

FIDUCIARY FUNDS



WAUKEGAN
City of Progress Illinois

PROPOSED BUDGET FISCAL YEAR 2022-2023

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INTRODUCTION

The City uses 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. The City also accounts for the Stabilization (“Working Cash”) Fund, which is used to provide for liquidity, meet unexpected revenue shortfalls, and address financial emergencies.

OVERVIEW

The Fiscal Year 2022-23 (“FY23”) Fiduciary Funds budget calls for \$36.9 million in revenue and expenses totaling \$18.6 million. A surplus of \$18.3 million is expected in the Fiduciary Funds, as it is important that these funds generate an operating surplus so that it can be allocated back to the funds’ assets for future obligations.

FIDUCIARY FUNDS - FY23 BUDGET OVERVIEW	
REVENUES	36,916,500.00
EXPENDITURES	(18,627,400.00)
SURPLUS (DEFICIT) BEFORE TRANSFERS	18,289,100.00
TRANSFERS IN	-
TRANSFERS OUT	-
SURPLUS (DEFICIT) AFTER TRANSFERS	18,289,100.00

PENSION FUNDS

Pension fund revenues consist 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 through Property and Video 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 contributions to the pension funds are budgeted for a total of \$16.7 million during FY23. Video gaming taxes will account for \$1.5 million, and interest and investment income is anticipated to total \$15.9 million.

Annual expenditures include the disbursement of monthly retirement benefits, beneficiary benefits, and disability benefits and are projected to total \$18.1 million during FY23 for both funds combined. Professional services related to the management of the funds including legal services and investment advisory are expected to reach \$511.0 thousand.

STABILIZATION FUND

The Stabilization Fund, or “Working Cash” was established in 2009 and is made up of investment incomes and unanticipated revenues. Permanent withdrawals must meet specific criteria as detailed in the Stabilization Fund Policy. The City Treasurer maintains the cash balances in the Stabilization Fund. For FY23, the only revenue projected for the Fund is \$6.5 thousand in investment income. There are also no permanent transfers out of the Fund.

Actual revenues, expenditures, and transfers for the prior fiscal year, the FY22 original budget, and the FY23 budget are shown on the following page. The remaining pages feature line item detail for the FY23 budget proposal.

FIDUCIARY FUNDS BUDGET FY2023

REVENUES

						FY23 v FY22 Budget	
Fund	Detail	Desc	FY21	FY22 OBudget	FY23 Budget Req	\$ Change	% Chg
	SUB 3000	TAX COLLECTION	(15,344,394.72)	(16,920,000.00)	(18,164,100.00)	(1,244,100.00)	7.4%
	SUB 3400	FEES	-	-	-	-	
	SUB 4400	INTERGOVERNMENTAL REVENUE	-	-	-	-	
	SUB 4600	INTEREST EARNED	(3,763,800.85)	(2,020,000.00)	(2,216,500.00)	(196,500.00)	9.7%
	SUB 4800	MISCELLANEOUS REVENUE	(17,533.70)	-	(2,500.00)	(2,500.00)	
	SUB 4900	OTHER FINANCING SOURCES	(44,490,878.59)	(6,100,000.00)	(13,674,400.00)	(7,574,400.00)	124.2%
	SUB 5800	PREMIUM CONTRIBUTIONS	(2,712,986.83)	(2,700,000.00)	(2,859,000.00)	(159,000.00)	5.9%
		TOTAL 700 REVENUES	(66,329,594.69)	(27,740,000.00)	(36,916,500.00)	(9,176,500.00)	33.1%

EXPENDITURES BY SUB

						FY23 v FY22 Budget	
Fund	Detail	Desc	FY21	FY22 OBudget	FY23 Budget Req	\$ Change	% Chg
	SUB 2200	PERSONNEL BENEFITS	17,077,034.35	15,700,000.00	18,116,400.00	2,416,400.00	15.4%
	SUB 2400	CONTRACTUAL SERVICES	481,472.49	550,000.00	511,000.00	(39,000.00)	(7.1%)
	SUB 2500	COMMODITIES	(986.96)	-	-	-	
	SUB 2800	NON-CASH EXPENSE	(3,817.19)	-	-	-	
		TOTAL 700 EXPENDITURES	17,553,702.69	16,250,000.00	18,627,400.00	2,377,400.00	14.6%

