

CAPITAL PROJECT FUNDS

An abstract graphic on the left side of the page consists of several overlapping geometric shapes. A large, dark green shape starts from the top right and extends towards the bottom left. Overlapping this from the bottom left is a lighter green shape. A grey shape overlaps the bottom right of the green shapes, extending from the bottom left towards the top right.

WAUKEGAN
City of Progress *Illinois*

**PROPOSED BUDGET
FISCAL YEAR 2022-2023**

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INTRODUCTION

Capital improvements are the brick-and-mortar type investments required of municipalities to maintain the good working condition of the City’s infrastructure, buildings, and equipment. Long-term capital financing is a useful mechanism to retain sufficient cash balances in operations while concurrently ensuring the integrity of the City’s property and infrastructure system. Additionally, it is important for the City to maintain an adequate balance between capital improvements and non-capital expenditures, as both play a key role in the long-term financial health of the City.

Capital Funds account for the City’s investments of this type. The finance department maintains that only those items with a value of at least \$50.0 thousand and with a useful life of at least five-years are to be included in these funds. Water and sewer capital projects are not included here, but rather are included in the Enterprise Funds section.

OVERVIEW

The Fiscal Year 2022-23 (“FY23”) Capital Project Funds request calls for \$1.0 million in revenues, \$3.0 million in expenditures, and transfers in of \$2.0 million. Property Taxes make up the revenue collections for FY23 while the expenditures consist entirely of street rehabilitation and development. The city will also allot Home Rule Sales Tax revenues transferred in from Special Revenue Funds to repay portions of the outstanding principal and interest due in the upcoming fiscal year. In total, this leaves the Capital Project funds close to a balanced budget, the difference being budgeted interest revenue.

CAPITAL PROJECT FUNDS - FY23 BUDGET OVERVIEW	
REVENUES	1,000,500.00
EXPENDITURES	(3,000,000.00)
SURPLUS (DEFICIT) BEFORE TRANSFERS	(1,999,500.00)
TRANSFERS IN	2,000,000.00
TRANSFERS OUT	-
SURPLUS (DEFICIT) AFTER TRANSFERS	500.00

DISCUSSION

The Capital Funds will be supported by \$1.0 million of property tax revenue in tandem with a home rule sales tax transfer-in from a Special Revenue Fund specifically earmarked for the purpose of roadway improvements. Interest income will also account for a small fraction of the total revenues within the capital project funds.

The economic downturn as a result of the COVID-19 pandemic stagnated the continuous improvement of the City's infrastructure in previous years. The Biden administration announced a multi-trillion-dollar COVID-19 economic relief bill, titled the "American Rescue Plan Act", a portion of which was dedicated to state and local governments. Over FY22 and FY23, the City of Waukegan will collect nearly \$20.0 million, a significant portion of which will help with roadway, bridge, culvert, and other capital improvements. This will greatly help with remaining on-track in the City's multi-year Capital Improvement Plan. The American Rescue Plan Budget and the capital improvements therein are housed within the special revenue funds section of the budget. As a result, the city is budgeting for another low-expense year in the capital project funds.

Capital projects funded from Enterprise Funds and from Special Revenue Funds are not discussed here. Please refer to those sections of this report for details on those projects.

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

CAPITAL PROJECTS BUDGET FY2023

REVENUES

						FY23 v FY22 Budget	
Fund	Detail	Desc	FY21	FY22 OBudget	FY23 Budget Req	\$ Change	% Chg
	SUB 3000	PROPERTY TAX	-	-	(1,000,000.00)	(1,000,000.00)	
	SUB 4600	INTEREST EARNED	(14,876.73)	(5,000.00)	(500.00)	4,500.00	(90.0%)
	SUB 4650	DONATIONS	(10,000.00)	-	-	-	
	SUB 4800	MISCELLANEOUS REVENUE	-	-	-	-	
	SUB 4900	OTHER FINANCING SOURCES	-	-	-	-	
	TOTAL 300 REVENUES		(24,876.73)	(5,000.00)	(1,000,500.00)	(995,500.00)	19,910.0%

