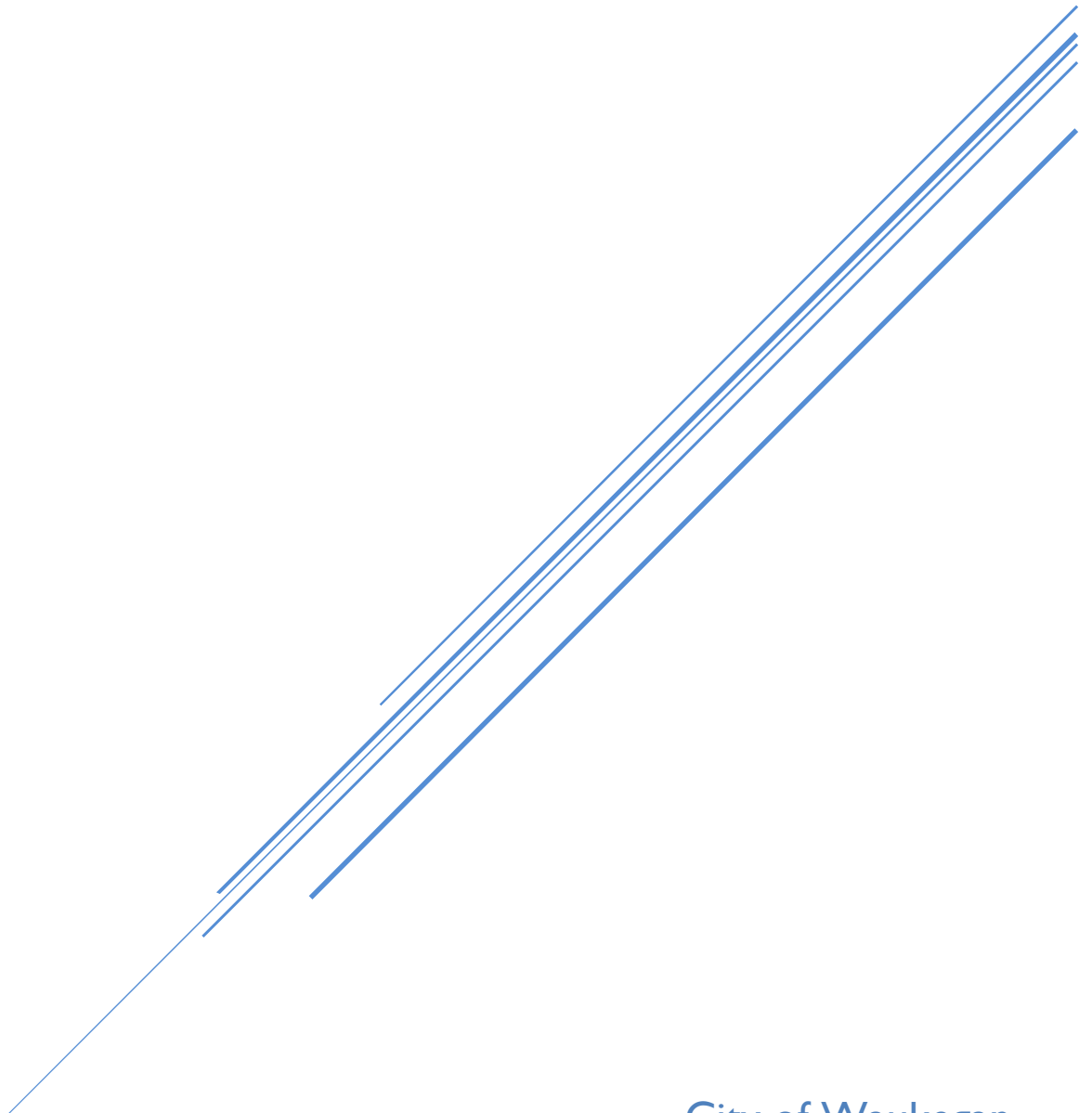


# ENTERPRISE FUNDS

May 1, 2017 - April 30, 2018



City of Waukegan  
Proposed Budget

## Contents

|   |          |
|---|----------|
| <b>ENTERPRISE FUNDS OVERVIEW .....</b>  | <b>2</b> |
| <b>SOURCES &amp; USES OF FUNDS.....</b> | <b>2</b> |
| REVENUES .....                          | 3        |
| EXPENDITURES.....                       | 4        |
| <i>Capital Projects</i> .....           | 5        |
| <i>Headcount</i> .....                  | 5        |
| <b>LINE ITEM DETAIL .....</b>           | <b>7</b> |