EXPENDITURES BY FUND

						FY23 v FY22 Budget	
Fund	Detail	Desc	FY21	FY22 OBudget	FY23 Budget Req	\$ Change	% Chg
	714	WORKING CASH	-	-	-	-	
	719	POLICE PENSION	9,914,849.95	9,033,000.00	10,516,400.00	1,483,400.00	16.4%
	720	FIREFIGHTER'S PENSION	7,643,656.89	7,217,000.00	8,111,000.00	894,000.00	12.4%
	721	CEMETERY TRUST	150.00	-	-	-	
	740	COLLECTOR'S TRUST	(4,954.15)	-	-	-	
		TOTAL 700 EXPENDITURES	17,553,702.69	16,250,000.00	18,627,400.00	2,377,400.00	14.6%

EXCESS OF REV OVER EXP

			48,775,892.00	11,490,000.00	18,289,100.00	6,799,100.00	59.2%
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OTHER FINANCING SOURCES

						FY23 v FY22 Budget	
Fund	Detail	Desc	FY21	FY22 OBudget	FY23 Budget Req	\$ Change	% Chg
	SUB 6300	TRANSFERS IN	-	-	-	-	
	SUB 6800	TRANSFERS OUT	-	(249,000.00)	-	249,000.00	(100.0%)
		TOTAL OTHER FINANCING	-	(249,000.00)	-	249,000.00	(100.0%)

NET CHANGE IN FUND BALANCE	(48,775,892.00)	(11,241,000.00)	(18,289,100.00)		
FUND BAL., BEGINNING OF YEAR	(192,559,032.51)	(241,334,924.51)	(252,575,924.51)		
UNREST. FUND BAL., END OF YEAR	(241,334,924.51)	(252,575,924.51)	(270,865,024.51)	(18,289,100.00)	(7.2%)
	FY21	FY22 OBudget	FY23 Budget Req	FB Incr (Decr)	%

LINE ITEM DETAIL

FUND 714 - WORKING CASH					
REVENUES				FY23 v FY22 Budget	
<u>Description</u>	FY21	FY22 OBudget	FY23 Budget	<i>\$ Change</i>	<i>% Chg</i>
Property Tax	(5,293.72)	-	-	-	
TAX COLLECTION	(5,293.72)	-	-	-	
GRANT-Federal	-	-	-	-	
INTERGOVERNMENTAL REVENUE	-	-	-	-	
Interest Earned	(13,479.96)	-	(6,500.00)	(6,500.00)	
INTEREST EARNED	(13,479.96)	-	(6,500.00)	(6,500.00)	
RETURN OF ACCUMULATED RESERVE	-	-	-	-	
MISCELLANEOUS REVENUE	-	-	-	-	
TOTAL 714 REVENUES	(18,773.68)	-	(6,500.00)	(6,500.00)	
EXPENDITURES				FY23 v FY22 Budget	
<u>Description</u>	FY21	FY22 OBudget	FY23 Budget	<i>\$ Change</i>	<i>% Chg</i>
Miscellaneous Expense	-	-	-	-	
COMMODITIES	-	-	-	-	
TOTAL 714 EXPENDITURES	-	-	-	-	
EXCESS OF REV OVER EXP	18,773.68	-	6,500.00	6,500.00	
OTHER FINANCING SOURCES				FY23 v FY22 Budget	
<u>Description</u>	FY21	FY22 OBudget	FY23 Budget	<i>\$ Change</i>	<i>% Chg</i>
Transfers to General Fund	-	-	-	-	
Transfers to Homeland Security	-	100,000.00	-	(100,000.00)	(100.0%)
Transfers to Plan & Dev Grants	-	149,000.00	-	(149,000.00)	(100.0%)
Transfers to Capital Leases Re	-	-	-	-	
Transfers to Sewer/Water Fd.	-	-	-	-	
TRANSFERS OUT	-	(249,000.00)	-	249,000.00	(100.0%)
TOTAL OTHER FINANCING	-	(249,000.00)	-	249,000.00	(100.0%)
NET CHANGE IN FUND BALANCE	(18,773.68)	249,000.00	(6,500.00)		
<i>Stabilization Amount</i>	328,449.60	400,000.00	-		
<i>Committed for Stabilization</i>	(6,101,480.00)	(6,429,929.60)	(6,829,929.60)		
<i>Unassigned</i>	(2,730,561.97)	(2,420,886.05)	(1,771,886.05)		
FUND BAL., BEGINNING OF YEAR	(8,832,041.97)	(8,850,815.65)	(8,601,815.65)		
<i>Committed for Stabilization</i>	(6,429,929.60)	(6,829,929.60)	(6,829,929.60)		
<i>Unassigned</i>	(2,420,886.05)	(1,771,886.05)	(1,778,386.05)		
UNREST. FUND BAL., END OF YEAR	(8,850,815.65)	(8,601,815.65)	(8,608,315.65)	(6,500.00)	(0.1%)
	<i>FY21</i>	<i>FY22 OBudget</i>	<i>FY23 Budget Req</i>	<i>FB (Incr) Decr</i>	<i>%</i>