EXPENDITURES BY SUB

						FY23 v FY22 Budget	
Fund	Detail	Desc	FY21	FY22 OBudget	FY23 Budget Req	\$ Change	% Chg
	SUB 2400	CONTRACTUAL SERVICES	-	-	-	-	
	SUB 2600	CAPITAL OUTLAY	2,646,414.93	550,000.00	-	(550,000.00)	(100.0%)
	SUB 2700	CAPITAL IMPROVEMENTS	8,473,631.91	3,600,000.00	3,000,000.00	(600,000.00)	(16.7%)
	SUB 2800	NON-CASH EXPENSE	-	-	-	-	
	TOTAL 300 EXPENDITURES		11,120,046.84	4,150,000.00	3,000,000.00	(1,150,000.00)	(27.7%)

EXPENDITURES BY FUND

						FY23 v FY22 Budget	
Fund	Detail	Desc	FY21	FY22 OBudget	FY23 Budget Req	\$ Change	% Chg
	307	FIXED ASSETS REPLACEMENT	5,505,669.73	1,350,000.00	-	(1,350,000.00)	(100.0%)
	312	STREET, SIDEWALK, BRIDGE & CULVERT	5,614,377.11	2,800,000.00	3,000,000.00	200,000.00	7.1%
	TOTAL 300 EXPENDITURES		11,120,046.84	4,150,000.00	3,000,000.00	(1,150,000.00)	(27.7%)

EXCESS OF REV OVER EXP			(11,095,170.11)	(4,145,000.00)	(1,999,500.00)	2,145,500.00	(51.8%)
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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	3,970,000.00	2,000,000.00	2,000,000.00	-	0.0%
	SUB 6800	TRANSFERS OUT	(4,620,000.00)	-	-	-	
	TOTAL OTHER FINANCING		(650,000.00)	2,000,000.00	2,000,000.00	-	0.0%

NET CHANGE IN FUND BALANCE	11,745,170.11	2,145,000.00	(500.00)		
FUND BAL., BEGINNING OF YEAR	(14,620,659.21)	(2,875,489.10)	(730,489.10)		
UNREST. FUND BAL., END OF YEAR	(2,875,489.10)	(730,489.10)	(730,989.10)	(500.00)	(0.1%)
	<i>FY21</i>	<i>FY22 OBudget</i>	<i>FY23 Budget Req</i>	<i>FB Incr (Decr)</i>	<i>%</i>

LINE ITEM DETAIL

FUND 307 - FIXED ASSETS REPLACEMENT					
REVENUES				FY23 v FY22 Budget	
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
Interest Earned	(6,823.48)	(5,000.00)		5,000.00	(100.0%)
INTEREST EARNED	(6,823.48)	(5,000.00)	-	5,000.00	(100.0%)
Donations - Public Safety	(10,000.00)	-		-	
DONATIONS	(10,000.00)	-	-	-	
Reimb. - Settlements/Lawsuits	-	-		-	
MISCELLANEOUS REVENUE	-	-	-	-	
TOTAL 307 REVENUES	(16,823.48)	(5,000.00)	-	5,000.00	(100.0%)
EXPENDITURES				FY23 v FY22 Budget	
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
Public Works Vehicles & Equipm	359,112.15	500,000.00		(500,000.00)	(100.0%)
Police Facility Improvements	419,415.83	-		-	
Public Works Facility Improvem	1,090,067.46	-		-	
Admin Facility Improvements	224,341.01	-		-	
Cemetary Improvements	115,030.00	50,000.00		(50,000.00)	(100.0%)
Fire Station Construction	379,948.48	-		-	
Improvements	58,500.00	-		-	
CAPITAL OUTLAY	2,646,414.93	550,000.00	-	(550,000.00)	(100.0%)
Sidewalk Improvements	1,614,139.86	500,000.00		(500,000.00)	(100.0%)
Traffic Signal Renewal/Replace	625,994.90	-		-	
Alley Rehabilitation	619,120.04	300,000.00		(300,000.00)	(100.0%)
CAPITAL IMPROVEMENTS	2,859,254.80	800,000.00	-	(800,000.00)	(100.0%)
TOTAL 307 EXPENDITURES	5,505,669.73	1,350,000.00	-	(1,350,000.00)	(100.0%)
EXCESS OF REV OVER EXP	(5,488,846.25)	(1,345,000.00)	-	1,345,000.00	(100.0%)
OTHER FINANCING SOURCES				FY23 v FY22 Budget	
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
Transfers to Street Rehab Fund	3,970,000.00	-		-	
Transfers to Parking Lot Fund	650,000.00	-		-	
TRANSFERS OUT	(4,620,000.00)	-	-	-	
TOTAL OTHER FINANCING	(4,620,000.00)	-	-	-	
NET CHANGE IN FUND BALANCE	6,138,846.25	1,345,000.00	-		
FUND BAL., BEGINNING OF YEAR	(11,727,440.09)	(5,588,593.84)	(4,243,593.84)		
UNREST. FUND BAL., END OF YEAR	(5,588,593.84)	(4,243,593.84)	(4,243,593.84)	-	0.0%
	<i>FY21</i>	<i>FY22 OBudget</i>	<i>FY23 Budget</i>	<i>FB (Incr) Decr</i>	<i>%</i>