**ENTERPRISE FUNDS OVERVIEW**

The city accounts for the Waterworks & Sewerage and the Motor Vehicle Parking System in Enterprise Funds. These funds are used to report business-type functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The City of Waukegan services over 21 thousand metered water customers and provides wholesale water service to the municipalities of Park City, Beach Park and Green Oaks. The system receives its water from Lake Michigan and treatment is conducted at a city-owned facility. The city maintains over 330 miles of water mains, 350 miles of sanitary mains, and 375 miles storm water sewers. While the city is responsible for transmission the sewage treatment is handled by North Shore Sanitary District.

The city owns and operates a four level, 680 space parking garage located at 225 N. Country Street across from the Genesee Theatre. The city also operates and maintains eight surface parking lots for a combined 804 spaces. Six of the surface lots are city owned. The city also owns and operates 601 metered parking spaces. There are three additional lots that contribute revenue to the city’s parking system, but these are not owned by the city. Two lots are owned by the State of Illinois and another 119 vehicle lot is owned by the Union Pacific Railroad. The city pays \$1,200 monthly and one-third of the revenue for the Union Pacific lot with the remainder recorded in the city’s parking system. All of the revenue from the two State of Illinois lots is recorded in the city’s parking system.

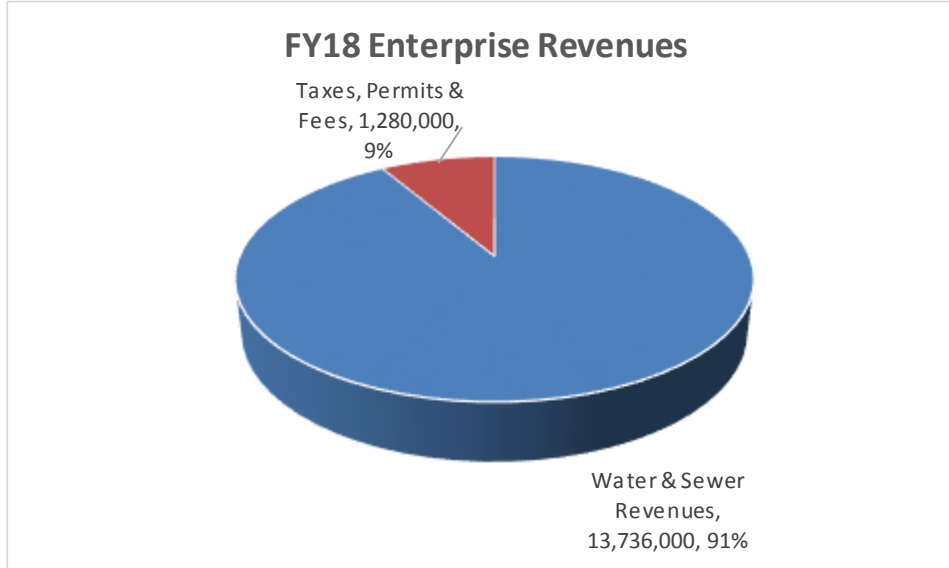
**SOURCES & USES OF FUNDS**

The Waterworks & Sewerage Fund is supported by the revenues generated through water sales and related charges. The Motor Vehicle Parking Fund is supported by charges at the city’s fee-based parking lots, garages and parking meters. The expenditures to maintain these systems include personnel, operating and maintenance costs as well as capital projects and debt service related to long-term bonds issued for specific capital projects.

|                                      |              |
|--------------------------------------|--------------|
| Revenues                             | \$15,024,000 |
| Expenditures                         | -12,024,000  |
| Surplus / (Deficit) before transfers | 3,000,000    |
| Transfers-In                         | 0            |
| Transfers-Out                        | 0            |
| Surplus / (Deficit) after transfers  | 3,000,000    |

