



FIDUCIARY FUNDS

May 1, 2021 – April 30, 2022 Budget Request

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Prepared by the Finance Department

Introduction

The City maintains Fiduciary Funds 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 in accordance with state statute. The Governmental Accounting Standards Board (GASB) provides guidance that requires separate and distinct accounting of funds set aside for stabilization purposes. Therefore, the Fiduciary Funds are also where the City accounts for the Stabilization (“Working Cash” or “Rainy Day”) Fund that is used to provide for liquidity, meet unexpected revenue shortfalls, and address financial emergencies.

Overview

The Fiscal Year May 1, 2021 to April 30, 2022 (FY22) Fiduciary Funds requested budget calls for \$27.75 million in revenues, \$16.25 million in expenses, no transfers-in and transfers-out of \$249 thousand for a surplus, after transfers, of \$11.256 million. A surplus is to be expected as the Pension Funds generate a positive cash flow in order to meet current retiree payments, as well as account for the longer term liabilities of pensions currently accruing but not yet payable.

<i>Revenues</i>	\$27,740,000
<i>Expenses</i>	(\$16,250,000)
<i>Surplus / (Deficit) before transfers</i>	\$11,490,000
<i>Transfers in</i>	\$0
<i>Transfers (out)</i>	(\$249,000)
<i>Surplus / (Deficit) after transfers</i>	\$11,241,000

Discussion

Pension Fund revenues are made up of three sources: employer contributions, 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, of which \$16.9 million is expected for this purpose for FY22. The employee contributions to the Pension Funds are dictated by state statute, a combined \$2.7 million estimated for FY22. The investment management of the Funds are under the control of the independent Pension Boards. 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 two funds combined are projected to disburse \$15.7 million in these benefits during FY22. The Funds also incur expenses for professional services such as investment management, accounting, and legal.

The City Treasurer manages the Stabilization Fund cash balances, and for FY22 the only revenue projected for the Fund is interest income. The City anticipates \$249 thousand in transfers out of the

Stabilization Fund in order to match grants sought by the City’s Planning Department and Fire Department, which are discussed further in the Special Revenue Funds’ section of this report. According to City Treasurer reports, the unaudited balance of the Stabilization Fund as of the end of April 2021 is \$8.8 million. Per the City’s adopted Stabilization Policy, an amount of 8% of the General Fund expenditures must be held in reserve, and based upon the proposed budget the required reserve will be \$6.4 million for FY22. Please note these are estimates only, and the amounts of the Fund and the required reserve are impacted by final audit entries as well as the final appropriation approved by Council.

Actual revenues, expenses, and transfers for the prior years, FY21 adjusted budget, and FY22 requested budget for the current fiscal year are shown below. Line item detail for the FY22 budget proposal may be found in the attached Appendix.

FIDUCIARY FUNDS								
REVENUES								
Fund	Detail	Description	FY18	FY19	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
	SUB 3000	Tax Collection	14,510,482.79	15,036,056.26	15,429,676.57	15,356,468.00	15,712,000.00	16,920,000.00
	SUB 3400	Fees	6,200.00	2,850.00	825.00	-	-	-
	SUB 4600	Interest	2,384,326.39	2,742,452.64	3,046,315.60	3,807,677.00	851,000.00	2,020,000.00
	SUB 4800	Miscellaneous Revenue	35,225.46	57,657.21	4,564.90	5,459.00	-	-
	SUB 4900	Other Financing Sources	10,415,446.81	7,934,854.61	(2,826,304.46)	45,856,663.00	11,130,000.00	6,100,000.00
	SUB 5800	Premium Contributions	2,386,263.27	2,557,447.54	2,737,875.73	2,712,987.00	2,550,000.00	2,700,000.00
		TOTAL REVENUES	29,737,944.72	28,331,318.26	18,392,953.34	67,739,254.00	30,243,000.00	27,740,000.00
EXPENDITURES								
Fund	Detail	Description	FY18	FY19	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
	SUB 2200	Personnel Benefits	14,509,243.84	15,081,241.99	16,174,723.09	17,077,035.00	15,120,000.00	15,700,000.00
	SUB 2400	Contractual Services	462,803.51	461,802.73	485,342.20	464,757.00	579,850.00	550,000.00
	SUB 2500	Commodities	250.70	25.00	0.01	-	150.00	-
		TOTAL EXPENDITURES	14,972,298.05	15,543,069.72	16,660,065.30	17,541,792.00	15,700,000.00	16,250,000.00
		EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,765,646.67	12,788,248.54	1,732,888.04	50,197,462.00	14,543,000.00	11,490,000.00
OTHER FINANCING SOURCES (USES)								
Fund	Detail	Description	FY18	FY19	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
	SUB 6300	Transfers In/From	904,000.00	-	-	76,129.00	-	-
	SUB 6800	Transfers Out/To	(2,724,000.00)	(1,235,582.23)	(147,000.00)	(76,129.00)	(376,000.00)	(249,000.00)
		TOTAL OTHER FINANCING SOURCES	(1,820,000.00)	(1,235,582.23)	(147,000.00)	-	(376,000.00)	(249,000.00)
		FUND BALANCE						11,241,000.00