FUND 312 - STREET, SIDEWALK, BRIDGE & CULVERT REHABILITATION					
REVENUES				FY23 v FY22 Budget	
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
Property Tax		-	(1,000,000.00)	(1,000,000.00)	
TAX COLLECTION	-	-	(1,000,000.00)	(1,000,000.00)	
Interest Income	(8,053.25)	-	(500.00)	(500.00)	
INTEREST EARNED	(8,053.25)	-	(500.00)	(500.00)	
Litigation Proceeds	-	-		-	
Bond Proceeds	-	-		-	
Reoffering Prem / Discount	-	-		-	
OTHER FINANCING SOURCES	-	-	-	-	
TOTAL 312 REVENUES	(8,053.25)	-	(1,000,500.00)	(1,000,500.00)	
EXPENDITURES				FY23 v FY22 Budget	
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
Bond Issuance Expense	-	-		-	
CONTRACTUAL SERVICES	-	-	-	-	
Annual Street Rehabilitation Proj	5,614,377.11	2,800,000.00	3,000,000.00	200,000.00	7.1%
CAPITAL IMPROVEMENTS	5,614,377.11	2,800,000.00	3,000,000.00	200,000.00	7.1%
F.A. Adjustments	-	-		-	
NON-CASH EXPENSE	-	-	-	-	
TOTAL 312 EXPENDITURES	5,614,377.11	2,800,000.00	3,000,000.00	200,000.00	7.1%
EXCESS OF REV OVER EXP	(5,606,323.86)	(2,800,000.00)	(1,999,500.00)	800,500.00	(28.6%)
OTHER FINANCING SOURCES				FY23 v FY22 Budget	
Description	FY21	FY22 OBudget	FY23 Budget	\$ Change	% Chg
Transfer from HR Sales Tax Fund	-	(2,000,000.00)	(2,000,000.00)	-	0.0%
Transfers From Gen. F.A. Repl	(3,970,000.00)	-	-	-	
TRANSFERS IN	3,970,000.00	2,000,000.00	2,000,000.00	-	0.0%
TOTAL OTHER FINANCING	3,970,000.00	2,000,000.00	2,000,000.00	-	0.0%
NET CHANGE IN FUND BALANCE	1,636,323.86	800,000.00	(500.00)		
FUND BAL., BEGINNING OF YEAR	(2,893,219.12)	(1,256,895.26)	(456,895.26)		
UNREST. FUND BAL., END OF YEAR	(1,256,895.26)	(456,895.26)	(457,395.26)	(500.00)	(0.1%)
	<i>FY21</i>	<i>FY22 OBudget</i>	<i>FY23 Budget</i>	<i>FB (Incr) Decr</i>	<i>%</i>