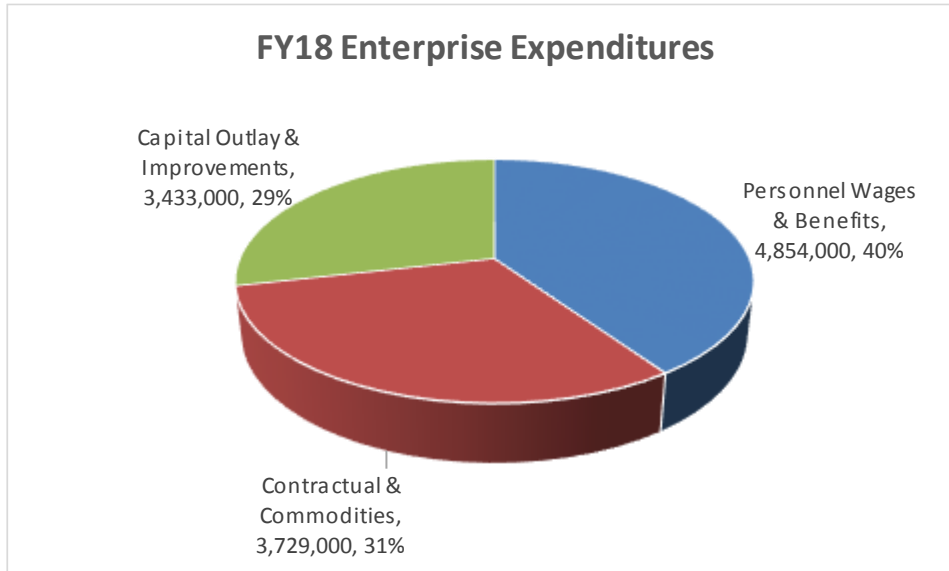
## REVENUES

Enterprise Fund revenues are projected to be \$15 million for FY18 which is a 2% decline compared to the FY17 budget. Of the revenues accounted for in the Enterprise Funds, 92%, or \$13.7 million are Sewer & Water sales and charges. This is slightly lower than the FY17 budget, but a slight tick up from FY17 year-end estimates. Unfortunately, the FY17 revenue projections were not met and the Water Superintendent is undertaking a study to determine if the water system is experiencing water loss that may be negatively impacting the city's collection figures. Taxes, Fees, Fines and Permits are also slightly lower than FY17 budget, again as FY17 year-end estimates proved the budget figures to be overly optimistic. However, with new development and hook-up charges along with the Water Superintendent's study, we anticipate the water and sewer revenues to be stable for FY18. The Tax Revenues category is related to the dedicated Home Rule Sales Tax for the 2004 Motor Vehicle Parking Bond debt service coverage, and is budgeted for a total of \$137 thousand. This is the amount the Parking Fund would be in a deficit if the tax allocation was not made to support the bonds. Parking fees from meters, paid lots and the city's garage are anticipated to reach \$773 thousand for FY18. This is a decline from the prior year as Lake County nears its completion of parking for jurors potentially reducing the county's use of the city's garage by half.



## EXPENDITURES

Total Enterprise Fund expenditures are expected to decrease -26%, or 4.2 million, from FY17 to a total of \$12 million for FY18.



Personnel Services and Benefits are budgeted to decrease from \$6 million in the FY17 budget to \$4.9 million for FY18. This is due to better than anticipated numbers related to workers compensation claims relative to our Water & Sewer operations as well as the transfer of several positions from the Enterprise Funds to the General Fund better reflecting the duties of those personnel. Contractual and Commodities are budgeted 7% lower than the previous year budget for a combined total of \$3.7 million. This reduction is attributed to an overall savings generated in these categories during FY17, thereby allowing for a refined projection of funding needed. It should be noted that the debt service on three different bond issues is included in the Contractual category: (1) the 2010 D Water & Sewer Revenue Bonds with an outstanding principal amount of \$1.4 million; (2) the 2012 C Water & Sewer Revenue Bonds with an outstanding principal amount of \$7 million; and (3) the 2014 A Parking Fee & Sales Tax Refunding Revenue Bonds with an outstanding principal amount of \$2.9 million. Total debt service during FY18 is \$1.2 million. Capital projects are budgeted on a cash basis in the current year and then reclassified as depreciation under Non-Cash Expense. The city is currently conducting an assessment of the parking garage to determine investments that will be made FY19 and later to maintain a level of good condition for that structure. In the FY18 budget proposal, \$3.4 million in capital projects are planned which include the following:

CAPITAL PROJECTS

|  |                     |
|--|---------------------|
| Backhoe Replacement for Water Main Breaks  | \$153,000           |
| PLC Upgrade  | 600,000             |
| Water Plant Improvements (storage tank, pump control valves, hatch replacement, tuck pointing, etc.) | 1,375,000           |
| Water Main improvements, as needed   | 500,000             |
| Sanitary / Storm Main improvements, as needed  | 500,000             |
| Lift Station Repairs   | 150,000             |
| Meter Reading Automation, contract close-out   | 150,000             |
| <b>Total</b>   | <b>\$ 3,428,000</b> |

HEADCOUNT

For FY18, staffing is proposed to decrease by a net of 4.5 full time equivalent (FTE) from the prior fiscal year budget. Overall, Enterprise Fund staffing is 55 FTE, with 7.5 FTEs in Central Services, 2 FTE in Police, and 45.5 FTEs in Public Works.

| <b>Enterprise Funds ~ Central Services</b> | <u>2018</u> |             |             |                |               |
|--|-------------|-------------|-------------|----------------|---------------|
|  | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>Request</u> | <u>Change</u> |
| Admin Asst - W/S                           | 1.00        | -           | -           | -              | -             |
| Clerical Tech - W/S                        | 3.00        | 5.50        | 6.50        | 5.50           | (1.00)        |
| Clerical Tech - Motor Veh                  | -           | -           | 1.00        | -              | (1.00)        |
| Deputy Clerk - Motor Veh.                  | -           | 1.00        | 1.00        | -              | (1.00)        |
| Maintenance Worker - Motor Veh.            | 1.00        | 1.00        | 1.00        | -              | (1.00)        |
| Office Supervisor - W/S                    | 1.00        | 2.00        | 1.00        | -              | (1.00)        |
| Parking Supervisor - Motor Veh.            | 1.00        | -           | -           | -              | -             |
| City Collector - W/S                       | 1.00        | 1.00        | 1.00        | 1.00           | -             |
| Senior Accountant - W/S                    | -           | -           | -           | -              | -             |
| Staff Accountant - W/S                     | -           | -           | 1.00        | 1.00           | -             |
| Systems Administrator - W/S                | <u>1.00</u> | <u>-</u>    | <u>-</u>    | <u>-</u>       | <u>-</u>      |
|  | 9.00        | 10.50       | 12.50       | 7.50           | (5.00)        |

| <b>Enterprise Funds - Police</b> | <u>2018</u> |             |             |                |               |
|----------------------------------|-------------|-------------|-------------|----------------|---------------|
|                                  | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>Request</u> | <u>Change</u> |
| Clerical Tech                    | -           | -           | -           | -              | -             |
| Maintenance Worker               | -           | -           | -           | 1.0            | 1.0           |
| Parking Supervisor               | <u>-</u>    | <u>-</u>    | <u>-</u>    | <u>1.0</u>     | <u>1.0</u>    |
|                                  | -           | -           | -           | 2.0            | 2.0           |

All of the FTE decreases shown in Central Services reflect a transfer of those positions to another fund or another department to better match the employees' functions to their funding source. These are not reductions, but instead the reallocation of human capital resources. The parking function, including meter collections, has been moved out of the City Clerk's office and into the Police Traffic Division. Those positions remain funded by the Parking Fund. All clerical technician positions previously funded from the Enterprise Funds, and assigned to Central Services, have been moved to the General Fund again to better match funding to functions performed.

An administrative assistant position previously funded in the General Fund for the eliminated in-house Corporation Counsel has been transferred to the Water Plant to provide adequate clerical support. The funding for 10 part time summer interns to perform public works type activities has been added to the Water Fund budget for FY18. Historically unfilled positions, including Laborer and Maintenance Worker, were eliminated. The positions have remained unfilled for several years.

| <b>Enterprise Funds ~ Public Works</b> |             |             |             |                               |               |
|--|-------------|-------------|-------------|-------------------------------|---------------|
|  | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u><br><u>Request</u> | <u>Change</u> |
| Admin Asst - WS                        | 1.0         | 1.0         | 1.0         | 2.0                           | 1.0           |
| Backflow Coordinator - WS              | 1.0         | 1.0         | 1.0         | 1.0                           | -             |
| Interns - Public Works WS              | -           | -           | -           | 2.5                           | 2.5           |
| Laboratory Supervisor - WS             | 1.0         | 1.0         | 1.0         | 1.0                           | -             |
| Laborer - WS                           | 7.0         | 9.0         | 10.0        | 9.0                           | (1.0)         |
| Maintenance Worker - WS                | 29.0        | 27.0        | 23.0        | 19.0                          | (4.0)         |
| Mechanic / Welder                      | -           | -           | 1.0         | 1.0                           | -             |
| Public Works Supervisor - WS           | 4.0         | 4.0         | 4.0         | 4.0                           | -             |
| Water Operator                         | -           | -           | 5.0         | 5.0                           | -             |
| Water Plant Superintendent             | <u>1.0</u>  | <u>1.0</u>  | <u>1.0</u>  | <u>1.0</u>                    | <u>-</u>      |
|  | 44.0        | 44.0        | 47.0        | 45.5                          | (1.5)         |