Line Item Detail

Fund 714 - Working Cash Fund**REVENUES**

Fund	Detail	Description	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
714	30000	Property Tax	-	5,294.00	-	-
	SUB 3000	Tax Collection	-	5,294.00	-	-
714	46100	Interest Earned	174,079.61	13,480.00	150,000.00	-
	SUB 4600	Interest	174,079.61	13,480.00	150,000.00	-
714	48720	RETURN OF ACCUMULATED RESERVE	-	-	-	-
	SUB 4800	Miscellaneous Revenue	-	-	-	-
TOTAL REVENUES			174,079.61	18,774.00	150,000.00	

EXPENDITURES

Fund	Detail	Description	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
714	171424481	Contribution Expense	-	-	77,000.00	-
	SUB 2400	Contractual Services	-	-	77,000.00	-
714	171425480	Miscellaneous Expense	-	-	-	-
	SUB 2500	Commodities	-	-	-	-
TOTAL EXPENDITURES			-	-	77,000.00	-

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	174,079.61	18,774.00	73,000.00	-
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OTHER FINANCING SOURCES (USES)

Fund	Detail	Description	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
714	63245	Transfers From CDBG Fund	-	76,129.00	-	-
714	63267	Transfers From Scoop Funds	-	-	-	-
714	63660	Transfers From Risk Management	-	-	-	-
	SUB 6300	Transfers In/From	-	76,129.00	-	-
714	68100	Transfers to General Fund	112,000.00	-	-	-
714	68211	Transfers to Library	-	-	-	-
714	68231	Transfers to Homeland Security	35,000.00	-	281,000.00	100,000.00
714	68245	Transfers to Comm Dev Block Fd	-	76,129.00	-	-
714	68251	Transfers to Plan & Dev Grants	-	-	95,000.00	149,000.00
714	68267	Transfers to Scoop Genesee Fnd	-	-	-	-
714	68455	Transfers to Capital Leases Re	-	-	-	-
714	68555	Transfers to Sewer/Water Fd.	-	-	-	-
	SUB 6800	Transfers Out/To	(147,000.00)	(76,129.00)	(376,000.00)	(249,000.00)
TOTAL OTHER FINANCING SOURCES			(147,000.00)	-	(376,000.00)	(249,000.00)

Fund 719 - Police Pension Fund

REVENUES

Fund	Detail	Description	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
719	30000	Property Tax	8,294,046.41	8,407,554.00	8,535,000.00	9,130,000.00
719	30730	Gaming Video Tax Revenue	617,383.47	465,340.00	550,000.00	500,000.00
	SUB 3000	Tax Collection	8,911,429.88	8,872,894.00	9,085,000.00	9,630,000.00
719	46100	Interest Earned	14,345.79	10,248.00	40,000.00	10,000.00
719	46130	Interest Earned-Corp Bonds	-	1,271,085.00	-	-
719	46125	Interest Earned-Federal Invest	1,079,982.52	1,056,144.00	940,000.00	1,000,000.00
	SUB 4600	Interest	1,094,328.31	2,337,477.00	980,000.00	1,010,000.00
719	48900	Miscellaneous Revenue	1,390.82	551.00	-	-
	SUB 4800	Miscellaneous Revenue	1,390.82	551.00	-	-
719	49220	Income From US Govt Obl	2,300,778.29	132,892.00	2,090,000.00	1,000,000.00
719	49223	Income Fr Mutual Funds	(4,707,181.42)	25,402,573.00	3,640,000.00	-
719	49224	Income Fr Com/Pref Stocks	-	-	-	300,000.00
719	49225	(Gain) Loss on Sale Mutual Fd	1,346,986.12	1,100,000.00	1,400,000.00	2,900,000.00
	SUB 4900	Other Financing Sources	(1,059,417.01)	26,635,465.00	7,130,000.00	4,200,000.00
719	58000	Retiree Contributions	1,654,107.22	1,606,516.00	1,550,000.00	1,600,000.00
	SUB 5800	Premium Contributions	1,654,107.22	1,606,516.00	1,550,000.00	1,600,000.00
TOTAL REVENUES			10,601,839.22	39,452,903.00	18,745,000.00	16,440,000.00

EXPENDITURES

Fund	Detail	Description	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
719	171922465	Pension Fund Monthly Payroll	9,119,788.99	9,645,403.00	8,420,000.00	8,800,000.00
	SUB 2200	Personnel Benefits	9,119,788.99	9,645,403.00	8,420,000.00	8,800,000.00
719	171924040	Fiduciary Insurance	8,865.67	9,016.00	10,000.00	10,000.00
719	171924407	Bank Service Charges	23,802.40	36,999.00	30,000.00	30,000.00
719	171924429	Conference & Travel	3,784.86	3,600.00	2,500.00	3,000.00
719	171924431	Training & Schooling	-	-	985.00	-
719	171924437	Legal Services	21,368.63	19,128.00	17,000.00	20,000.00
719	171924438	Other Professional Services	88,050.47	79,443.00	48,000.00	60,000.00
719	171924443	Membership Dues	-	795.00	-	-
719	171924665	Investment Expense	117,270.47	109,824.00	78,515.00	100,000.00
719	171924696	St of IL-DOI Compliance Fee	8,000.00	8,000.00	10,000.00	10,000.00
	SUB 2400	Contractual Services	271,142.50	266,805.00	197,000.00	233,000.00
719	171925468	Operating Supplies	-	-	-	-
719	171925480	Miscellaneous Expense	0.01	-	-	-
	SUB 2500	Commodities	0.01	-	-	-
TOTAL EXPENDITURES			9,390,931.50	9,912,208.00	8,617,000.00	9,033,000.00

