
FIDUCIARY FUNDS

May 1, 2015 - April 30, 2016

PROPOSED BUDGET

Contents

FIDUCIARY FUNDS OVERVIEW 2
 PENSION FUNDS 3
 STABILIZATION FUND 3

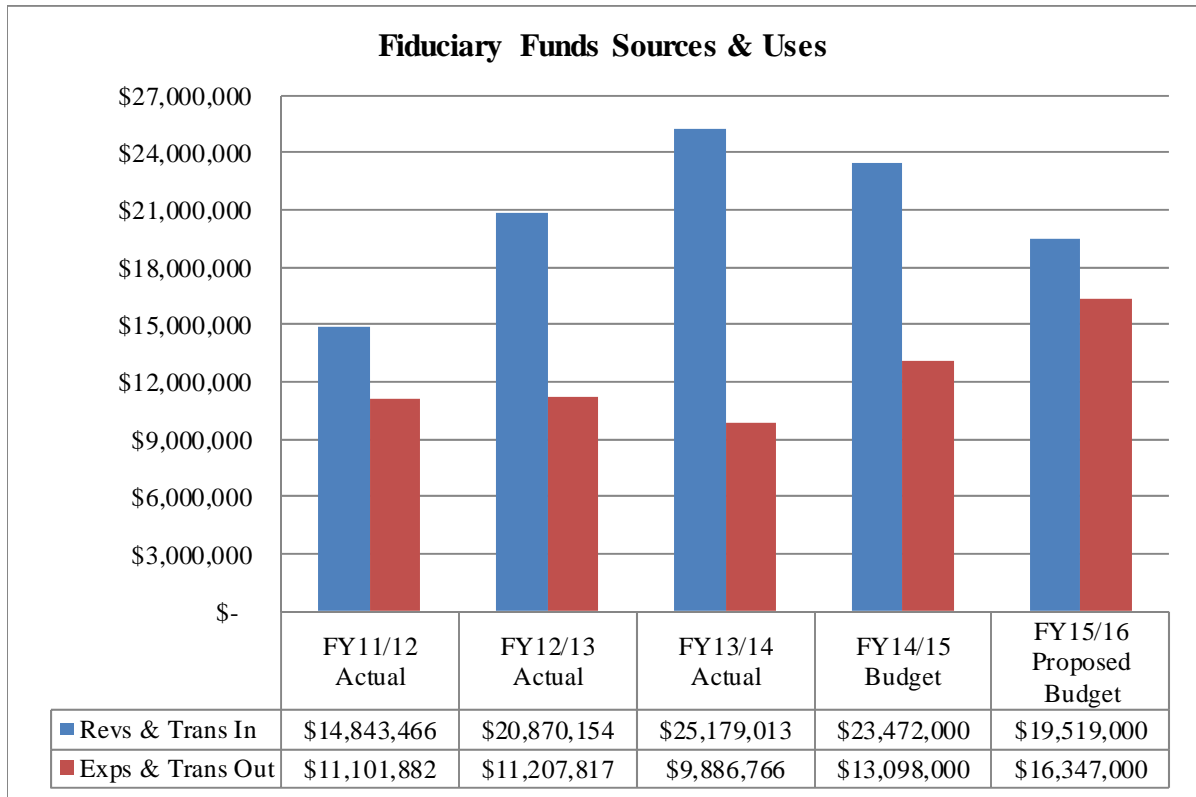
LINE ITEM DETAIL 4
 REVENUES 5
 Fnd 714 *WORKING CASH FUND* 5
 Fnd 719 *POLICE PENSION FUND* 5
 Fnd 720 *FIRE FIGHTER'S PENSION FUND* 5
 EXPENSES 7
 Fnd 719 *POLICE PENSION FUND* 7
 Fnd 720 *FIRE FIGHTER'S PENSION FUND* 7
 TRANSFERS TO 8
 Fnd 714 *WORKING CASH FUND* 8

FIDUCIARY FUNDS OVERVIEW

Fiduciary Funds are used to account for resources held by the City but restricted to uses outside of the government’s ongoing operations. The Police and Fire Pension Funds are subject to the City’s appropriation but are managed by independent boards. The Fiduciary Funds are also where the City accounts for the Stabilization (“Working Cash”) Fund, which is used to provide for liquidity, meet unexpected revenue shortfalls, and address financial emergencies.

Sources & Uses of Funds	
Revenues	\$19,519,000
Expenditures	-13,412,000
Surplus / (Deficit) before transfers	6,107,000
Transfers-In	0
Transfers-Out	-2,935,000
Surplus / (Deficit) after transfers	3,172,000

It is important that these funds generate an operating surplus so it can be allocated back to the funds’ assets for future obligations. For example, Pension funds must sustain balances sufficient to meet current retiree payments, as well as account for the longer term liabilities of pension currently accruing but not yet payable.



PENSION FUNDS

Pension fund revenues are made up of three sources: employer contribution, employee contributions, and investment income. The employer contribution, calculated by an independent actuary, is based upon benefit levels, demographics, and investment returns. The City funds this obligation via Property and Gaming Taxes. The Waukegan Police and Fire Pension Funds remit monthly pension benefit payments to the City's retired or disabled police officers and firefighters, or their surviving beneficiaries.

The employer contribution is budgeted for a total of \$10.5 million during the 2015-2016 fiscal year. In addition to the employer contribution, police and fire employees' contribution is 9.91% and 9.45% respectively of their pay per state statute. The employee contributions for both funds are projected to reach a combined \$2.4 million for the fiscal year. Lastly, interest and investment income is projected to total \$6.6 million based on prior investment experience.