**LINE ITEM DETAIL**

## REVENUES

|           |                                |             |
|-----------|--------------------------------|-------------|
| 555 32050 | Permits - Sanitary Connection  | -50,000     |
| 555 32055 | Permits - Water Connection     | -200,000    |
| 555 32060 | Permits - Water Meter          | -11,000     |
|           | Permits - Water Shed           |             |
| 555 32067 | Development                    | -15,000     |
| 555 34038 | Fees - Parkway Openings        | -5,000      |
| 555 34052 | Fees - Storm Sewer Connection  | -12,000     |
| 555 34088 | Fees - Cellular Tower          | -5,000      |
| 555 46100 | Interest Earned                | -30,000     |
| 555 48050 | Sale of Recyclables            | -40,000     |
| 555 48256 | Reimb Wtr On/Of                | -2,000      |
| 555 52040 | Sales - Metered                | -212,000    |
| 555 52045 | Sales - Met. Wa                | -1,598,000  |
| 555 52050 | Sales - Metered                | -11,000,000 |
| 555 52060 | Sales - Service                | -247,000    |
| 555 52070 | Sales - Sewer O                | -6,000      |
| 555 52080 | Sales - 72 Hr.                 | -6,000      |
| 555 52100 | Sales - Hydrant                | -6,000      |
| 555 52110 | NSF Check Fees                 | -6,000      |
| 555 55201 | Closing Letter                 | -130,000    |
| 555 55202 | Closing Ltr Reissue            | -6,000      |
| 555 55500 | Water Shut-Off                 | -243,000    |
| 555 55610 | Water Sample An                | -18,000     |
| 555 57000 | Charges-Late Pa                | -266,000    |
| 595 30080 | Home Rule Retail Sales Tax     | -137,000    |
| 595 34024 | Fees - Street Meter Parking    | -215,000    |
| 595 34025 | Fees - Parking Lot C           | -60,000     |
| 595 34030 | Fees - Parking Lot Machines    | -180,000    |
| 595 34055 | Fees - Monthly Pass Downtown   | -125,000    |
| 595 34059 | Fees - Special Events Parking  | -70,000     |
| 595 46300 | Rental Income - Clayton Street | -6,000      |
| 595 46351 | Rental Income - Genesee        | -63,000     |
| 595 46370 | Rental Income - Parking Lot A  | -7,000      |
| 595 48900 | Miscellaneous Revenue          | -47,000     |

## REVENUES

-----  
-15,024,000

## EXPENDITURES

|               |                 |         |
|---------------|-----------------|---------|
| 555 913021200 | Laborer         | 58,000  |
| 555 913021211 | Maintenance Wor | 168,000 |