FUND 719 - POLICE PENSION					
REVENUES				FY23 v FY22 Budget	
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
Property Tax	(8,407,553.83)	(9,130,000.00)	(9,262,000.00)	(132,000.00)	1.4%
Gaming Video Tax Revenue	(459,303.33)	(500,000.00)	(750,000.00)	(250,000.00)	50.0%
TAX COLLECTION	(8,866,857.16)	(9,630,000.00)	(10,012,000.00)	(382,000.00)	4.0%
Interest Earned	10,247.53	(10,000.00)	(10,000.00)	-	0.0%
Interest Earned-Federal Invest	(1,056,143.82)	(1,000,000.00)	(1,000,000.00)	-	0.0%
Interest Earned	(1,271,084.58)	-	-	-	-
INTEREST EARNED	(2,316,980.87)	(1,010,000.00)	(1,010,000.00)	-	0.0%
Miscellaneous Revenue	(6,588.64)	-	(1,000.00)	(1,000.00)	-
MISCELLANEOUS REVENUE	(6,588.64)	-	(1,000.00)	(1,000.00)	-
Income From US Govt Obl	132,892.35	(1,000,000.00)	(1,500,000.00)	(500,000.00)	50.0%
Income Fr Mutual Funds	(25,402,573.05)	-	(5,200,000.00)	(5,200,000.00)	-
Income Fr Com/Pref Stocks	-	(300,000.00)	(100,000.00)	200,000.00	(66.7%)
(Gain) Loss on Sale Mutual Fd	-	(2,900,000.00)	(1,320,000.00)	1,580,000.00	(54.5%)
OTHER FINANCING SOURCES	(25,269,680.70)	(4,200,000.00)	(8,120,000.00)	(3,920,000.00)	93.3%
Retiree Contributions	(1,606,515.90)	(1,600,000.00)	(1,659,000.00)	(59,000.00)	3.7%
PREMIUM CONTRIBUTIONS	(1,606,515.90)	(1,600,000.00)	(1,659,000.00)	(59,000.00)	3.7%
TOTAL 719 REVENUES	(38,066,623.27)	(16,440,000.00)	(20,802,000.00)	(4,362,000.00)	26.5%
EXPENDITURES					
				FY23 v FY22 Budget	
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
Pension Fund Monthly Payroll	9,645,402.84	8,800,000.00	10,232,400.00	1,432,400.00	16.3%
PERSONNEL BENEFITS	9,645,402.84	8,800,000.00	10,232,400.00	1,432,400.00	16.3%
Fiduciary Insurance	8,975.58	17,300.00	12,000.00	(5,300.00)	(30.6%)
Bank Service Charges	27,448.97	25,700.00	30,000.00	4,300.00	16.7%
Conference & Travel	3,214.64	2,800.00	4,000.00	1,200.00	42.9%
Training & Schooling	-	3,000.00	-	(3,000.00)	(100.0%)
Legal Services	20,525.93	14,200.00	20,000.00	5,800.00	40.8%
Other Professional Services	79,940.00	60,000.00	90,000.00	30,000.00	50.0%
Membership Dues	265.00	-	-	-	-
Investment Expense	121,076.99	100,000.00	120,000.00	20,000.00	20.0%
St of IL-DOI Compliance Fee	8,000.00	10,000.00	8,000.00	(2,000.00)	(20.0%)
CONTRACTUAL SERVICES	269,447.11	233,000.00	284,000.00	51,000.00	21.9%
TOTAL 719 EXPENDITURES	9,914,849.95	9,033,000.00	10,516,400.00	1,483,400.00	16.4%
EXCESS OF REV OVER EXP	28,151,773.32	7,607,000.00	10,285,600.00	2,678,600.00	35.2%
OTHER FINANCING SOURCES					
				FY23 v FY22 Budget	
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
TOTAL OTHER FINANCING	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(28,151,773.32)	(7,607,000.00)	(10,285,600.00)		
FUND BAL., BEGINNING OF YEAR	(106,244,258.35)	(134,396,031.67)	(142,003,031.67)		
UNREST. FUND BAL., END OF YEAR	(134,396,031.67)	(142,003,031.67)	(152,288,631.67)	(10,285,600.00)	(7.2%)
	<i>FY21</i>	<i>FY22 OBudget</i>	<i>FY23 Budget Req</i>	<i>FB (Incr) Decr</i>	<i>%</i>