Annual expenditures include the disbursement of monthly retirement benefits, beneficiary benefits and disability benefits estimated to total \$12.7 million during 2015-2016 fiscal year for both funds combined. Professional services related to management of funds including investment advisory and legal services are expected to reach \$712 thousand for the fiscal year.

STABILIZATION FUND

The Stabilization, or "Working Cash" Fund was established in 2009 when the City issued long-term bonds for the purpose of maintaining adequate cash reserves. Investment incomes and unanticipated revenues make up the revenues in the Working Cash Fund, whereas permanent withdrawals must meet specific criteria as detailed in the Stabilization Fund Policy, established by the City Council through Resolution 12-R-67. Investment income is projected to be \$10 thousand, and no other revenues are presently anticipated.

Two permanent transfers out of the fund are planned for the 2015-2016 fiscal year. The first is \$435 thousand in United States Environmental Protection Agency (U.S.E.P.A.) funds which were received during 2014, specifically to be used for the City's share of Yeoman Creek Remediation Group cost sharing. In addition, the City anticipates making a \$2.5 million lump-sum payment relative to a Policy Liability claim settlement from Working Cash reserves. As the expense is tied to the Police Department, the monies will be transferred to the General Fund and the payment recorded appropriately. Further information regarding both of these obligations may be found in the *General Fund* section of this report.

LINE ITEM DETAIL

Revenues

FY 2016
PROPOSED

Fnd 714	WORKING CASH FUND	
Sub 4600	Interest Earned	
714 46100	Interest Earned	10,000-

Sub 4600	Interest Earned	10,000-
Fnd 719	POLICE PENSION FUND	
Sub 3000	Tax Collection	
719 30000	Property Tax	5,982,000-
719 30730	Gaming Video Tax Revenue	240,000-

Sub 3000	Tax Collection	6,222,000-
Sub 4600	Interest Earned	
719 46100	Interest Earned	35,000-
719 46125	Interest Earned-Federal Invest	726,000-

Sub 4600	Interest Earned	761,000-
Sub 4900	Other Financing Sources	
719 49220	Income From US Govt Obl	1,352,000-
719 49223	Income Fr Mutual Funds	1,075,000-
719 49225	(Gain) Loss on Sale Mutual Fd	368,000-

Sub 4900	Other Financing Sources	2,795,000-
Sub 5800	Premium Contributions	
719 58000	Retiree Contributions	1,320,000-

Sub 5800	Premium Contributions	1,320,000-

Fnd 719	POLICE PENSION FUND	11,098,000-
Fnd 720	FIRE FIGHTER'S PENSION FUND	
Sub 3000	Tax Collection	
720 30000	Property Tax	4,087,000-
720 30730	Gaming Video Tax Revenue	240,000-

Sub 3000	Tax Collection	4,327,000-
Sub 4600	Interest Earned	
720 46100	Interest Earned	30,000-
720 46125	Interest Earned-Federal Invest	506,000-
720 46130	Interest Earned-Corp Bonds	707,000-

Sub 4600	Interest Earned	1,243,000-
Sub 4900	Other Financing Sources	
720 49220	Income From US Govt Obl	203,000-
720 49221	(G) L on Sale of Stock	1,618,000-

Fiduciary Funds

Sub 4900	Other Financing Sources	----- 1,821,000-
Sub 5800	Premium Contributions	
720 58000	Retiree Contributions	1,020,000-
Sub 5800	Premium Contributions	----- 1,020,000-
Fnd 720	FIRE FIGHTER'S PENSION FUND	----- 8,411,000-
	Report Final Totals	----- 19,519,000- =====

Expenses

		FY 2016 PROPOSED
Fnd 719	POLICE PENSION FUND	
Sub 2200	Personnel Benefits	
719 171922465	Pension Fund Monthly Payroll	7,200,000

Sub 2200	Personnel Benefits	7,200,000
Sub 2400	Contractual Services	
719 171924407	Bank Service Charges	5,000
719 171924429	Conference & Travel	2,000
719 171924431	Training & Schooling	1,000
719 171924437	Legal Services	15,000
719 171924438	Other Professional Services	51,000
719 171924665	Investment Expense	133,000
719 171924696	St of IL-DOI Compliance Fee	8,000

Sub 2400	Contractual Services	215,000
Sub 2500	Commodities	
719 171925480	Miscellaneous Expense	7,000

Sub 2500	Commodities	7,000

Fnd 719	POLICE PENSION FUND	7,422,000
Fnd 720	FIRE FIGHTER'S PENSION FUND	
Sub 2200	Personnel Benefits	
720 172022465	Pension Fund Monthly Payroll	5,500,000

Sub 2200	Personnel Benefits	5,500,000
Sub 2400	Contractual Services	
720 172024407	Bank Service Charges	1,000
720 172024429	Conference & Travel	7,000
720 172024436	Consultant Services	235,000
720 172024437	Legal Services	235,000
720 172024443	Membership Dues	1,000
720 172024476	Municipal Audit Expenses	1,000
720 172024696	St of IL-DOI Compliance Fee	8,000

Sub 2400	Contractual Services	488,000
Sub 2500	Commodities	
720 172025480	Miscellaneous Expense	2,000

Sub 2500	Commodities	2,000

Fnd 720	FIRE FIGHTER'S PENSION FUND	5,990,000

	Report Final Totals	13,412,000

TRANSFERS TO

		FY 2016 PROPOSED
Fnd 714	WORKING CASH FUND	
Sub 6800	Transfers To	
714 68100	Transfers to General Fund	2,935,000

Sub 6800	Transfers To	2,935,000

	Report Final Totals	2,935,000
		=====