	82,520,225	8,306,966 (3)	10.07%
2007	76,868,908	9,081,697 (3)	11.81%

Source: Statement of Revenues, Expenditures and Changes in Fund Balances, Governmental Funds

CITY OF WAUKEGAN

REVENUE BOND COVERAGE Last Ten Fiscal Years

Fiscal Year	Motor Vehicle Parking & Sales Tax Bonds Debt Service	Motor Vehicle Parking & Sales Tax Operating Revenue	Motor Vehicle Parking & Sales Tax Net Coverage Ratio	Water & Sewer Revenue Bond Debt Service
2016	\$ 547,583	\$ 905,519	165%	\$ 573,301
2015	571,275	871,781	153%	667,900
2014	591,404	948,742	160%	667,676
2013	593,104	1,142,497	193%	142,525
2012	588,816	1,061,581	180%	144,475
2011	588,885	921,472	156%	24,946
2010	588,516	1,230,866	209%	N/A
2009	587,048	880,223	150%	N/A
2008	586,110	894,649	153%	N/A
2007	587,973	868,510	148%	N/A

Notes:

Special Assessment Bonds issued in 2005. Interest on the bonds was capitalized and paid through a portion of the proceeds until September 1, 2007.

Parking Fee & Sales Tax Revenue Bond issued in 2004, refinanced in 2014 and a portion defeased in 2016.

Water & Sewer Revenue Bonds issued in 2010 and 2012

Sources:

City of Waukegan Finance Department Debt Service Schedules; City of Waukegan Finance Department Trial Balance Reports; and, Statement of Revenues, Expenses, and Change in Net Position Proprietary Funds.

Water & Sewer Operating Revenue	Water & Sewer Revenue Coverage Ratio	Special Assessment Revenue Bond Debt Service	Special Assessment Operating Revenue	Special Assessment Revenue Coverage Ratio
\$ 13,139,949	2292%	\$ 211,379	\$ 252,141	119%
12,556,752	1880%	211,340	266,766	126%
12,308,938	1844%	210,995	257,213	122%
13,985,324	9813%	210,344	215,714	103%
10,385,139	7188%	211,509	215,442	102%
11,736,948	47049%	211,429	215,687	102%
N/A	N/A	211,104	215,704	102%
N/A	N/A	204,651	215,422	105%
N/A	N/A	204,300	215,053	105%
N/A	N/A	226,319	-	0%

CITY OF WAUKEGAN

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

Calendar Year	Population	Per Capita Personal Income	Median Age	Education Level in Years of Schooling
2015	88,475	\$ 20,333	30	11.8
2014	88,915	20,226	31	12.8
2013	88,940	20,324	31	12.8
2012	89,099	20,401	31	12.8
2011	89,099	20,993	31	12.8
2010	89,078	20,249	30	12.8
2009	90,788	17,498	31	12.8
2008	91,138	17,701	36	12.8
2007	91,018	17,648	35	12.8
2006	90,542	17,145	35	12.8

Sources:

United States Census Bureau; SuburbanStats.Org; and, Waukegan Public Schools District 60.

<u>School Enrollment *</u>	<u>Unemployment Rate</u>
16,460	10.5%
16,997	12.0%
16,733	15.1%
16,168	12.7%
16,295	15.1%
16,298	14.0%
16,800	12.1%
16,992	7.0%
16,992	6.2%
18,778	6.8%

CITY OF WAUKEGAN

PRINCIPAL EMPLOYERS Current Year

<u>Employer</u>	2016	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Lake County Health Department	900	2.47%
Vista Medial Center East	838	2.30%
OMC Marine Power Prod Grou	735	2.01%
Williams Innovative Tech Inc	550	1.51%
Care Fusion	500	1.37%
Waukegan High School	500	1.37%
Bel Resource Inc.	450	1.23%
Cardinal Health	450	1.23%
Kiley Developmental Center	423	1.16%
Lake County Sheriff	417	1.14%
Sub Total Principal Employers	<u>5,763</u>	<u>15.80%</u>
Estimated Total Number of Employees	<u>36,479</u>	

Source: Lake County Partners @ ReferenceUSAGov Retrieved November 10, 2016

Note: Information for nine years is not available.