|               |                 |         |
|---------------|-----------------|---------|
| 555 913021212 | Maintenance Wor | 64,000  |
| 555 913021400 | Overtime        | 26,000  |
| 555 913021401 | Double-Time     | 11,000  |
| 555 913021404 | On-Call Pay     | 8,000   |
| 555 913021413 | Tool Allowance  | 2,000   |
| 555 913021749 | Public Works Su | 67,000  |
| 555 913021796 | Administrative  | 15,000  |
| 555 913022456 | Hospitalization | 121,000 |
| 555 913022461 | Employer Portio | 27,000  |
| 555 913022462 | Employer Portio | 6,000   |
| 555 913022467 | Life Insurance  | 2,000   |
| 555 913022610 | Employer IMRF   | 61,000  |
| 555 913024412 | Equipment Maint | 8,000   |
| 555 913024426 | Utilities       | 21,000  |
| 555 913024438 | Other Professio | 19,000  |
| 555 913024439 | Laundry Service | 7,000   |
| 555 913025466 | Gasoline & Oil  | 26,000  |
| 555 913025468 | Operating Suppl | 30,000  |
| 555 915021200 | Laborer         | 70,000  |
| 555 915021211 | Maintenance Wor | 130,000 |
| 555 915021400 | Overtime        | 7,000   |
| 555 915021401 | Double-Time     | 3,000   |
| 555 915021404 | On-Call Pay     | 4,000   |
| 555 915021413 | Tool Allowance  | 2,000   |
| 555 915021749 | Public Works Su | 51,000  |
| 555 915021796 | Administrative  | 38,000  |
| 555 915022456 | Hospitalization | 83,000  |
| 555 915022461 | Employer Portio | 19,000  |
| 555 915022462 | Employer Portio | 5,000   |
| 555 915022467 | Life Insurance  | 1,000   |
| 555 915022610 | Employer IMRF   | 43,000  |
| 555 915321400 | Overtime        | 1,000   |
| 555 915321724 | Laboratory Supe | 48,000  |
| 555 915322456 | Hospitalization | 5,000   |
| 555 915322461 | Employer Portio | 3,000   |
| 555 915322462 | Employer Portio | 1,000   |
| 555 915322610 | Employer IMRF   | 7,000   |
| 555 915421211 | Maintenance Wor | 338,000 |
| 555 915421400 | Overtime        | 21,000  |
| 555 915421401 | Double-Time     | 3,000   |
| 555 915421404 | On-Call Pay     | 11,000  |
| 555 915421413 | Tool Allowance  | 2,000   |
| 555 915421749 | Public Works Su | 55,000  |

|               |                 |         |
|---------------|-----------------|---------|
| 555 915422456 | Hospitalization | 127,000 |
| 555 915422461 | Employer Portio | 27,000  |
| 555 915422462 | Employer Portio | 4,000   |
| 555 915422467 | Life Insurance  | 1,000   |
| 555 915422610 | Employer IMRF   | 58,000  |
| 555 915521200 | Laborer         | 197,000 |
| 555 915521211 | Maintenance Wor | 294,000 |
| 555 915521213 | Back Flow Coord | 27,000  |
| 555 915521220 | Water Operator  | 72,000  |
| 555 915521399 | Earned Sick Lea | 5,000   |
| 555 915521400 | Overtime        | 26,000  |
| 555 915521401 | Double-Time     | 28,000  |
| 555 915521403 | Female Search/D | 2,000   |
| 555 915521404 | On-Call Pay     | 6,000   |
| 555 915521413 | Tool Allowance  | 1,000   |
| 555 915521724 | Laboratory Supe | 20,000  |
| 555 915521749 | Public Works Su | 70,000  |
| 555 915521760 | Water Plant Sup | 117,000 |
| 555 915522456 | Hospitalization | 314,000 |
| 555 915522457 | Workmen's Compe | 80,000  |
| 555 915522458 | Liability Insur | 30,000  |
| 555 915522461 | Employer Portio | 56,000  |
| 555 915522462 | Employer Portio | 13,000  |
| 555 915522467 | Life Insurance  | 3,000   |
| 555 915522610 | Employer IMRF   | 130,000 |
| 555 915524412 | Equipment Maint | 4,000   |
| 555 915524423 | Telephone       | 21,000  |
| 555 915524432 | Postage         | 1,000   |
| 555 915524438 | Other Professio | 122,000 |
| 555 915524439 | Laundry Service | 4,000   |
| 555 915524490 | Risk Premiums   | 64,000  |
| 555 915525464 | Chemical Suppli | 120,000 |
| 555 915525465 | Office Supplies | 1,000   |
| 555 915525466 | Gasoline & Oil  | 12,000  |
| 555 915525468 | Operating Suppl | 273,000 |
| 555 915525478 | Computer Suppli | 5,000   |
| 555 915525480 | Miscellaneous E | 1,000   |
| 555 915525491 | Concrete Patch  | 100,000 |
| 555 915721200 | Laborer         | 55,000  |
| 555 915721211 | Maintenance Wor | 169,000 |
| 555 915721220 | Water Operator  | 165,000 |
| 555 915721400 | Overtime        | 15,000  |
| 555 915721401 | Double-Time     | 35,000  |