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,210,907.72	29,540,695.00	10,128,000.00	7,407,000.00
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OTHER FINANCING SOURCES (USES)

TOTAL OTHER FINANCING SOURCES	-	-	-	-
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Fund 720 - Fire Fighter's Pension Fund

REVENUES

Fund	Detail	Description	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
720	30000	Property Tax	5,900,863.24	6,082,669.00	6,077,000.00	6,790,000.00
720	30730	Gaming Video Tax Revenue	617,383.45	395,611.00	550,000.00	500,000.00
	SUB 3000	Tax Collection	6,518,246.69	6,478,280.00	6,627,000.00	7,290,000.00
720	46100	Interest Earned	15,529.61	11,685.00	21,000.00	10,000.00
720	46125	Interest Earned-Federal Invest	773,967.86	723,696.00	700,000.00	1,000,000.00
720	46130	Interest Earned-Corp Bonds	987,837.06	721,248.00	(1,000,000.00)	-
	SUB 4600	Interest	1,777,334.53	1,456,629.00	(279,000.00)	1,010,000.00
720	48900	Miscellaneous Revenue	3,174.08	4,908.00	-	-
	SUB 4800	Miscellaneous Revenue	3,174.08	4,908.00	-	-
720	49220	Income From US Govt Obl	940,095.90	281,874.00	1,000,000.00	300,000.00
720	49221	(G) L on Sale of Stock	(2,706,983.35)	18,939,324.00	3,000,000.00	1,600,000.00
720	49227	Litigation Proceeds	-	-	-	-
	SUB 4900	Other Financing Sources	(1,766,887.45)	19,221,198.00	4,000,000.00	1,900,000.00
720	58000	Retiree Contributions	1,083,768.51	1,106,471.00	1,000,000.00	1,100,000.00
	SUB 5800	Premium Contributions	1,083,768.51	1,106,471.00	1,000,000.00	1,100,000.00
TOTAL REVENUES			7,615,636.36	28,267,486.00	11,348,000.00	11,300,000.00

EXPENDITURES

Fund	Detail	Description	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
720	172022465	Pension Fund Monthly Payroll	7,054,934.10	7,431,632.00	6,700,000.00	6,900,000.00
	SUB 2200	Personnel Benefits	7,054,934.10	7,431,632.00	6,700,000.00	6,900,000.00
720	172024040	Fiduciary Insurance	12,756.21	13,141.00	13,141.00	15,000.00
720	172024407	Bank Service Charges	17,502.15	19,501.00	30,000.00	30,000.00
720	172024429	Conference & Travel	9,275.37	-	14,709.00	-
720	172024431	Training & Schooling	-	1,715.00	2,000.00	2,000.00
720	172024437	Legal Services	-	2,596.00	80,000.00	80,000.00
720	172024438	Other Professional Services	60,820.00	55,313.00	56,000.00	80,000.00
720	172024443	Membership Dues	961.67	795.00	-	-
720	172024665	Investment Expense	104,884.30	96,891.00	100,000.00	100,000.00
720	172024696	St of IL-DOI Compliance Fee	8,000.00	8,000.00	10,000.00	10,000.00
	SUB 2400	Contractual Services	214,199.70	197,952.00	305,850.00	317,000.00
720	172025468	Operating Supplies	-	-	-	-
	SUB 2500	Commodities	-	-	-	-
TOTAL EXPENDITURES			7,269,133.80	7,629,584.00	7,005,850.00	7,217,000.00

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	346,502.56	20,637,902.00	4,342,150.00	4,083,000.00
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OTHER FINANCING SOURCES (USES)

TOTAL OTHER FINANCING SOURCES	-	-	-	-
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Fund 721 - Cemetary Trust Fund

REVENUES

Fund	Detail	Description	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
721	34035	Fees - Grave Openings/Lots	825.00	-	-	-
	SUB 3400	Fees	825.00	-	-	-
721	46100	Interest Earned	573.15	91.00	-	-
	SUB 4600	Interest	573.15	91.00	-	-
TOTAL REVENUES			1,398.15	91.00	-	-

EXPENDITURES

Fund	Detail	Description	FY20	FY21 Unaudited	FY 21 Budget	FY22 Budget
721	172125480	Miscellaneous Expense	-	-	150.00	-
	SUB 2500	Commodities	-	-	150.00	-
TOTAL EXPENDITURES			-	-	150.00	-

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			1,398.15	91.00	(150.00)	-
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OTHER FINANCING SOURCES (USES)

TOTAL OTHER FINANCING SOURCES			-	-	-	-
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