CITY OF WAUKEGAN

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

<u>Function/Program</u>	<u>Full-time-Equivalent Employees by Function/Program</u>			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government				
Central Services	35.00	33.00	35.00	28.00
Planning & Dev/ Building	38.00	38.00	36.00	31.00
Public Safety				
Fire	125.00	127.00	125.00	123.00
Police & Comm	228.00	227.00	216.00	261.00
Public Works & Engineering	<u>138.00</u>	<u>139.00</u>	<u>126.00</u>	<u>126.00</u>
Total	<u>564.00</u>	<u>564.00</u>	<u>538.00</u>	<u>569.00</u>

Source: City of Waukegan Budget as of May 1st annually

Notes: Does not include elected officials (Mayor, Clerk, Treasurer, Aldermen or Waukegan Development Commission). A full-time employee is equal to one full-time equivalent, and a part-time employee is recorded as 0.5 of a full-time equivalent.

2011	2012	2013	2014	2015	2016
26.50	29.00	28.50	29.00	33.00	37.00
23.00	19.50	19.50	20.50	21.50	21.00
117.00	109.00	121.00	122.00	120.00	120.00
228.00	176.00	190.50	193.50	192.50	193.50
<u>109.00</u>	<u>94.00</u>	<u>94.00</u>	<u>94.50</u>	<u>94.00</u>	<u>94.00</u>
<u>503.50</u>	<u>427.50</u>	<u>453.50</u>	<u>459.50</u>	<u>461.00</u>	<u>465.50</u>

CITY OF WAUKEGAN

OPERATING INDICATORS
Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2007	2008	2009	2010
General government				
General business licenses issued	1,450	1,550	1,600	1,314
Number of Commercial Units Constructed	25	9	2	3
Value of Commercial Construction	\$ 48,497,662	\$ 26,925,469	\$ 10,247,862	\$ 2,402,253
Number of Residential Single Family Constructed	45	22	11	23
Value of Residential Single Family Construction	\$ 7,539,955	\$ 3,606,100	\$ 1,662,065	\$ 3,549,207
Number of Residential Multiple Unit Family Constructed	48	85	36	-
Value of Residential Multiple Unit Family Construction	\$ 1,730,400	\$ 5,410,800	\$ 3,680,400	\$ -
Number Residential Addition and Alterations	n/a	n/a	n/a	2,736
Value of Residential Addition and Alterations	n/a	n/a	n/a	\$ 10,568,358
Number Commercial Addition and Alterations	n/a	n/a	n/a	397
Value Commercial Addition and Alterations	n/a	n/a	n/a	\$ 34,630,343
Public Safety				
911 Calls	82,048	77,607	57,058	67,545
Police Responses	75,077	77,488	51,335	103,079
Physical arrests	4,920	4,637	3,260	5,349
Traffic Citations Written	26,010	20,837	10,431	10,914
Parking violations	58,164	54,482	33,076	35,047
Emergency Medical Responses	7,607	7,331	5,487	6,627
Fire Department Mutual Aid Responses	135	126	84	152
Fire Department Structure Fires	126	154	138	147
Fire Department Other Fires	156	177	162	180
Fire Department Total Fires	282	331	300	327
Fire Department Dollar Value of Structures	\$ 69,796,015	\$ 53,332,055	\$ 262,993,663	\$ 212,260,160
Fire Department Dollar Value of Structures Lost	\$ 2,547,050	\$ 3,164,810	\$ 2,986,918	\$ 2,065,108
Fire Department Dollar Value of Structures Saved	\$ 67,248,965	\$ 50,167,245	\$ 260,006,745	\$ 210,195,052
Fire Department Hazmat Responses	164	257	256	190
Fire Department Total Responses	9,579	10,403	9,826	9,651
Streets & Highways				
Miles of streets resurfaced	6	6	4	3
Inches of snowfall	25	43	72	55
Tons of salt used in snow plowing	8,000	11,200	7,000	4,500
Number of parkway trees planted	25	49	-	-
Utility				
Number of water main breaks	57	63	57	48
Total water consumption (billions of gallons)	4	3	4	3
Number of Water Meters Replaced	769	741	715	200
Average daily consumption pumped (millions of gallons)	10	9	10	9

Source: Various city departments.