FUND 720 - FIREFIGHTER'S PENSION					
REVENUES				FY23 v FY22 Budget	
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
Property Tax	(6,082,669.25)	(6,790,000.00)	(7,402,100.00)	(612,100.00)	9.0%
Gaming Video Tax Revenue	(389,574.59)	(500,000.00)	(750,000.00)	(250,000.00)	50.0%
TAX COLLECTION	(6,472,243.84)	(7,290,000.00)	(8,152,100.00)	(862,100.00)	11.8%
Interest Earned	11,695.47	(10,000.00)	25,000.00	35,000.00	(350.0%)
Interest Earned St/Local	-	-	(225,000.00)	(225,000.00)	
Interest Earned-Federal Invest	(723,696.44)	(1,000,000.00)	(500,000.00)	500,000.00	(50.0%)
Interest Earned-Corp Bonds	(721,248.05)	-	(500,000.00)	(500,000.00)	
INTEREST EARNED	(1,433,249.02)	(1,010,000.00)	(1,200,000.00)	(190,000.00)	18.8%
Miscellaneous Revenue	(10,945.06)	-	(1,500.00)	(1,500.00)	
MISCELLANEOUS REVENUE	(10,945.06)	-	(1,500.00)	(1,500.00)	
Income From State and Local Ob	-	-	(2,500,000.00)	(2,500,000.00)	
Income From US Govt Obl	(281,874.24)	(300,000.00)	(554,400.00)	(254,400.00)	84.8%
(Gain) Loss on Sale of Stock	-	(1,600,000.00)	(1,300,000.00)	300,000.00	(18.8%)
Dividends Fr Mutual Funds	(2,098,654.99)	-	(1,200,000.00)	(1,200,000.00)	
(Gain) Loss on Sale Mutual Fd	(16,840,668.66)	-	-	-	
OTHER FINANCING SOURCES	(19,221,197.89)	(1,900,000.00)	(5,554,400.00)	(3,654,400.00)	192.3%
Retiree Contributions	(1,106,470.93)	(1,100,000.00)	(1,200,000.00)	(100,000.00)	9.1%
PREMIUM CONTRIBUTIONS	(1,106,470.93)	(1,100,000.00)	(1,200,000.00)	(100,000.00)	9.1%
TOTAL 720 REVENUES	(28,244,106.74)	(11,300,000.00)	(16,108,000.00)	(4,808,000.00)	42.5%
EXPENDITURES					
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
Pension Fund Monthly Payroll	7,431,631.51	6,900,000.00	7,884,000.00	984,000.00	14.3%
PERSONNEL BENEFITS	7,431,631.51	6,900,000.00	7,884,000.00	984,000.00	14.3%
Fiduciary Insurance	13,078.50	15,000.00	15,000.00	-	0.0%
Bank Service Charges	19,940.42	30,000.00	20,000.00	(10,000.00)	(33.3%)
Conference & Travel	(627.50)	-	1,000.00	1,000.00	
Training & Schooling	1,715.00	2,000.00	2,000.00	-	0.0%
Legal Services	2,595.65	80,000.00	20,000.00	(60,000.00)	(75.0%)
Other Professional Services	60,000.00	80,000.00	60,000.00	(20,000.00)	(25.0%)
Membership Dues	795.00	-	1,000.00	1,000.00	
Investment Expense	106,528.31	100,000.00	100,000.00	-	0.0%
St of IL-DOI Compliance Fee	8,000.00	10,000.00	8,000.00	(2,000.00)	(20.0%)
CONTRACTUAL SERVICES	212,025.38	317,000.00	227,000.00	(90,000.00)	(28.4%)
TOTAL 720 EXPENDITURES	7,643,656.89	7,217,000.00	8,111,000.00	894,000.00	12.4%
EXCESS OF REV OVER EXP	20,600,449.85	4,283,000.00	7,997,000.00	3,714,000.00	86.7%
OTHER FINANCING SOURCES				FY23 v FY22 Budget	
TOTAL OTHER FINANCING	-	-	-	-	
NET CHANGE IN FUND BALANCE	(20,600,449.85)	(4,283,000.00)	(7,997,000.00)		
FUND BAL., BEGINNING OF YEAR	(77,421,977.90)	(98,022,427.75)	(102,305,427.75)		
UNREST. FUND BAL., END OF YEAR	(98,022,427.75)	(102,305,427.75)	(110,302,427.75)	(7,997,000.00)	(7.8%)
	<i>FY21</i>	<i>FY22 OBudget</i>	<i>FY23 Budget Req</i>	<i>FB (Incr) Decr</i>	<i>%</i>