|               |                 |           |
|---------------|-----------------|-----------|
| 555 915721403 | Female Search/D | 1,000     |
| 555 915721404 | On-Call Pay     | 4,000     |
| 555 915721413 | Tool Allowance  | 2,000     |
| 555 915721749 | Public Works Su | 56,000    |
| 555 915722456 | Hospitalization | 123,000   |
| 555 915722461 | Employer Portio | 31,000    |
| 555 915722462 | Employer Portio | 7,000     |
| 555 915722467 | Life Insurance  | 2,000     |
| 555 915722610 | Employer IMRF   | 71,000    |
| 555 915724426 | Utilities       | 482,000   |
| 555 915921110 | Clerical Techni | 234,000   |
| 555 915921730 | Staff Accountan | 58,000    |
| 555 915921754 | City Collector  | 100,000   |
| 555 915922456 | Hospitalization | 93,000    |
| 555 915922461 | Employer Portio | 24,000    |
| 555 915922462 | Employer Portio | 6,000     |
| 555 915922467 | Life Insurance  | 1,000     |
| 555 915922610 | Employer IMRF   | 57,000    |
| 555 915924407 | Bank Service Ch | 45,000    |
| 555 915924412 | Equipment Maint | 123,000   |
| 555 915924423 | Telephone       | 1,000     |
| 555 915924428 | Rental/Lease Pu | 3,000     |
| 555 915924429 | Conference & Tr | 2,000     |
| 555 915924432 | Postage         | 45,000    |
| 555 915924434 | Printing        | 44,000    |
| 555 915924438 | Other Professio | 52,000    |
| 555 915924476 | Municipal Audit | 18,000    |
| 555 915925465 | Office Supplies | 1,000     |
| 555 915925466 | Gasoline & Oil  | 1,000     |
| 555 915925468 | Operating Suppl | 1,000     |
| 555 915925478 | Computer Suppli | 3,000     |
| 555 916024435 | Engineering Ser | 200,000   |
| 555 916024438 | Other Professio | 25,000    |
| 555 916024505 | Adelphi Landfil | 30,000    |
| 555 916026494 | Equipment       | 153,000   |
| 555 916026495 | Computer Hardwa | 600,000   |
| 555 916027018 | Water Filtratio | 1,375,000 |
| 555 916027043 | Water Main Repl | 500,000   |
| 555 916027691 | Lift Station Re | 150,000   |
| 555 916027692 | Sanitary/Storm  | 500,000   |
| 555 916027693 | Meter Reading A | 150,000   |
| 555 916124076 | Lease Payments  | 400,000   |
| 555 916124404 | Bond Interest E | 271,000   |

|               |                 |            |
|---------------|-----------------|------------|
| 555 916124405 | Bond Service Fe | 3,000      |
| 555 916324450 | Services Provid | 493,000    |
| 595 459521110 | Clerical Techni | 40,000     |
| 595 459521211 | Maintenance Wor | 60,000     |
| 595 459521400 | Overtime        | 2,000      |
| 595 459521401 | Double-Time     | 1,000      |
| 595 459521732 | Deputy City Cle | 66,000     |
| 595 459522456 | Hospitalization | 40,000     |
| 595 459522461 | Employer Portio | 7,000      |
| 595 459522462 | Employer Portio | 2,000      |
| 595 459522467 | Life Insurance  | 1,000      |
| 595 459522473 | Stipend         | 7,000      |
| 595 459522610 | Employer IMRF   | 24,000     |
| 595 459524076 | Lease Payments  | 435,000    |
| 595 459524403 | Interest Expens | 103,000    |
| 595 459524405 | Bond Service Fe | 5,000      |
| 595 459524410 | Building & Grou | 10,000     |
| 595 459524412 | Equipment Maint | 22,000     |
| 595 459524423 | Telephone       | 5,000      |
| 595 459524424 | Real Estate Tax | 1,000      |
| 595 459524426 | Utilities       | 30,000     |
| 595 459524429 | Conference & Tr | 1,000      |
| 595 459524438 | Other Professio | 12,000     |
| 595 459524476 | Municipal Audit | 5,000      |
| 595 459524490 | Risk Premiums   | 4,000      |
| 595 459524670 | Art Studio Expe | 2,000      |
| 595 459525466 | Gasoline & Oil  | 2,000      |
| 595 459525468 | Operating Suppl | 16,000     |
| 595 459525480 | Miscellaneous E | 2,000      |
| 595 459526492 | Improvements    | 5,000      |
|               |                 | -----      |
| EXPENDITURES  |                 | 12,024,000 |