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	
	1,584	1,674	1,525	1,776	1,806	1,830
	5	-	-	1	3	8
\$	11,626,187	\$ -	\$ -	\$ 1,959,124	\$ 2,785,500	\$ 29,962,849
	5	7	1	4	3	3
\$	911,435	\$ 705,263	\$ 195,860	\$ 718,335	\$ 531,930	\$ 498,860
	1	-	-	-	-	-
\$	10,815,878	\$ -	\$ -	\$ -	\$ -	\$ -
	2,285	2,809	2,664	2,829	2,679	3,478
\$	17,405,401	\$ 13,725,370	\$ 11,685,637	\$ 11,178,045	\$ 12,880,128	\$ 18,638,115
	231	349	317	338	364	344
\$	22,842,987	\$ 28,056,095	\$ 17,005,133	\$ 36,644,716	\$ 116,490,945	\$ 17,473,338
	76,143	78,777	76,774	72,458	78,101	74,519
	73,589	87,804	79,957	73,788	78,871	75,107
	4,343	3,687	4,886	4,720	4,383	4,297
	16,278	13,688	9,549	9,319	8,401	9,050
	48,716	19,948	19,052	25,623	28,505	18,510
	6,563	6,505	6,505	7,047	7,216	7,186
	194	210	148	362	310	332
	145	141	120	168	157	127
	144	139	120	117	136	118
	289	280	240	285	293	245
\$	104,411,280	\$ 106,131,775	\$ 117,403,600	\$ 34,203,324	\$ 77,548,725	\$ 35,757,310
\$	4,762,892	\$ 5,021,700	\$ 2,083,000	\$ 3,270,162	\$ 3,910,110	\$ 3,416,130
\$	99,648,388	\$ 101,110,075	\$ 175,320,600	\$ 30,933,162	\$ 73,638,615	\$ 32,341,180
	86	85	106	310	290	368
	9,879	10,089	9,895	10,299	10,687	10,882
	5	5	5	5	3	15
	78	30	45	70	50	35
	4,400	2,400	4,200	8,000	4,400	4,200
	-	1	-	-	230	-
	85	85	115	96	92	55
	3	3	3	3	3	3
	295	341	778	430	225	10,669
	9	8	9	8	9	10

CITY OF WAUKEGAN

CAPITAL ASSET STATISTICS Last Ten Fiscal Years

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Municipal Buildings				
Police Station / Dispatch Center	3	3	3	3
Fire Stations	5	5	5	5
Public Works Facilities	1	1	1	1
City Hall	1	1	1	1
Water Plant	1	1	1	1
Lift Stations	12	12	12	12
Water Reservoirs / Pump Stations	3	3	3	3
Parking Garages	2	2	2	2
City Beach	1	1	1	1
Theaters	1	1	1	1
Streets & Highways (City Owned)				
Miles of Streets	n/a	n/a	n/a	n/a
Street Lights	n/a	n/a	n/a	n/a
Utility				
Miles of watermain	n/a	n/a	n/a	n/a
Miles of Sanitary Sewers	n/a	n/a	n/a	n/a
Miles of Storm Sewers- City	n/a	n/a	n/a	n/a
Number of Sanitary force mains	n/a	n/a	n/a	n/a
Facilities not included in the reporting entity				
Number of elementary schools**	21	14	14	15
Number of Middle Schools**	5	5	5	5
Number of high schools**	4	4	4	3
Number of libraries	1	1	1	2
Park District acres*	721	721	721	721

Sources: Various city departments.

* Waukegan Park District

** Waukegan School District #60

Notes: Infrastructure data was not reported until Fiscal Year 2012. In 2015, the Police Department vacated its Genesee Street sub-station. In 2016 the City sold one of its parking garages to College of Lake County.

2011	2012	2013	2014	2015	2016
3	3	3	3	2	2
5	5	5	5	5	5
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
12	12	12	12	12	12
3	3	3	3	3	3
2	2	2	2	2	1
1	1	1	1	1	1
1	1	1	1	1	1
n/a	213	213	247	247	247
n/a	935	935	935	935	935
n/a	330	330	330	330	335
n/a	350	350	350	350	350
n/a	375	375	375	375	375
n/a	12	12	12	12	12
15	15	15	15	15	15
5	5	5	5	5	5
3	3	3	3	3	3
2	2	2	2	2	2
721	721	721	721	725	735

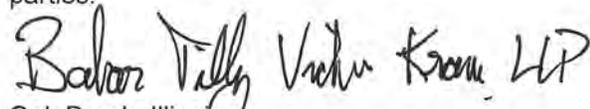
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the City Council
City of Waukegan, Illinois

We have audited the financial statements of the City of Waukegan, as of and for the year ended April 30, 2016, and have issued our report thereon dated November 29, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with provisions of Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing", insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above-referenced statute, insofar as it relates to accounting matters.

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
November 29, 2016